

(Notes)

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

Stock Code 2503

March 6, 2018

To: Our Shareholders

Convocation Notice of the 179th Ordinary General Meeting of Shareholders

Please be advised that the 179th Ordinary General Meeting of Shareholders of Kirin Holdings Company, Limited will be held as set forth below. You are cordially invited to attend the Meeting.

Yours very truly,

Yoshinori Isozaki
President & Chief Executive Officer

Kirin Holdings Company, Limited
10-2, Nakano 4-chome,
Nakano-ku, Tokyo

If you do not plan to attend the Meeting, you may exercise your voting rights in one of the following ways. Please review the accompanying “Reference Documents for the Ordinary General Meeting of Shareholders” and exercise your voting rights by 5:30 p.m., March 28, 2018 (Wednesday) (JST):

Exercise of voting rights via postal mail: [Translation omitted.]

Exercise of voting rights via the Internet etc.: [Translation omitted.]

Regarding Disclosure on the Internet

In accordance with laws and regulations, as well as Article 15 of the Company’s Articles of Incorporation, the following items are posted on the Company’s website and therefore are not attached to the Convocation Notice of the Ordinary General Meeting of Shareholders.

(1) Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements

(2) Statement of Changes in Net Assets and Notes to Financial Statements

Investor Relations | <http://www.kirinholdings.co.jp/english/ir/>

The Consolidated Financial Statements and the Financial Statements, which have been audited by Audit & Supervisory Board Members and the Accounting Auditor comprise not only of the documents referred to in the documents attached to the Convocation Notice of the Ordinary General Meeting of Shareholders, but also the items listed at (1) and (2) above which are posted on the Company’s website.

Details of the Meeting

1. Date and Time:

March 29, 2018, (Thursday) at 10:00 a.m. (JST) (Reception opens at 9:00 a.m.)

2. Venue:

Ballroom, B2, The Prince Park Tower Tokyo
8-1, Shiba Koen 4-chome, Minato-ku, Tokyo

3. Agenda:

Matters to be reported:

- 1) Report on the business report, the consolidated financial statements and the results of the audit of the consolidated financial statements by the Accounting Auditor and the Audit & Supervisory Board for the 179th fiscal year (from January 1, 2017 to December 31, 2017).
- 2) Report on the financial statements for the 179th fiscal year (from January 1, 2017 to December 31, 2017).

Matters to be voted on:

- | | |
|-----------------|---|
| Proposal No. 1: | Appropriation of surplus |
| Proposal No. 2: | Election of nine (9) Directors of the Board |
| Proposal No. 3: | Election of two (2) Audit & Supervisory Board Members |

4. Exercise of Voting Rights

In the event that any shareholder votes via both postal mail and the Internet (double-vote), only the Internet vote will be deemed valid.

If any shareholder submits multiple votes via the Internet in respect of any single voting matter, only the last vote will be deemed valid.

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- If you are attending the Meeting, please present the Voting Rights Exercise Form enclosed herewith to the reception of the Meeting at the venue. Further in the interest of conserving natural resources, we would appreciate it if you could bring this Convocation Notice with you to the Meeting.
 - We would appreciate it if you could come ahead of time to avoid last-minute congestion.
 - Please kindly be notified that entry to the meeting hall is strictly limited to our shareholders who hold voting rights. Accordingly, persons who are not shareholders themselves such as those acting as agents of or accompanying our shareholders are not permitted to enter the venue.
 - If any changes are required in the Reference Documents for the Ordinary General Meeting of Shareholders, business report, consolidated financial statements and financial statements, the changes will be posted on the Company's website (Investor Relations) located at (<http://www.kirinholdings.co.jp/english/ir/>).
 - Please note that the Company will not hand out souvenirs at the Ordinary General Meeting of Shareholders. We appreciate your understanding.

Notice Regarding Exercise of Voting Rights

[Translation omitted.]

Reference Documents for the Ordinary General Meeting of Shareholders

Matters to be voted on and information:

Proposal No. 1: Appropriation of surplus

The Board proposes the payment of a year-end dividend of ¥25.50 per share after taking various factors into account including the Company's operating results for this fiscal year and the business environment, in consideration of the Company's dividend policy. As a result, comprised with the interim dividend of ¥20.50 per share, the annual dividend for this fiscal year will amount to ¥46.0 per share, an increase of ¥7.0 over the previous fiscal year.

1. Matters regarding year-end dividend:

- (1) Matters related to the allocation of the dividend property to shareholders and the total amount thereof:

¥25.50 per share of the Company's common stock

Total amount: ¥23,271,443,667

- (2) Effective date of payment of dividend:

March 30, 2018

The Company's Dividend Policy

We consider an appropriate return of profits to shareholders to be one of the most important management issues and have distributed a dividend to shareholders in every financial period since our establishment in 1907. In our view, shareholders' needs are better met by maintaining stable dividend payments after comprehensive consideration of various factors including: (i) the Company's operating results for each fiscal year; (ii) the consolidated dividend payout ratio; which takes the actual profit level into account; and (iii) future management measures.

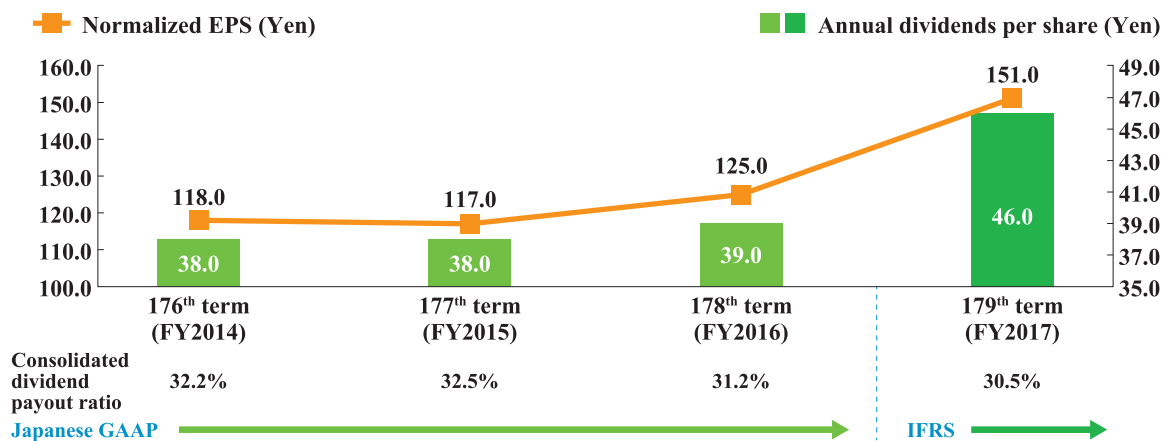
In specific terms, we will enhance shareholder return through stable dividends by paying dividends at a consolidated dividend payout ratio^{*2} on normalized^{*1} EPS of 30% or higher.

Retained earnings will be allocated to business and capital investments that contribute to enhancing future corporate value. We will also consider opportunities to acquire treasury stock based on financial flexibility and the progress made in creating free cash flows, etc.

*1 Normalization: By removing other operating income or expenses, etc. and other non-recurring items, it is adjusted to reflect actual earnings more accurately.

*2 Consolidated dividend payout ratio for the 178th term and earlier fiscal years were based on Japanese GAAP. The consolidated dividend payout ratio for the 179th term is based on International Financial Reporting Standards (IFRS).

(Reference) Annual dividends per share and normalized EPS



Proposal No. 2: Election of nine (9) Directors of the Board

Upon the close of this Ordinary General Meeting of Shareholders, the terms of office of all nine (9) Directors of the Board will expire.

Accordingly, shareholders are requested to elect nine (9) Directors of the Board.

The candidates for the positions of Director of the Board are as follows:

No.	Name (Age)		Current title and responsibilities at the Company	Rate and number of attendance at Board Meetings	Number of years in office
1	Candidate for Reelection	Yoshinori Isozaki (64)	President & Chief Executive Officer	100% (15 times of 15 meetings)	Three years
2	Candidate for Reelection	Keisuke Nishimura (61)	Representative Director, Senior Executive Vice President Business Alliance and Investment Strategy; Overseas	100% (15 times of 15 meetings)	Six years
3	Candidate for Reelection	Toshiya Miyoshi (59)	Director of the Board, Senior Executive Officer Personnel & General Affairs Strategy; Marketing Strategy; Branding Strategy	100% (15 times of 15 meetings)	Three years
4	Candidate for Reelection	Yasuyuki Ishii (61)	Director of the Board, Senior Executive Officer SCM (Production/Logistics/Procurement) Strategy	91% (10 times of 11 meetings)	One year
5	New Candidate	Noriya Yokota (57)	—	—	—
6	Candidate for Reelection	Toshio Arima (75)	Outside Director Chairman of the Board	100% (15 times of 15 meetings)	Seven years
	Candidate for Outside Director				
	Candidate for Independent Officer				
7	Candidate for Reelection	Shoshi Arakawa (73)	Outside Director	100% (15 times of 15 meetings)	Three years
	Candidate for Outside Director				
	Candidate for Independent Officer				
8	Candidate for Reelection	Kimie Iwata (70)	Outside Director Chairman of the Nomination and Remuneration Advisory Committee	93% (14 times of 15 meetings)	Two years
	Candidate for Outside Director				
	Candidate for Independent Officer				
9	Candidate for Reelection	Katsunori Nagayasu (70)	Outside Director	80% (12 times of 15 meetings)	Two years
	Candidate for Outside Director				

- (Notes)
1. Age is as of the date of this Ordinary General Meeting of Shareholders.
 2. The number of years in office is the number of years since each candidate assumed office as Director of the Board of the Company (until the close of this Ordinary General Meeting of Shareholders).
 3. As for the attendance at the Board Meetings of Mr. Yasuyuki Ishii, the Board Meetings applicable to him are only those held on and after March 30, 2017, the date of his assumption of office.

No. 1 **Yoshinori Isozaki**



Candidate for Reelection

Date of birth	August 9, 1953
Number of the Company's shares held	63,067 shares
Rate and number of attendance at Board Meetings	100% (15 times of 15 meetings)

Profile, title and responsibilities

April 1977	Joined the Company
March 2004	Director of San Miguel Corporation
March 2007	General Manager of Corporate Planning Dept. of the Company
March 2008	Executive Officer and General Manager of Corporate Planning Dept. of the Company
March 2009	Senior Executive Officer and General Manager of Corporate Planning Dept. of the Company
March 2010	Managing Director of the Company (resigned in March 2012)
March 2012	Representative Director and President & CEO of Kirin Brewery Company, Limited (resigned in January 2015)
January 2013	President & Chief Executive Officer of KIRIN Company, Limited (Present Position)
March 2015	President & Chief Executive Officer of the Company (Present Position)

Significant positions concurrently held at other companies and organizations

President & Chief Executive Officer, KIRIN Company, Limited

Reasons for nomination as a candidate for Director of the Board

Mr. Yoshinori Isozaki has worked in the areas of business development, overseas business, corporate planning, etc., since he joined the Company and has considerable business experiences and deep insight in the management of the Group. Since he took office as President & CEO of the Company in 2015, he has demonstrated strong leadership toward achieving the “New Kirin Group Vision 2021”, our long-term management vision, and ensured to promote management reform including enhancement of corporate governance. Based on the above, the Board has determined that he is suited to carry out the tasks needed for realizing the Company’s group strategy towards continuous improvement of corporate value and overseeing the entire Kirin Group.

Note: No conflict of interests exists between the Company and Mr. Yoshinori Isozaki.

No. 2 **Keisuke Nishimura**



Candidate for Reelection

Date of birth	December 7, 1956
Number of the Company's shares held	60,740 shares
Rate and number of attendance at Board Meetings	100% (15 times of 15 meetings)

Profile, title and responsibilities

April 1980	Joined the Company
March 2007	Chairman and CEO of Kirin (China) Investment Co., Ltd
March 2009	Director of San Miguel Corporation
April 2009	Director and Executive Vice President of San Miguel Brewery Inc.
October 2011	Director of San Miguel Brewery Inc. (Present Position) Executive Officer and General Manager of Strategy Planning Dept. of the Company
March 2012	Director of the Board of the Company Director of China Resources Kirin Beverages (Greater China) Company, Limited (Present Position)
March 2014	Managing Director of the Company
March 2015	Representative Director of the Board, Senior Executive Officer of the Company
August 2015	Director & Vice Chairman of Myanmar Brewery Limited
April 2016	Director of Myanmar Brewery Limited
March 2017	Representative Director, Senior Executive Vice President of the Company (Present Position) Senior Executive Officer of KIRIN Company, Limited (Present Position) Director & Vice Chairman of Myanmar Brewery Limited (Present Position)
Responsible for	Business Alliance and Investment Strategy; Overseas

Significant positions concurrently held at other companies and organizations

Senior Executive Officer, KIRIN Company, Limited
 Director, San Miguel Brewery Inc.
 Director, China Resources Kirin Beverages (Greater China) Company, Limited
 Director & Vice Chairman, Myanmar Brewery Limited

Reasons for nomination as a candidate for Director of the Board

Mr. Keisuke Nishimura has worked in the areas of human resources management, corporate planning, overseas business, etc., since he joined the Company and has considerable business experiences and deep insight in the management of the Group. Since he took office as Director of the Board of the Company in 2012, he has been mainly in charge of business alliance and investment strategy and overseas business and has made a great contribution towards achieving the “New Kirin Group Vision 2021”, our long-term management vision. Based on the above, the Board has determined that he is suited to carry out the tasks needed for realizing the Company’s group strategy towards continuous improvement of corporate value and overseeing the entire Kirin Group.

Note: No conflict of interests exists between the Company and Mr. Keisuke Nishimura.

No. 3 Toshiya Miyoshi



Candidate for Reelection

Date of birth	December 30, 1958
Number of the Company's shares held	24,182 shares
Rate and number of attendance at Board Meetings	100% (15 times of 15 meetings)

Profile, title and responsibilities

April 1982	Joined the Company
March 2008	Representative Director and President & CEO of Yokohama Akarenga Inc.
March 2010	General Manager of Personnel & General Affairs Dept. of the Company
March 2012	Executive Officer and General Manager of Personnel & General Affairs Dept. of the Company
January 2013	Executive Officer and Director of Group Personnel & General Affairs of the Company
	Executive Officer and General Manager of Personnel Dept. of KIRIN Company, Limited
March 2014	Senior Executive Officer and Director of Group Personnel & General Affairs of the Company
	Senior Executive Officer and General Manager of Personnel Dept. of KIRIN Company, Limited
March 2015	Director of the Board, Senior Executive Officer of the Company (Present Position)
	Senior Executive Officer of KIRIN Company, Limited (Present Position)
	Director of San Miguel Brewery Inc. (Present Position)
Responsible for	Personnel & General Affairs Strategy; Marketing Strategy; Branding Strategy

Significant positions concurrently held at other companies and organizations

Senior Executive Officer, KIRIN Company, Limited
 Director, San Miguel Brewery Inc.

Reasons for nomination as a candidate for Director of the Board

Mr. Toshiya Miyoshi has worked in the areas of human resources management, corporate planning, diversification of business, etc., since he joined the Company and has considerable business experiences and deep insight in the areas of human resources management, etc. Since he took office as Director of the Board of the Company in 2015, he has been mainly in charge of personnel & general affairs strategy, marketing strategy and branding strategy, etc. and has made a great contribution towards achieving the “New Kirin Group Vision 2021”, our long-term management vision. Based on the above, the Board has determined that he is suited to carry out the tasks needed for realizing the Company’s group strategy towards continuous improvement of corporate value and overseeing the entire Kirin Group.

Note: No conflict of interests exists between the Company and Mr. Toshiya Miyoshi.

No. 4 Yasuyuki Ishii



Candidate for Reelection

Date of birth	January 1, 1957
Number of the Company's shares held	35,682 shares
Rate and number of attendance at Board Meetings	91% (10 times of 11 meetings)

Profile, title and responsibilities

April 1980	Joined the Company
March 2007	General Manager of Strategic Research and Development Dept. of the Company
March 2009	General Manager of Yokohama Plant of Production Div. of Kirin Brewery Company, Limited
March 2010	Executive Officer and General Manager of Yokohama Plant of Production Div. of Kirin Brewery Company, Limited
March 2011	Executive Officer and General Manager of Production and Quality Control Dept. of Production Div. of Kirin Brewery Company, Limited
January 2013	Executive Officer and General Manager of Production Div. of Kirin Brewery Company, Limited
March 2013	Senior Executive Officer and General Manager of Production Div. of Kirin Brewery Company, Limited
March 2015	Senior Executive Officer of the Company Director of the Board, Senior Executive Officer of KIRIN Company, Limited
March 2017	Senior Executive Officer and President of Production Div. of Kirin Beverage Company, Limited Director of the Board, Senior Executive Officer of the Company (Present Position) Senior Executive Officer of KIRIN Company, Limited (Present Position)
Responsible for	SCM (Production/Logistics/Procurement) Strategy

Significant positions concurrently held at other companies and organizations

Senior Executive Officer, KIRIN Company, Limited

Reasons for nomination as a candidate for Director of the Board

Mr. Yasuyuki Ishii has worked in the areas of production, corporate planning, overseas business, etc., since he joined the Company and has considerable business experiences and deep insight in the areas of production, etc. Since he took office as Director of the Board of the Company in 2017, he has been mainly in charge of SCM (production/logistics/procurement) strategy and has made a great contribution towards achieving the “New Kirin Group Vision 2021”, our long-term management vision. Based on the above, the Board has determined that he is suited to carry out the tasks needed for realizing the Company’s group strategy towards continuous improvement of corporate value and overseeing the entire Kirin Group.

Note: No conflict of interests exists between the Company and Mr. Yasuyuki Ishii.

No. 5 **Noriya Yokota**



New Candidate

Date of birth	February 3, 1961
Number of the Company's shares held	10,520 shares

Profile, title and responsibilities

April 1984	Joined the Company
March 2011	General Manager of Sendai Plant of Production Div. of Kirin Brewery Company, Limited
March 2014	Executive Officer and General Manager of Production Dept. of Production Div. of Kirin Brewery Company, Limited
April 2015	Director of Group Personnel & General Affairs of the Company Executive Officer and General Manager of Personnel & General Affairs Dept. of KIRIN Company, Limited
March 2017	Senior Executive Officer and Director of Corporate Strategy of the Company (Present Position) Director of the Board, Senior Executive Officer of KIRIN Company, Limited (Present Position) Director of Kyowa Hakko Kirin Company, Limited (Present Position)

Significant positions concurrently held at other companies and organizations

Director of the Board, Senior Executive Officer, KIRIN Company, Limited
Director, Kyowa Hakko Kirin Company, Limited

Reasons for nomination as a candidate for Director of the Board

Mr. Noriya Yokota has worked in the areas of production, personnel affairs, overseas business, etc., since he joined the Company. He has made a great contribution towards achieving the “New Kirin Group Vision 2021”, our long-term management vision as Senior Executive Officer and Director of Corporate Strategy of the Company since 2017. We expect him to effectively use his considerable business and management experiences and deep insight in Kirin Group business in general in his management as Director of the Board of the Company. Based on the above, the Board has determined that he is suited to carry out the tasks needed for realizing the Company’s group strategy towards continuous improvement of corporate value and overseeing the entire Kirin Group.

Note: No conflict of interests exists between the Company and Mr. Noriya Yokota.

No. 6 **Toshio Arima**



Candidate for Reelection
Candidate for Outside Director
Candidate for Independent Officer

Date of birth	May 31, 1942
Number of the Company's shares held	5,700 shares
Rate and number of attendance at Board Meetings	100% (15 times of 15 meetings)

Profile, title and responsibilities

April 1967	Joined Fuji Xerox Co., Ltd.
June 2002	President and Representative Director of Fuji Xerox Co., Ltd.
October 2006	Director of FUJIFILM Holdings Corporation
June 2007	Board Director and Executive Advisor of Fuji Xerox Co., Ltd.
June 2008	Executive Corporate Advisor of Fuji Xerox Co., Ltd.
March 2011	Outside Director of the Company (Present Position)
April 2012	Executive Advisor of Fuji Xerox Co., Ltd. (Present Position)
Responsible for	Chairman of the Board

Significant positions concurrently held at other companies and organizations

Executive Advisor, Fuji Xerox Co., Ltd.
 Outside Director, Resona Holdings, Inc.
 Chairman of the Board, Global Compact Network Japan

Reasons for nomination as a candidate for Outside Director

Mr. Toshio Arima has considerable experience acquired over many years as a corporate executive and a wide range of knowledge, especially highly specialized expertise in leading group companies and corporate social responsibility. Based on those, he provides valuable opinions and suggestions from objective and professional perspectives to the management of the Company as Outside Director and takes the lead in management of Board Meetings as the Chairman of the Board. Based on the above, the Board has determined that he is suited to oversee business execution of the Company towards continuous improvement of corporate value.

Notes:

1. No conflict of interests exists between the Company and Mr. Toshio Arima.
2. Mr. Toshio Arima is a candidate for the position of Outside Director.
3. In October 2017, Fuji Heavy Industries Ltd. (currently Subaru Corporation), where Mr. Toshio Arima served as an Outside Director until June 2016, was found to have committed inappropriate practices in final vehicle inspections under the Road Transport Vehicle Act before the appointment of Mr. Toshio Arima. This incident was discovered after his resignation and although he was not aware of the improprieties in advance, he regularly reminded to pay attention to such events from the perspective of compliance with laws and regulations during his term as the Outside Director of the company.
4. The years served (as of the close of this Ordinary General Meeting of Shareholders) by Mr. Toshio Arima since his election as an Outside Director are 7 years.
5. Mr. Toshio Arima is an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc., and he is expected to remain as an independent officer if he is re-elected and appointed as a Director of the Board.

No. 7 **Shoshi Arakawa**



Candidate for Reelection

Candidate for Outside Director

Candidate for Independent Officer

Date of birth	April 8, 1944
Number of the Company's shares held	3,700 shares
Rate and number of attendance at Board Meetings	100% (15 times of 15 meetings)

Profile, title and responsibilities

April 1968	Joined Bridgestone Corporation
March 2005	Senior Vice President, Representative Board Member of Bridgestone Corporation
July 2005	Executive Vice President, Representative Board Member of Bridgestone Corporation
March 2006	CEO and President, Representative Board Member of Bridgestone Corporation
March 2012	Chairman of the Board of Bridgestone Corporation
March 2013	Advisor of Bridgestone Corporation (Present Position)
March 2015	Outside Director of the Company (Present Position)

Significant positions concurrently held at other companies and organizations

Advisor, Bridgestone Corporation

Reasons for nomination as a candidate for Outside Director

Mr. Shoshi Arakawa has considerable experience acquired over many years as a corporate executive and a wide range of knowledge, especially highly specialized expertise in developing business in global market and leading group companies. Based on those, he provides valuable opinions and suggestions from objective and professional perspectives to the management of the Company as Outside Director. Based on the above, the Board has determined that he is suited to oversee business execution of the Company towards continuous improvement of corporate value.

Notes:

1. No conflict of interests exists between the Company and Mr. Shoshi Arakawa.
2. Mr. Shoshi Arakawa is a candidate for the position of Outside Director.
3. The years served (as of the close of this Ordinary General Meeting of Shareholders) by Mr. Shoshi Arakawa since his election as an Outside Director are 3 years.
4. Mr. Shoshi Arakawa is an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc., and he is expected to remain as an independent officer if he is re-elected and appointed as a Director of the Board.

No. 8 **Kimie Iwata**



Candidate for Reelection

Candidate for Outside Director

Candidate for Independent Officer

Date of birth	April 6, 1947
Number of the Company's shares held	4,500 shares
Rate and number of attendance at Board Meetings	93% (14 times of 15 meetings)

Profile, title and responsibilities

April 1971	Joined the Ministry of Labor
June 2004	Director and Corporate Officer of SHISEIDO CO., Ltd.
April 2007	Director and Corporate Executive Officer of SHISEIDO CO., Ltd.
April 2008	Director and Executive Vice President of SHISEIDO CO., Ltd.
June 2008	Representative Director and Executive Vice President of SHISEIDO CO., Ltd.
March 2012	Outside Audit & Supervisory Board Member of the Company
April 2012	Director of SHISEIDO CO., Ltd.
June 2012	Advisor of SHISEIDO CO., Ltd.
March 2016	Outside Director of the Company (Present Position)

Responsible for Chairman of the Nomination and Remuneration Advisory Committee

Significant positions concurrently held at other companies and organizations

External Director, Japan Airlines Co., Ltd.
 Outside Director, STRIPE INTERNATIONAL INC.
 President, Japan Institute for Women's Empowerment & Diversity Management
 Audit and Inspection Commissioner, Tokyo Metropolitan Government

Reasons for nomination as a candidate for Outside Director

Ms. Kimie Iwata has considerable experience acquired over many years as a government official and a corporate executive, and a wide range of knowledge, especially highly specialized expertise in corporate social responsibility and promotion of women's participation and advancement, etc. Based on those, she provides valuable opinions and suggestions from objective and professional perspectives to the management of the Company as Outside Director, and she takes the lead in operation of the Nomination and Remuneration Advisory Committee as the Chairman of the Committee. Based on the above, the Board has determined that she is suited to oversee business execution of the Company towards continuous improvement of corporate value.

Notes:

1. No conflict of interests exists between the Company and Ms. Kimie Iwata.
2. Ms. Kimie Iwata is a candidate for the position of Outside Director.
3. At Japan Airlines Co., Ltd., where Ms. Kimie Iwata holds a position of External Director, leakage of customer information occurred due to unauthorized access to the customer information system of the company in September 2014. In October of the same year, the verification committee consisting of external directors and external audit & supervisory board members of the company was established and investigated the matter. Ms. Kimie Iwata committed to fulfilling her duties as Chairman of the committee to prevent the recurrence of such event.
4. Ms. Kimie Iwata was an Outside Audit & Supervisory Board Member of the Company for 4 years until March 2016.
5. The years served (as of the close of this Ordinary General Meeting of Shareholders) by Ms. Kimie Iwata since her election as an Outside Director are 2 years.
6. Ms. Kimie Iwata is an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc., and she is expected to remain as an independent officer if she is re-elected and appointed as a Director of the Board.

No. 9 **Katsunori Nagayasu**



Candidate for Reelection

Candidate for Outside Director

Date of birth	April 6, 1947
Number of the Company's shares held	400 shares
Rate and number of attendance at Board Meetings	80% (12 times of 15 meetings)

Profile, title and responsibilities

May 1970	Joined The Mitsubishi Bank, Limited
April 2008	Representative Director, President of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
April 2010	Representative Director, President & CEO of Mitsubishi UFJ Financial Group, Inc.
April 2012	Representative Director, Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
April 2013	Director of Mitsubishi UFJ Financial Group, Inc.
March 2016	Outside Director of the Company (Present Position)
April 2016	Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Present Position)

Significant positions concurrently held at other companies and organizations

Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
 Outside Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION
 Outside Audit & Supervisory Board Member, MITSUBISHI MOTORS CORPORATION
 Outside Director, Isetan Mitsukoshi Holdings Ltd.
 Outside Director, Mitsubishi Electric Corporation
 Vice Chair, KEIDANREN (Japan Business Federation)

Reasons for nomination as a candidate for Outside Director

Mr. Katsunori Nagayasu has considerable experience acquired over many years as a corporate executive and a wide range of knowledge, especially highly specialized expertise in finance acquired through his management of financial institutions and deep insight in leading group companies. Based on those, he provides valuable opinions and suggestions from objective and professional perspectives to the management of the Company as Outside Director. Based on the above, the Board has determined that he is suited to oversee business execution of the Company towards continuous improvement of corporate value.

Notes:

1. No conflict of interests exists between the Company and Mr. Katsunori Nagayasu.
2. Mr. Katsunori Nagayasu is a candidate for the position of Outside Director.
3. MITSUBISHI MOTORS CORPORATION, where Mr. Katsunori Nagayasu holds a position of Outside Audit & Supervisory Board Member, was found to have committed an unfair practice in fuel efficiency testing of their vehicles in April 2016. In September 2016, they received a warning from Ministry of Land, Infrastructure, Transport and Tourism for another unfair practice in testing to verify fuel efficiency of the vehicles to which the initial unfair

practice was committed. Further, in January and July 2017, MITSUBISHI MOTORS CORPORATION received order for action and surcharge payment order from the Consumer Affairs Agency for violation of the Act against Unjustifiable Premiums and Misleading Representations on the catalog presentation, etc. relating to the vehicles whose fuel efficiency data was falsified. Although Mr. Katsunori Nagayasu was not aware of either of the improprieties in advance, he regularly reminded to pay attention to such events from the perspective of compliance with laws and regulations at the Audit & Supervisory Board, etc. Following discovery of the fact, he has been carrying out his duties properly including thorough investigation and giving instruction on ways to prevent the recurrence of such events.

4. Mr. Katsunori Nagayasu receives remuneration as Senior Advisor from The Bank of Tokyo-Mitsubishi UFJ, Ltd., a bank with which the Company has major transactions.
5. The years served (as of the close of this Ordinary General Meeting of Shareholders) by Mr. Katsunori Nagayasu since his election as an Outside Director are 2 years.
6. Mr. Katsunori Nagayasu served as Representative Director and Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd., a bank with which the Company has major transactions, from April 2012 to March 2016. Although it is not planned at present that he will become an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc., the Company expects that he will provide valuable opinions and suggestions concerning the management of the Company from his objective and professional standpoint.

Proposal No. 3: Election of two (2) Audit & Supervisory Board Members

Upon the close of this Ordinary General Meeting of Shareholders, the terms of office of Messrs. Masahito Suzuki and Fukutaka Hashimoto, Audit & Supervisory Board Members, will expire.

Accordingly, shareholders are requested to elect two (2) Audit & Supervisory Board Members.

This proposal has already obtained consent of the Audit & Supervisory Board.

The candidates for the positions of Audit & Supervisory Board Member are as follows:

No. 1 **Akihiro Ito**



New Candidate

Date of birth	December 19, 1960
Number of the Company's shares held	23,982 shares

Profile and title

April 1983	Joined the Company
July 2007	Director of Planning Dept. of Kirin Pharma Company, Limited
October 2008	General Manager of Group Planning Dept. of Kyowa Hakko Kirin Company, Limited
April 2009	General Manager of Strategy Planning Dept. of Kyowa Hakko Kirin Company, Limited
March 2010	General Manager of Finance & Accounting Dept. of Kirin Business Expert Company, Limited
January 2013	Executive Officer of the Company and Director of Group Finance of the Company
March 2014	Director of the Board of the Company Director of the Board of KIRIN Company, Limited Director of Lion Pty Limited
March 2015	Director of the Board, Senior Executive Officer of the Company (Present Position) Senior Executive Officer of KIRIN Company, Limited (Present Position) Director of Kirin Business System Company, Limited (Present Position) Director of Kyowa Hakko Kirin Company, Limited (resigned in March 2017)
April 2016	Director of Brasil Kirin Participações e Representações S.A. (resigned in May 2017)

Significant positions concurrently held at other companies and organizations

Senior Executive Officer, KIRIN Company, Limited
Director, Kirin Business System Company, Limited

Reasons for nomination as a candidate for Audit & Supervisory Board Member

Mr. Akihiro Ito has worked in the areas of finance and accounting of the Company and Kirin Group companies since he joined the Company and has considerable business experiences and deep insight in the areas of finance and accounting, etc. Since he took office as Director of the Board of the Company in 2014, he has been mainly in charge of financial strategy, IR strategy and information strategy and fulfilled his role appropriately. Based on the above, the Board has determined that he is suited to audit business execution of the Company towards continuous improvement of corporate value as an Audit & Supervisory Board Member. In addition, he is expected to be elected as a Standing Audit & Supervisory Board Member at the Audit & Supervisory Board Meeting to be held after the close of this Ordinary General Meeting of Shareholders.

Notes:

1. No conflict of interests exists between the Company and Mr. Akihiro Ito.
2. Although Mr. Akihiro Ito is currently a Director of the Board of the Company, he is to resign from the position as of the close of this Ordinary General Meeting of Shareholders due to expiration of his term of office. In addition, by the close of this Ordinary General Meeting of Shareholders, he is also to resign from his current positions as Senior Executive Officer of KIRIN Company, Limited and Director of Kirin Business System Company, Limited.

No. 2 **Nobuo Nakata**



New Candidate
Candidate for Outside Audit & Supervisory Board Member
Candidate for Independent Officer

Date of birth	July 29, 1957
Number of the Company's shares held	0 shares

Profile and title

April 1985	Admitted to the Japanese Bar and joined Ishiguro Law Office as an Associate
April 1987	Associate of Masuda & Ejiri (currently Nishimura & Asahi)
January 1991	Admitted to the New York Bar
January 1992	Partner of Masuda & Ejiri (currently Nishimura & Asahi)
February 2004	Partner of Freshfields Bruckhaus Deringer
January 2007	Partner of Allen & Overy
January 2012	Representative Partner of Hibiya-Nakata (Present Position)

Significant positions concurrently held at other companies and organizations

Representative Partner, Hibiya-Nakata

Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member

Mr. Nobuo Nakata has served as a partner of law firms well-known in and outside of Japan over many years, and has highly specialized expertise and considerable experience in general corporate legal affairs mainly in M&A projects. Based on the above, the Company expects him to provide valuable opinions and suggestions from objective and professional perspectives to the management of the Company, and the Board has determined that he is suited to audit business execution of the Company towards continuous improvement of corporate value as Outside Audit & Supervisory Board Member. Although Mr. Nobuo Nakata has never been involved in corporate management in the past other than as an outside auditor, based on the above reasons, the Company believes that he will be able to appropriately execute his duties as an Outside Audit & Supervisory Board Member.

Notes:

1. No conflict of interests exists between the Company and Mr. Nobuo Nakata.
2. Mr. Nobuo Nakata is a candidate for the position of Outside Audit & Supervisory Board Member.
3. If Mr. Nobuo Nakata is elected and appointed as an Audit & Supervisory Board Member, he is expected to become an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc. Although there is a payment of attorney fees by our consolidated subsidiary of the Company to Hibiya-Nakata, where Mr. Nobuo Nakata serves as Representative Partner, the amount of payment to the law firm during this fiscal year is less than 1% of the total revenue of the law firm. Therefore, we believe that Mr. Nobuo Nakata has sufficient independence where there is no possibility of conflict of interests with general shareholders.

(Reference)

1. In July 2007, the Company changed its former name, Kirin Brewery Company, Limited, to Kirin Holdings Company, Limited, and became a pure holding company, while the Company's domestic alcoholic beverages business was transferred to a separate company through the corporate split. The separate company was renamed Kirin Brewery Company, Limited.
2. In January 2013, the administration function of the Japan Integrated Beverages Business of the Company was transferred to KIRIN Company, Limited, through the corporate split.

Criteria regarding the Independence of Outside Officers

For Outside Directors and Outside Audit & Supervisory Board Members* of the Company to be considered as independent, none of the following criteria may apply to the respective Outside Director or Outside Audit & Supervisory Board Member.

- (1) A person for whom the Company (including its consolidated subsidiaries; the same shall apply hereinafter) is a major client
- (2) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm for whom the Company is a major client
- (3) A person who is a major client of the Company
- (4) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm which is a major client of the Company
- (5) A lawyer, certified public accountant, tax accountant, or consultant, etc. who receives money or other economic benefit in excess of a certain amount from the Company aside from the officer's remuneration
- (6) A person who belongs to a firm, union, or other similar entity (including a law office, auditing firm, tax accountant firm, or consulting firm, etc.) which receives money or other economic benefit in excess of a certain amount from the Company
- (7) A person who receives donations or other assistance in excess of a certain amount from the Company
- (8) A person who is a director of or otherwise executes duties for a firm, union or other similar entity which receives donations or other assistance in excess of a certain amount from the Company
- (9) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm for which an Executive Director or Audit & Supervisory Board Member of the Company acts as outside director or outside auditor
- (10) A person to whom any of aforementioned criteria (1)–(9) has applied within the past 3 years
- (11) Where a person to whom any of aforementioned criteria (1)–(9) applies serves as a senior executive or higher, the person's spouse or other relations within the second degree of kinship
- (12) A person who is a spouse or other relation within the second degree of kinship to a Director of the Board, Corporate Officer, Executive Officer, Manager or other important employee of the Company

- (Notes) 1. Regarding criteria (1) and (2), “A person (or firm) for whom the Company is a major client” refers to a person (or firm) who received payment from the Company in the most recent business year which accounted for either 2% or more of consolidated sales for the year for that person (or firm), or over ¥100 million, whichever is the higher amount. If consolidated accounting is not adopted by the person (or firm), total revenue or non-consolidated sales for the year should be employed in place of consolidated sales for the year.
2. Regarding criteria (3) and (4), “A person (or firm) who is a major client of the Company” refers to a person (or firm) who made payment to the Company in the most recent business year which accounted for 2% or more of the Company’s consolidated sales for the year, or who finances 2% or more of the Company’s consolidated total assets at the end of the most recent business year.
3. Regarding criteria (5), (7) and (8), “a certain amount” is considered as ¥10 million per year.
4. Regarding criteria (6), “a certain amount” is considered as either 2% or more of total revenue for the most recent business year for that firm, union or other similar entity, or over ¥100 million, whichever is the higher amount.

* “Audit & Supervisory Board Member(s)” and “Audit & Supervisory Board” described herein mean “*Kansayaku*” and “*Kansayaku-kai*” stipulated in the Japanese Companies Act respectively.

- END -

(Attached documents)

BUSINESS REPORT

(For the period from January 1 to December 31, 2017)

1. Overview of Kirin Group business operations

(1) Results of business operations

The world economy maintained a gradual recovery during this fiscal year due in large part to the continuing stability of international financial markets and recovery of several major economies despite concerns over geopolitical risks and amid a backdrop of political instability abroad.

Despite a trend of stagnation in personal spending, the Japanese economy also showed signs of a gradual recovery. This recovery was primarily supported by positive trends in domestic employment and income environments as many Japanese companies anticipate stronger profits for the year backed by the recovering global economic context and stable domestic political environment.

The Kirin Group has continued to focus on the three key initiatives¹ laid out in the “Kirin Group Medium-Term Business Plan 2016-2018” (“2016 MTBP”) which aims to revitalize the Kirin Group through strategic restructuring. Among these key initiatives in the 2016 MTBP, we achieved good progress during this fiscal year in particular in our efforts to “restructure and revitalize low-profit businesses”. Kirin Group companies made steady progress as planned, with Kirin Beverage Company, Limited in particular increasing profits significantly. As a result, Kirin Group’s normalized operating profit² reached a record high³. In addition, due to sale of all shares in Brasil Kirin Holding S.A., profit attributable to owners of the parent was the highest ever on record³. Furthermore, we achieved the 2016 MTBP target for generating free cash flows ahead of schedule allowing us to make advance repayments of interest-bearing debt, thereby improving our overall financial soundness. Brasil Kirin Holding S.A., as a result of structural reform implemented together with the Company, showed signs of recovery in business performance in 2016, and received acquisition proposals from several companies. After exhaustive consideration, we have determined that accepting an acquisition proposal would contribute to shareholder value more than continuing the business in Brazil independently. Consequently, we transferred all shares in Brasil Kirin Holding S.A. in May 2017.

We have also established the “Kirin Group’s CSV Commitment” as part of our effort to achieve the “New Kirin Group Vision 2021” (“New KV2021”), as we strive to be a corporate group that grows together with society. Under this commitment, we have positioned “health and well-being”, “contribution to local communities”, and “the environment”, which are themes deeply related to our business, as priority issues for the Kirin Group’s long-term CSV⁴ efforts and advanced initiatives through the business of each Kirin Group company. With regard to “health and well-being” in particular, we launched the new brand “iMUSE” across the Group, developed by utilizing the original Kirin Group component, “*Lactococcus lactis* strain Plasma”⁵.

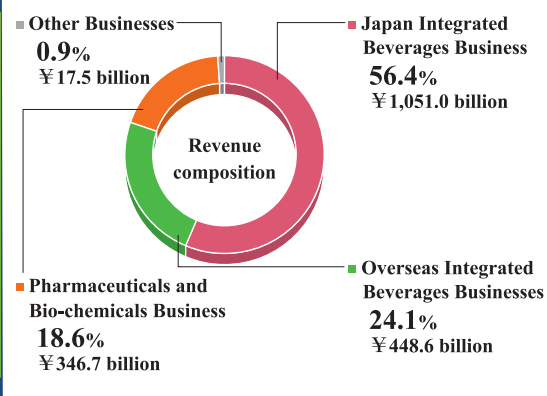
*1 Key initiatives: Please refer to the “Kirin Group 2016-2018 Medium-Term Business Plan (2016 MTBP)” on page 38.

*2 Normalized operating profit is an indicator for measuring recurring performance of the Group. It is calculated by deducting cost of sales, selling expenses and general and administrative expenses from revenue.

- *3 The record is based on the analysis by converting the results for this fiscal year back to Japanese GAAP and comparing them with results in previous years.
- *4 CSV is an acronym for “Creating Shared Value”. CSV is an initiative that seeks to enhance corporate value by addressing social issues. These initiatives seek to generate social and economic benefits for society.
- *5 *Lactococcus lactis* strain Plasma: Lactic acid bacteria, on which the Kirin Group has been conducting research through presentations at academic societies and publication of papers in academic journals. It is named after plasmacytoid dendritic cells that play an important role in the human body.

Results for this fiscal year

Consolidated revenue	¥1,863.7 billion (up 0.5% compared to the previous fiscal year)
Consolidated normalized operating profit	¥194.3 billion (up 6.8% compared to the previous fiscal year)
Consolidated profit before tax	¥233.8 billion (up 12.3% compared to the previous fiscal year)
Profit attributable to owners of the parent	¥242.1 billion (up 62.5% compared to the previous fiscal year)



Reference

ROE	29.1%
Normalized EPS	¥151 (up 8.6% compared to the previous fiscal year)

- (Notes) 1. In light of accounting procedures under IFRS, the indicators for the quantitative targets of the 2016 MTBP have been replaced with ROE and normalized EPS.
2. The figures for the previous fiscal year have been converted to IFRS for comparative analysis.

In order to enhance international comparability of financial information in global capital markets, the Group has opted to voluntarily adopt the International Financial Reporting Standards (IFRS) for the consolidated financial statements for this fiscal year and for future periods in lieu of the generally accepted accounting standards of Japan (Japanese GAAP).

Adoption of International Financial Reporting Standards (IFRS)

1. What are International Financial Reporting Standards?

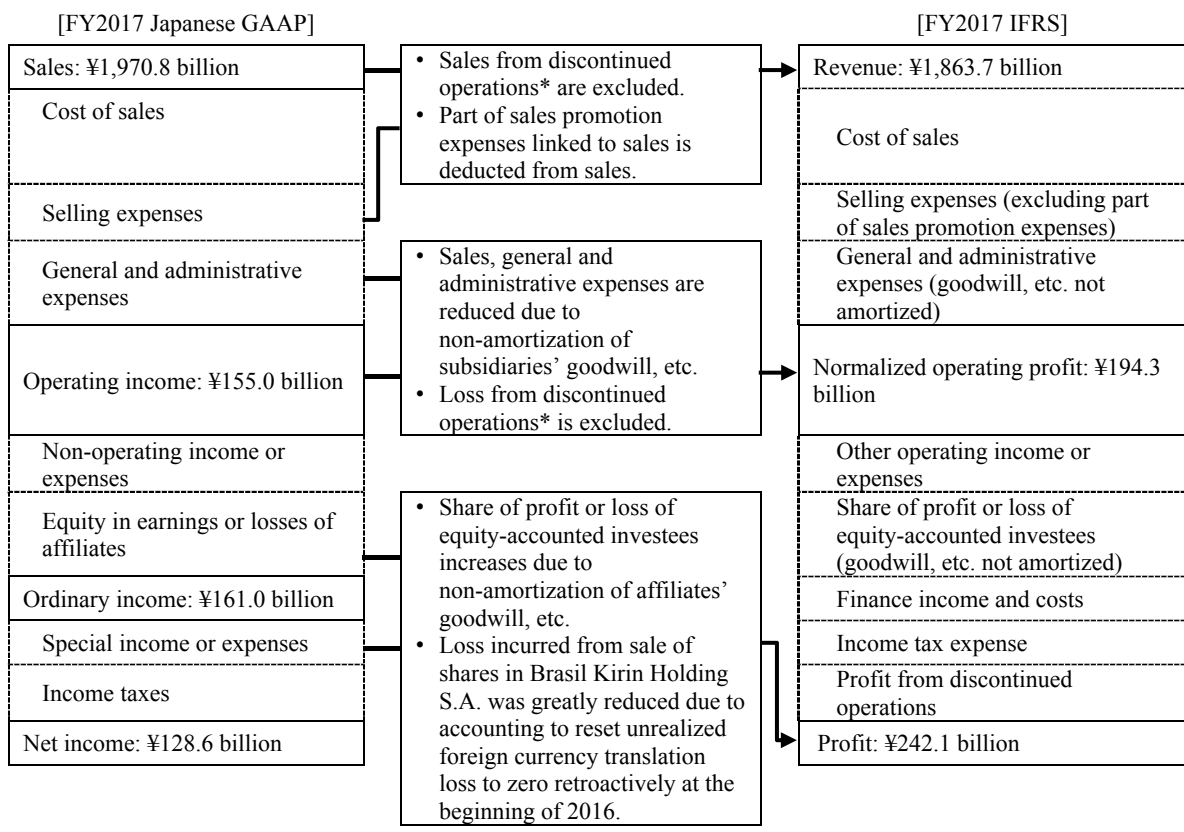
- These are accounting standards adopted as a set of uniform accounting standards originating from Europe in 2005. They have developed into internationally accepted standards for financial reporting, having been adopted not only in Europe but in more than 120 countries worldwide to date.
- The acronym “IFRS” is commonly used to refer to International Financial Reporting Standards.

2. Why did the Kirin Group adopt IFRS from fiscal year 2017?

- As capital markets are continuing to become more global, the Kirin Group has adopted IFRS with the intention to improve international comparability of the financial information.
- In Japan, companies have been permitted to adopt IFRS since 2010. After careful consideration and preparation, the Kirin Group has opted to formally adopt IFRS in reporting its financial results from fiscal year 2017.

3. What are some key impacts of switching from Japanese GAAP to IFRS?

- As illustrated in the chart below, the reported sales (revenue) for fiscal year 2017 is lower, but the reported profit is higher under IFRS than those under Japanese GAAP.
- The difference relating to the sale of all shares in Brasil Kirin Holding S.A. in fiscal year 2017 will not occur in the next fiscal year onwards.

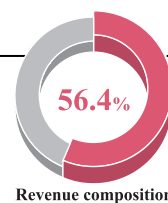


* Under IFRS, Brasil Kirin Holding S.A., etc. is categorized as discontinued operations.

Japan Integrated Beverages Business Division

Consolidated revenue: ¥1,051.0 billion (down 1.0% compared to the previous fiscal year)

Consolidated normalized operating profit: ¥72.5 billion (up 6.9% compared to the previous fiscal year)



Kirin Brewery Company, Limited worked to create value unique to Kirin, with the aim of being the most customer-oriented company. The overall beer market shrank due to the enforcement of standards related to fair trading of alcoholic beverages in June, as well as unseasonable weather. Additionally, as we revised the terms of transactions in January ahead of the enforcement of the standards, the retail prices increased in the first half of this fiscal year. As a result, sales volume declined from the previous year, and in particular sales in the new genre category struggled. Meanwhile, we fully revamped our flagship brand *Kirin Ichiban Shibori* in the second half of 2017, with the aim of positioning it as the most iconic beer in Japan. Since the revamp, sales volume grew faster than the industry average. Overall sales volume in the RTD⁵ category grew as a result of a record high annual sales volume of the *Kirin Hyoketsu* series and our diverse lineup of RTD products meeting the broad demands of customers. In the market of non-alcoholic beer-taste beverage that Kirin Brewery Company, Limited newly developed from the standpoint of a responsible alcoholic beverage manufacturer, sales of the new product *Kirin Zero Ichi* were extremely strong, and sales volume in the category as a whole grew approximately 60% year on year.

Mercian Corporation pushed ahead with marketing activities focused on priority brands in each category, with the aim of achieving sustainable growth within the wine market as a whole. We enhanced promotion of our flagship brand *Château Mercian*, marking 140 years since the birth of Japanese wine. Moreover, the brand won a number of awards both in Japan and overseas, further increasing the brand's popularity. In addition to the strong performance of our main domestically manufactured brand, *Oishii-Sankaboshizai-Mutenka Wine*, we saw steady growth in our priority products, including the imported wine brand *Casillero del Diablo*, and *World Selection*, a brand aimed at expanding the base of the wine market. All of these culminating factors resulted in increased wine sales by volume as a whole.

Kirin Beverage Company, Limited continued to focus on building a robust brand portfolio and step up its' transformation to a highly profitable business structure to achieve sustainable and profitable growth. Sales volume of our flagship brand *Kirin Gogo-no-Kocha* achieved a record high, thanks mainly to strong sales of our core tea products, straight tea, milk tea, lemon tea, and *Oishii Muto* (sugar-free). Amid fierce competition in the green tea category, sales volume of *Kirin Nama-cha* increased year on year, due to strong performance following a full revamp in 2016. In the health and sport drinks category, in which we aim to create value in the health and well-being domain, the *Kirin Supli* series performed strongly, leading to the increase in the overall sales volume in the category. The overall sales volume of non-alcoholic beverages slightly fell from the previous year, due to factors including sluggish sales of our main brand *Kirin FIRE* in the coffee category and the impact of the rebound from the increased demand for large PET bottles of water in the previous fiscal year. Nevertheless, we worked to improve profitability through various means including continuation of managing our sales targets with a focus on products in cans and small PET bottles and reduction of SCM⁶ costs.

*5 Products of premixed low alcoholic beverages that can be enjoyed straight from the can or bottle. RTD is an acronym for "Ready to Drink".

*6 SCM is an acronym for “Supply Chain Management”. SCM is to efficiently build and maintain the supply chains, from procurement of raw materials, to production in plants, and to supply, demand, and distribution of products.

Major Products of Kirin Group Companies

Kirin Brewery Company, Limited

Kirin Ichiban Shibori, Kirin Tanrei Green Label, Kirin Nodogoshi Nama, Kirin Hyoketsu, Kirin Whisky FUJI-SANROKU 50 Degrees

Mercian Corporation

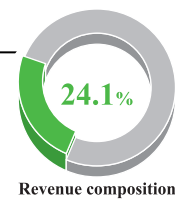
Château Mercian, Oishii-Sankaboshizai-Mutenka Wine, Frontera, Casillero del Diablo

Kirin Beverage Company, Limited

Kirin Gogo-no-Kocha, Kirin Nama-cha, Kirin FIRE, Kirin Mets COLA, Kirin Sekai-no-Kitchen-Kara

Overseas Integrated Beverages Businesses Division

Consolidated revenue: ¥448.6 billion (up 4.7% compared to the previous fiscal year)
Consolidated normalized operating profit: ¥66.0 billion (down 0.5% compared to the previous fiscal year)



In the Beer, Spirits, and Wine Business, Lion Pty Limited revised its brand portfolio strategy, with the aim of recovering medium- to long-term profits, amid the decline in sales volume resulting from the termination of our license agreement for the distribution of beer products with Anheuser-Busch InBev in September 2016. Lion made steady progress throughout this fiscal year in strengthening the brands in growth categories, such as strong performance of the new strategic product *IRON JACK*. Consequently, sales volumes for beer products has recovered as planned. Lion's Dairy and Drinks Business was adversely impacted by a surge in raw material prices resulting from a supply shortage of orange juice. However, in the dairy beverages category, which we focused on, sales volume increased, centering on the leading brand *Dare* and sales of yogurt and high-end cheese also grew. We also worked to improve profitability by continuing to reform our cost structure, including the consolidation of production bases in the Dairy and Drinks Business, and advancing company-wide reforms to our operational processes.

Myanmar Brewery Limited conducted sales activities leveraging on the brand portfolio we had established in the previous year, in order to reinforce our position as a leader of the Myanmar market. As the household market is growing, sales volume of the leading brand *Myanmar Beer* increased centering on the canned products. In addition, we posted a significant increase in sales volume of *Andaman Gold*, a competitively priced product suited to Myanmar's current consumer environment. We also worked to strengthen our production base by further expanding our facilities, in order to meet the peak period demands.

Major Products of Kirin Group Companies

Lion Pty Limited

Beer Spirits, and Wine: *XXXX GOLD, James Squire, IRON JACK*, **Dairy and Drinks:** *Dare, Dairy Farmers*

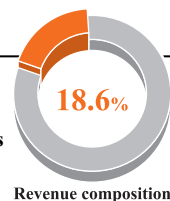
Myanmar Brewery Limited

Myanmar Beer, Andaman Gold, KIRIN ICHIBAN, Myanmar Premium

Pharmaceuticals and Bio-chemicals Business Division

Consolidated revenue: ¥346.7 billion (up 1.5% compared to the previous fiscal year)

Consolidated normalized operating profit: ¥62.2 billion (up 20.9% compared to the previous fiscal year)



In the Pharmaceuticals Business of Kyowa Hakko Kirin Company, Limited, we worked to achieve our strategic initiatives themed on “evolving into a global specialty pharmaceutical company”. In the domestic market, sales declined due to the penetration of generic products following government measures to reduce medical costs. This was despite continuing strong sales of our products in the new drug category, including G-Lasta⁷. Overseas, sales grew from the previous fiscal year, due to several factors including upfront and milestone payments from AstraZeneca as well as strong sales in each country our products are sold. In terms of research and development, we continued to make steady progress in the development of global strategic products. KRN23⁸ has received an affirmative opinion for a recommendation of conditional approval in Europe. In addition, the application for marketing approval for KRN23 has been accepted with a priority review designation in the United States. Following the results in Phase III clinical trials of KW-0761⁹ targeting cutaneous T-cell lymphoma¹⁰, we have applied for marketing approval in Europe and the United States, and have received a priority review designation in the United States.

In the Bio-chemicals Business, domestic sales maintained the same level as the previous year driven by strong mail order sales, including *Arginine EX*, which was launched in 2016, and raw materials for pharmaceuticals and health foods. Although raw materials for pharmaceuticals and health foods performed strongly in the Americas and Europe, overseas sales remained on par with the previous year, due to intensified competition with some products in Asia.

- *7 *G-Lasta*: A drug to increase the number of neutrophils, which are a type of white blood cell.
- *8 KRN23 (generic name: burosumab): A drug that is being developed as treatment for X-linked Hypophosphatemia (XLH), an uncommon, primarily genetic disorder that inhibits growth and retention of bones. XLH is an uncommon disease that shows symptoms of rickets and osteomalacia.
- *9 KW-0761 (generic name: mogamulizumab): A drug that is sold in Japan with the product name *POTELIGEO*, as a medicine to treat certain hematologic cancer. The development is currently underway in Europe and the United States.
- *10 Cutaneous T-cell lymphoma: A relatively rare type of malignant lymphoma characterized by the skin localization of malignant T lymphocytes. The disease may involve skin, blood, lymph nodes, viscera, and other organs.

Major Products of Kirin Group Companies

Kyowa Hakko Kirin Company, Limited

NESP, REGPARA, G-Lasta, ALLELOCK, Patanol, LUMICEF, NOURIAST

Kyowa Hakko Bio Company, Limited

Kyowa Hakko Bio’s health foods series (*Ornithine, Arginine EX*, etc.)

Long-Term Management Vision, New Kirin Group Vision 2021 (New KV2021)

Corporate philosophy

The Kirin Group—Focused on people, nature and craftsmanship to redefine the joy of food and well-being.

2021 Vision

Co-achieve sustainable growth with our societies by realizing value creation, addressing social issues and understanding consumer expectations via the core businesses* of the Kirin Group.

*Alcoholic beverages, non-alcoholic beverages, and pharmaceuticals and bio-chemicals

Kirin Group 2016-2018 Medium-Term Business Plan (2016 MTBP)

Basic policy	Restructure and revitalize Kirin, groupwide	
Key initiatives	Implement specific strategies in accordance with the positioning of each business <ol style="list-style-type: none"> 1. Invest, strengthen and grow profit base in beer businesses (Kirin Brewery, Lion Beer, Spirits and Wine, Myanmar Brewery) 2. Restructure and revitalize low-profit businesses (Brasil Kirin, Kirin Beverage, Lion Dairy and Drinks) 3. Invest to achieve outstanding growth in Pharmaceuticals and Bio-chemicals Business (Kyowa Hakko Kirin) 	
Quantitative targets ¹	Raising Group profitability is our top priority, targeting increased capital efficiency and sustained growth in shareholder value.	
	ROE (Return on equity attributable to owners of the parent): 15%+	Normalized ² EPS (earnings per share): CAGR 6%+
Financial strategy	Stable shareholder returns through dividends, enhanced financial flexibility.	
	Dividend 30%+ of normalized ² EPS (earnings per share)	Repayment of interest-bearing debt
	2018 annual dividend forecast: ¥48 per share	

*1 The indicators used in the quantitative targets of the 2016 MTBP have been revised in light of accounting procedures under IFRS.

*2 Normalization: Removing other operating income and expenses and other non-recurring items to reflect actual earnings more accurately.

(2) Future challenges

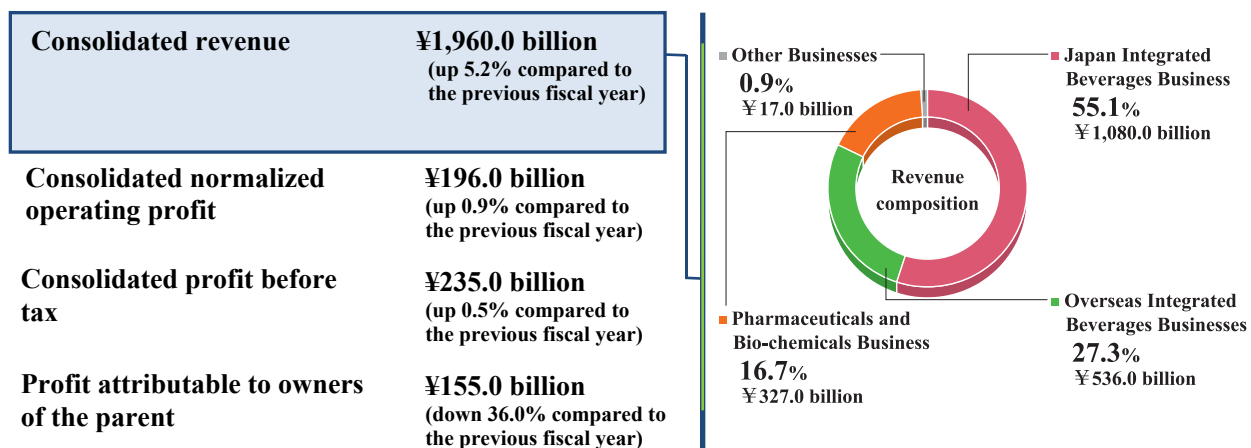
In fiscal year 2017, we ramped up our efforts to reform the revenue structure of the Kirin Group as a whole through growing the profits of Kirin Beverage Company, Limited and other initiatives. However, challenges remain for one of the key initiatives in the 2016 MTBP, “Invest, strengthen and grow profit base in beer businesses”. We are experiencing a decline in beer sales volume at Kirin Brewery Company, Limited amid a contraction of the domestic beer market as a whole. In fiscal year 2018 (the final year of the 2016 MTBP), to realize our initiative to “restructure and revitalize Kirin, groupwide” we will put our top priority on initiatives to strengthen the revenue base of Kirin Brewery Company, Limited and strive to vitalize the maturing domestic alcoholic beverages market. Furthermore, we will aim to ensure the achievement of the 2016 MTBP, through taking in the growth of the Southeast Asian market with a focus on Myanmar Brewery Limited, and the further growth of the Pharmaceuticals and Bio-chemicals Businesses.

We will preferentially direct cash created through restructuring toward future-oriented growth investments and consider enhancing shareholder returns, which are basically dividends, with a presumption of maintaining appropriate capitalization.

Furthermore, based on the Group Vision set out in the New KV2021, the Kirin Group will work to realize sustainable growth together with society by solving social issues and delivering value to customers at the same time in each business of alcoholic beverages, non-alcoholic beverages, pharmaceuticals and bio-chemicals, through the utilization of technological capabilities that produce reliable value and marketing capabilities that may create proposals that appreciate our diverse consumer base. With regard to initiatives to address social issues, we will ramp up our efforts to resolve priority issues for the CSV efforts, namely, “health and well-being”, “contribution to local communities”, and “the environment”, based on the Kirin Group’s CSV Commitment, to create social and economic values simultaneously. In particular, with regard to health and well-being, we will further strengthen the collaboration between our alcoholic beverages and non-alcoholic beverages businesses, and our pharmaceuticals and bio-chemicals businesses, in order to create future growth drivers. In order to achieve penetration of “*Lactococcus lactis* strain Plasma”, we will open new sales channels and expand partnerships with other companies, in addition to expanding sales of the “*iMUSE*” brand, while at the same time searching out new business opportunities in fields spanning from food to medicine, and turn them into concrete businesses.

We also believe that “brand”, “R&D”, “manufacturing and IT”, and “human resources” are key factors to encouraging sustainable growth. We will invest in each of these areas over the medium and long term. We will work to develop leadership as our highest-priority human-resource strategy, and promote a richly diverse corporate culture that will be a driving force for creating innovation.

Results forecast for the next fiscal year



Reference

ROE	16.0%
Normalized EPS	¥157 (up 4.0% compared to the previous fiscal year)

Japan Integrated Beverages Business Division

As the overarching strategy, Kirin Brewery Company, Limited will focus on making the beer category attractive and execute a marketing strategy with highly efficient investment that narrows down the brands and activities to invest towards regrowth. In the beer category, we will generate more opportunities for customer contact with *Kirin Ichiban Shibori* and further grow the brand through locally based sales. Following the change to the definition of beer in the April revision to the Liquor Tax Act, the craft beer category gained strong momentum. We will continue to create distinctive beers, including the use of hop varieties produced in Japan, as well as accelerate the vitalization of the market with the nationwide launch of Tap Marché. With regard to the new genre category, which is also a high priority for us, we will enhance *Kirin Nodogoshi Nama* as a brand that attracts support from consumers, and offer products to meet consumer expectations. In the RTD category, where the market is growing, we will strive to be the consumer's first choice by offering a wide product lineup, with a focus on *Kirin Hyoketsu*. We will also strive to reform the revenue structure by such means as revising the pricing of beer products in bottles or kegs and reducing costs.

Mercian Corporation will drive the growth of the wine market by further communicating the attraction of wine with even stronger initiatives, and swiftly meeting consumer needs. We will make proposals and push ahead with product development aimed at expanding the base of wine drinkers through selection and concentration of priority brands in each category. We will continue to strengthen the *Château Mercian* brand, as well as strengthen the collaboration with grape-producing regions through the establishment of new wineries, etc. in Nagano prefecture, increasing public awareness of the value of Japanese wine. In order to achieve these plans, we will strengthen the essential organizational capacity and increase the profitability of the wine business.

Kirin Beverage Company, Limited will work to transition from the stage of revenue structure reform to the stage of creating profit through growth, and build an even more robust brand portfolio. We will work to increase sales and profit with a brand portfolio focused on black tea, green tea, and coffee, while at the same time striving to create growth opportunities. In order to create a sustainable framework, we will strengthen our business foundation by enhancing our initiatives from a CSV perspective, and pursuing all types of supply chain cost reduction measures, including collaboration with other companies in the industry.

Overseas Integrated Beverages Businesses Division

In the Beer, Spirits, and Wine Business, Lion Pty Limited will work to strengthen the brands in growth categories, continuing activities based on the brand portfolio strategy revised in the previous year. We will also develop craft beers rooted in local communities. In the dairy and drinks business, we will increase sales volume in the targeted dairy beverage category and growing yogurt category by strengthening our existing brands and restructuring our sales network. We will also aim to reduce costs through rationalization of the headquarters and plants divisions, and continue our efforts toward activities to realize stable and sustainable procurement system for raw materials through supporting management of dairy farmers.

Myanmar Brewery Limited will leverage the know-how of the Kirin Group to conduct more effective market research and deepen our understanding of relevant markets and consumers in order to maintain our position as the overwhelming market leader in Myanmar. In response to changes in the competitive and market environments, we will strengthen *Myanmar Beer* as a brand that evokes pride in the people of Myanmar. Additionally, through the introduction of the latest equipment, we will complete enhancement of our production capacity that achieves both the reduction of environmental impact and enhancement of our production capability as planned, to ensure we capture the growing demand for beer in Myanmar.

Pharmaceuticals and Bio-chemicals Business Division

In the Pharmaceuticals Business of Kyowa Hakko Kirin Company, Limited, we will seek to evolve into a “global specialty pharmaceutical company” by preparing for the market launch of global strategic products KRN23 and KW-0761 in Europe and North America, and aim to maximize their value following product launch. We will also work to increase market penetration of existing products with a focus on our new product lineup, as well as to enhance customer relationships in each region and investing in new product development pipelines. In the Bio-chemicals Business, we will work to strengthen our revenue base by developing new products for creation of highly profitable businesses, as well as restructuring our manufacturing bases. We will also continue to develop products with new functions by combining original materials, in order to provide value centered on health and well-being.

We would like to ask all of our shareholders for their continued understanding and support in the future.

Kirin Group's CSV

The *Château Mercian* Winery Concept: “Further increasing the value of Japanese wine” and “vitalizing grape-producing regions and communities” simultaneously

Mercian Corporation has announced plans to construct two new wineries in Nagano prefecture, one of the regions where grapes for *Château Mercian* are grown. We have also announced that we will partially renovate the current sightseeing tour route offered to visitors at our winery in Yamanashi prefecture.

For the *Château Mercian* brand, we have worked to acquire and develop agricultural land suited for the cultivation of wine grapes, as well as to cultivate the suitable grape varieties for those regions based on a belief in growing the “right varieties in the right locations”. We directly manage vineyards in the cities of Shiojiri and Ueda in Nagano, where we are establishing new wineries. We have developed these as regions for producing wine grapes with the support of the local governments and communities.

Through the construction of wineries in wine grape-producing regions, we will promote the production of wine that takes advantage of the diverse grape characteristics unique to each region, thereby strengthening our contributions to grape-producing regions and local communities.

Renovating June 2018	<i>Château Mercian</i> Katsunuma Winery
Opening September 2018	<i>Château Mercian</i> Kikyogahara Winery
Opening Fall 2019	<i>Château Mercian</i> Mariko Winery

Kirin Group's CSV

Contributing to Local Communities and Creating Craft Beer with Japanese Hops

Hops are an essential ingredient in beer. Kirin Brewery Company, Limited has long used Japanese hops in the production of its beer products. However in recent years, Japanese hop production has fallen due to aging of the farmers or leaving farming. This has become a shared challenge for the Kirin Group and hop-producing regions.

To resolve this shared issue, the Kirin Group is supporting activities aimed at continuing Japanese hop production and working to make hop-producing regions more appealing, in cooperation with local governments and local communities. In addition, we are communicating the attraction of the Japanese hops, including by appealing the use of the Japanese hop variety IBUKI as a sales point for *Ichiban Shibori Toretate Hop Nama Beer*. In the long term, through synergy with Kirin Brewery Company, Limited's focus on craft beers, we consider that we can contribute to local communities through Japanese hop as well as increase the sustainability of the beer business in Japan.

Creation of Social Value		Creation of Economic Value
<p><u>Initiative in Tono City, Iwate Prefecture</u></p> <p>Tono city is a major producer of hops. In collaboration with the local government and local communities, we are undertaking a project to develop the city for the future taking maximum advantage of the attraction of hops. Under this project, we facilitate the training of new farmers with a view to nurture the hop growers of tomorrow, as well as selling Japanese hops to craft brewers.</p>	<p>→ Compatibility ←</p>	<p><u>Developing Craft Beer</u></p> <p>We will increase the opportunities for consumers to experience craft beers through Tap Marché, and SPRING VALLEY BREWERY, a restaurant with an on-premise brewery. We will also promote beers made using Japanese hops.</p>
<p><u>Initiative in Yokote City, Akita Prefecture</u></p> <p>We have started a collaborative initiative with the city of Yokote and the Daiyu Hop Agricultural Cooperative to maintain hop production levels and foster pride in growing hops. In 2017, we launched a beer tourism project for customers to experience the attraction of hops first-hand, and organized a hop-harvesting tour.</p>		<p><u>Nationwide Launch of Tap Marché</u></p> <p>Tap Marché is a unique beer dispensing system that enables to provide up to four different craft beers in a single unit. The dispenser is loaded with three-liter PET bottles. Tap Marché proved to be very popular at pilot locations in the Tokyo area, and at last will be launched nationwide this year.</p>

(3) Assets and income

Item	Japanese GAAP		
	176 th term (FY2014)	177 th term (FY2015)	178 th term (FY2016)
Sales	¥2,195,795 million	¥2,196,925 million	¥2,075,070 million
Operating income	¥114,549 million	¥124,751 million	¥141,889 million
Ordinary income	¥94,211 million	¥128,199 million	¥140,676 million
Net income or loss attributable to owners of the parent	¥32,392 million	¥(47,329) million	¥118,158 million
Net income or loss per share	¥35.27	¥(51.87)	¥129.49
Net assets	¥1,335,711 million	¥938,083 million	¥946,083 million
Net assets per share	¥1,207.43	¥727.48	¥745.92
Total assets	¥2,965,868 million	¥2,443,773 million	¥2,348,166 million

Item	International Financial Reporting Standards (IFRS)	
	178 th term (FY2016)	179 th term (FY2017)
Revenue	¥1,853,937 million	¥1,863,730 million
Normalized operating profit	¥181,982 million	¥194,318 million
Profit before tax	¥208,151 million	¥233,776 million
Profit attributable to owners of the parent	¥148,918 million	¥242,057 million
Basic earnings per share	¥163.19	¥265.24
Total equity	¥959,188 million	¥1,229,206 million
Equity per share attributable to owners of the parent	¥773.82	¥1,049.63
Total assets	¥2,422,825 million	¥2,399,082 million

(Notes) 1. Since the 179th term, the Company's consolidated financial statements are prepared based on International Financial Reporting Standards (IFRS). Results for 178th term based on IFRS are also stipulated as a reference.

2. Results based on Japanese GAAP (excluding net income or loss per share and net assets per share) are indicated by omitting fractions.

(4) Plant and equipment investment

Consolidated plant and equipment investment for this fiscal year amounted to ¥74.7 billion on a payment basis.

There are no matters to report concerning major facilities completed during this fiscal year and under construction or contemplation as of the end of the term.

(5) Financing

The aggregate amount of loans payable, including bonds, was ¥486.5 billion as of the end of this fiscal year.

There are no matters to report concerning major financing during this fiscal year.

(6) Description of the major businesses

Major businesses are the production and sale of alcoholic beverages, non-alcoholic beverages, pharmaceuticals and bio-chemicals, and other products. Major products by business division are as follows:

Business division	Major products
Japan Integrated Beverages	Alcoholic beverages including beer, <i>happo-shu</i> , new genre, wine, western spirits, etc. and non-alcoholic beverages
Overseas Integrated Beverages	Beer, western spirits, non-alcoholic beverages, dairy products, etc.
Pharmaceuticals and Bio-chemicals	Pharmaceuticals and bio-chemicals, etc.
Others	Dairy products, etc.

(7) Significant subsidiaries, etc.

1) Significant subsidiaries

Business division	Company name	Location	Capital	Ratio of shareholding	Description of major businesses
Japan Integrated Beverages	KIRIN Company, Limited	Nakano-ku, Tokyo	¥500 million	100%	Administration of Japan Integrated Beverages Business operations
	Kirin Brewery Company, Limited	Nakano-ku, Tokyo	¥30,000 million	100%	Production and sale of alcoholic beverages
	Mercian Corporation	Nakano-ku, Tokyo	¥3,000 million	100%	Import, production and sale of alcoholic beverages
	Kirin Beverage Company, Limited	Chiyoda-ku, Tokyo	¥8,417 million	100%	Production and sale of non-alcoholic beverages
	Kirin Beverage Value Vendor Company, Limited	Nakano-ku, Tokyo	¥100 million	100%	Sale of non-alcoholic beverages
Overseas Integrated Beverages	Lion Pty Limited	New South Wales, Australia	A\$7,531 million	100%	Management of alcoholic beverages and non-alcoholic beverages business in Oceania
Pharmaceuticals and Bio-chemicals	Kyowa Hakko Kirin Company, Limited	Chiyoda-ku, Tokyo	¥26,745 million	50.1%	Production and sale of prescription medicine

(Note) The ratio of shareholding includes indirect holdings.

2) Significant affiliated companies

Business division	Company name	Location	Capital	Ratio of shareholding	Description of major businesses
Overseas Integrated Beverages	San Miguel Brewery Inc.	Metro Manila, the Philippines	₱15,410 million	48.4%	Production and sale of beer
	China Resources Kirin Beverages (Greater China) Company, Limited	British Virgin Islands	U.S. \$1,000	40.0%	Management of non-alcoholic beverages business in China

(8) Major business offices, plants, etc.

1) Kirin Holdings Company, Limited

Head Office: 10-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan

2) Subsidiaries

Business division	Company name	Major centers	
Japan Integrated Beverages	KIRIN Company, Limited	Head Office	Nakano-ku, Tokyo
		Laboratories	6 Laboratories including Brewing Technology Laboratory (Yokohama)
	Kirin Brewery Company, Limited	Head Office	Nakano-ku, Tokyo
		Branch Offices	11 Regional Sales & Marketing Divisions including Metropolitan Regional Sales & Marketing Division (Chuo-ku, Tokyo)
		Plants	9 Plants including Yokohama Plant (Yokohama)
	Mercian Corporation	Head Office	Nakano-ku, Tokyo
		Branch Offices	9 Branches including Metropolitan Regional Sales & Marketing Branch (Chuo-ku, Tokyo)
		Plants	3 Plants including Fujisawa Plant (Fujisawa)
	Kirin Beverage Company, Limited	Head Office	Chiyoda-ku, Tokyo
		Branch Offices	7 Area Divisions including Kanto Metropolis Area Division (Chiyoda-ku, Tokyo)
		Plants	Shonan Plant (Samukawa-machi, Koza-gun, Kanagawa), Shiga Plant (Taga-cho, Inukami-gun, Shiga)
	Kirin Beverage Value Vendor Company, Limited	Head Office	Nakano-ku, Tokyo
Branch Offices		7 Branches including Metropolitan Regional Branch (Chiyoda-ku, Tokyo)	
Overseas Integrated Beverages	Lion Pty Limited	Head Office	New South Wales, Australia

Business division	Company name	Major centers	
Pharmaceuticals and Bio-chemicals	Kyowa Hakko Kirin Company, Limited	Head Office	Chiyoda-ku, Tokyo
		Branch Offices	13 Branches including Tokyo Branch (Chuo-ku, Tokyo)
		Plants	3 Plants including Takasaki Plant (Takasaki)
		Laboratories	4 Laboratories including Fuji Research Park (Nagaizumi-cho, Suntou-gun, Shizuoka)

(9) Employees

Business division	Number of employees (persons)
Japan Integrated Beverages	11,389
Overseas Integrated Beverages	11,850
Pharmaceuticals and Bio-chemicals	7,532
Others	244
Administration	18
Total	31,033

- (Notes)
1. The number of employees indicates the number of employees currently on duty.
 2. The number of employees indicated as Administration is the number of employees of the Company, which is a holding company (excluding employees seconded by the Company and including employees seconded to the Company).

(10) Significant business transfers to and from Kirin Group and acquisitions and disposals of shares of other companies

- 1) In May 2017, the Company transferred all shares in Brasil Kirin Holdings S.A. to Bavaria S.A., a subsidiary of Heineken International B.V.
- 2) In September 2017, the Coca-Cola Bottling Company of Northern New England, Inc., a U.S.-based subsidiary of the Company, took over the manufacturing and sale business of non-alcoholic beverages in some regions of the Northeastern U.S. from the Coca-Cola Group.

(11) Major lenders and the amount of loans

Lender	Outstanding amount of loan
Syndicated loans	¥94,905 million
Mitsubishi UFJ Trust and Banking Corporation	¥44,947 million

- (Note) The syndicated loans consist of those arranged by The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the agent bank and those arranged by Mizuho Bank, Ltd. as the agent bank.

(12) Other important matters concerning business operations

In October 2017, the Company and Amgen Inc. in the U.S. agreed upon the termination of the shareholders' agreement governing the joint venture between the Company and Amgen Inc. regarding research and development of pharmaceutical products, etc. Accordingly, in January 2018, the Company transferred all shares in Kirin-Amgen, Inc., the company jointly controlled by the Company and Amgen Inc. (acquisition of its own shares by Kirin-Amgen, Inc.).

2. Shares

(1) Authorized shares

1,732,026,000 shares

(2) Outstanding shares

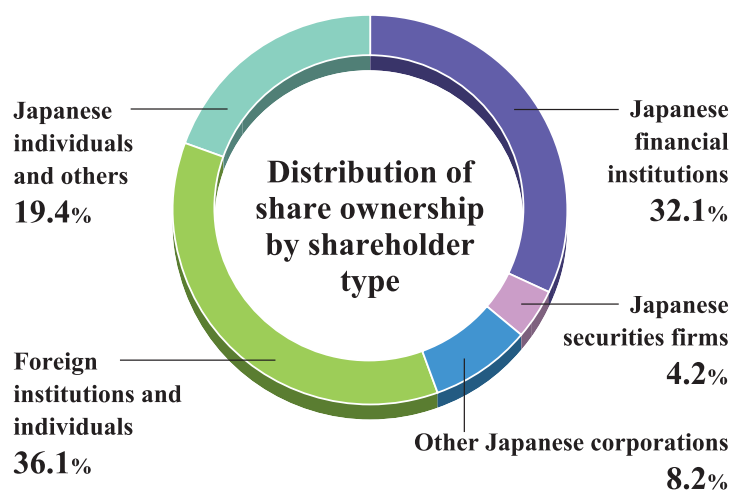
914,000,000 shares

(No change from the end of the previous fiscal year)

(3) Number of shareholders

152,505 persons

(Decreased by 17,095 persons from the end of the previous fiscal year)



(4) Major shareholders (top ten)

Name of shareholder	Number of shares held by the shareholder (thousand shares)	Ratio of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	60,507	6.6
Japan Trustee Services Bank, Ltd. (Trust account)	39,981	4.3
Meiji Yasuda Life Insurance Company	32,996	3.6
Japan Trustee Services Bank, Ltd. (Trust account 5)	18,396	2.0
Japan Trustee Services Bank, Ltd. (Trust account 4)	17,928	1.9
STATE STREET BANK WEST CLIENT - TREATY 505234	17,638	1.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	14,501	1.5
JP MORGAN CHASE BANK 380055	14,275	1.5
Japan Trustee Services Bank, Ltd. (Trust account 1)	13,646	1.4
STATE STREET BANK AND TRUST COMPANY 505225	13,612	1.4

(Notes) 1. Ratio of shares held excludes treasury stock (1,394 thousand shares).

2. Number of shares held by the shareholder and ratio of shares held are indicated by omitting fractions.

3. Company's Directors of the Board and Audit & Supervisory Board Members

(1) Names of Directors of the Board and Audit & Supervisory Board Members, etc.

Title	Name	Responsibilities	Significant positions concurrently held at other companies and organizations
President & Chief Executive Officer	Yoshinori Isozaki	–	President & Chief Executive Officer, KIRIN Company, Limited
Representative Director Senior Executive Vice President	Keisuke Nishimura	Responsible for Business Alliance and Investment Strategy; Overseas	Senior Executive Officer, KIRIN Company, Limited Director, San Miguel Brewery Inc. Director, China Resources Kirin Beverages (Greater China) Company, Limited Director & Vice Chairman, Myanmar Brewery Limited
Director of the Board, Senior Executive Officer	Akihiro Ito	Responsible for Financial Strategy; IR Strategy; Information Strategy	Senior Executive Officer, KIRIN Company, Limited Director, Kirin Business System Company, Limited
Director of the Board, Senior Executive Officer	Toshiya Miyoshi	Responsible for Personnel & General Affairs Strategy; Marketing Strategy; Branding Strategy	Senior Executive Officer, KIRIN Company, Limited Director, San Miguel Brewery Inc.
Director of the Board, Senior Executive Officer*	Yasuyuki Ishii	Responsible for SCM (Production, Logistics and Procurement) Strategy	Senior Executive Officer, KIRIN Company, Limited
Director of the Board	Toshio Arima	Chairman of the Board	Executive Advisor, Fuji Xerox Co., Ltd. Outside Director, Resona Holdings, Inc. Chairman of the Board, Global Compact Network Japan
Director of the Board	Shoshi Arakawa	–	Advisor, Bridgestone Corporation

Title	Name	Responsibilities	Significant positions concurrently held at other companies and organizations
Director of the Board	Kimie Iwata	Chairman of the Nomination and Remuneration Advisory Committee	<p>External Director, Japan Airlines Co., Ltd.</p> <p>Outside Director, STRIPE INTERNATIONAL INC.</p> <p>President, Japan Institute for Women's Empowerment & Diversity Management</p> <p>Audit and Inspection Commissioner, Tokyo Metropolitan Government</p>
Director of the Board	Katsunori Nagayasu	-	<p>Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Outside Audit & Supervisory Board Member, NIPPON STEEL & SUMITOMO METAL CORPORATION</p> <p>Outside Audit & Supervisory Board Member, MITSUBISHI MOTORS CORPORATION</p> <p>Outside Director, Isetan Mitsukoshi Holdings Ltd.</p> <p>Outside Director, Mitsubishi Electric Corporation</p> <p>Vice Chair, KEIDANREN (Japan Business Federation)</p>
Audit & Supervisory Board Member	Masahito Suzuki	-	<p>Audit & Supervisory Board Member, KIRIN Company, Limited</p>
Audit & Supervisory Board Member	Motoyasu Ishihara	-	<p>Audit & Supervisory Board Member, KIRIN Company, Limited</p> <p>Corporate Auditor, Kyowa Hakko Kirin Company, Limited</p>

Title	Name	Responsibilities	Significant positions concurrently held at other companies and organizations
Audit & Supervisory Board Member	Fukutaka Hashimoto	—	Attorney at TOKYO HATCHOBORI LAW OFFICE Outside Corporate Auditor, Sompo Japan Nipponkoa Insurance, Inc.
Audit & Supervisory Board Member	Masakatsu Mori	—	Vice Chairman, International University of Japan Outside Director, STANLEY ELECTRIC CO., LTD. Outside Director, YAMATO HOLDINGS CO., LTD.
Audit & Supervisory Board Member	Chieko Matsuda	—	Professor, School of Business Administration, Department of Urban Liberal Arts, Tokyo Metropolitan University Professor, Department of Business Administration, Social Sciences, Tokyo Metropolitan University (Graduate School) External Director, SATO HOLDINGS CORPORATION Outside Independent Director, Hitachi Chemical Company, Ltd. Outside Independent Director, Foster Electric Company, Limited

- (Notes) 1. Director of the Board marked with an asterisk (*) newly assumed office as of March 30, 2017.
2. Mr. Toshio Arima, Mr. Shoshi Arakawa, Ms. Kimie Iwata and Mr. Katsunori Nagayasu are Outside Directors.
3. Mr. Fukutaka Hashimoto, Mr. Masakatsu Mori and Ms. Chieko Matsuda are Outside Audit & Supervisory Board Members.
4. Business relations involving cash loans, etc. exist between the Company and The Bank of Tokyo-Mitsubishi UFJ, Ltd., where Director of the Board Mr. Katsunori Nagayasu holds a significant position concurrently.

5. Business relations involving membership fee payment, etc. exist between the Company and the KEIDANREN (Japan Business Federation), where Director of the Board Mr. Katsunori Nagayasu holds a significant position concurrently.
6. Audit & Supervisory Board Member Mr. Masahito Suzuki held the position of Director of the Board responsible for Group Financial Strategy at the Company and has a wealth of expertise in finance and accounting.
7. Audit & Supervisory Board Member Mr. Masakatsu Mori is a certified public accountant and has a wealth of expertise in finance and accounting.
8. Audit & Supervisory Board Member Ms. Chieko Matsuda serves as Principal Researcher of Japan Association for Chief Financial Officers and has a wealth of expertise in finance and accounting.
9. Directors of the Board Mr. Toshio Arima, Mr. Shoshi Arakawa and Ms. Kimie Iwata, Audit & Supervisory Board Members Mr. Fukutaka Hashimoto, Mr. Masakatsu Mori and Ms. Chieko Matsuda are independent officers as required by the provisions that Tokyo Stock Exchange, Inc., etc. prescribed.
10. Director of the Board Mr. Junichi Nonaka resigned as of March 30, 2017.
11. The Company adopts an executive officer based system. Executive Officers who are not concurrently assuming the position of Director of the Board are as follows.

Title	Name	Responsibilities, etc.
Senior Executive Officer	Hiroshi Ogawa	PR Strategy Risk Management Legal Director of the Board, Executive Vice President, KIRIN Company, Limited
Senior Executive Officer	Ryosuke Mizouchi	CSV Strategy Director of the Board, Senior Executive Officer, KIRIN Company, Limited Director, Lion Pty Limited
Senior Executive Officer	Noriaki Kobayashi	R&D Strategy Quality Assurance Senior Executive Officer and President of Research and Development Division, KIRIN Company, Limited
Senior Executive Officer	Noriya Yokota	Director of Corporate Strategy Director of the Board, Senior Executive Officer, KIRIN Company, Limited Director, Kyowa Hakko Kirin Company, Limited
Senior Executive Officer	Takeshi Minakata	In charge of the business in Myanmar Director & President, Myanmar Brewery Limited

(2) Remuneration, etc. to Directors of the Board and Audit & Supervisory Board Members

1) Amount of Remuneration, etc. to Directors of the Board and Audit & Supervisory Board Members for this fiscal year

Type	Basic remuneration		Bonus		Stock compensation		Total (millions of yen)
	Number of persons	Amount (millions of yen)	Number of persons	Amount (millions of yen)	Number of persons	Amount (millions of yen)	
Directors of the Board	10	282	5	210	5	139	631
Outside Directors	4	56	–	–	–	–	56
Audit & Supervisory Board Members	5	112	–	–	–	–	112
Outside Audit & Supervisory Board Members	3	41	–	–	–	–	41
Total	15	393	5	210	5	139	743
Outside Officers	7	97	–	–	–	–	97

- (Notes)
1. Nine (9) Directors of the Board and five (5) Audit & Supervisory Board Members remain in their positions as of the end of this fiscal year. The total amount above includes the remuneration to one (1) Director of the Board who resigned from office as of March 30, 2017.
 2. The remuneration limit for Directors of the Board (basic remuneration plus bonus) is ¥950 million per year (Resolved at the 178th Ordinary General Meeting of Shareholders on March 30, 2017). In addition, on the top of this, the remuneration limit regarding the Restricted Stock Compensation System for Directors of the Board excluding Outside Directors is ¥250 million per year (Resolved at the 178th Ordinary General Meeting of Shareholders on March 30, 2017).
 3. The remuneration limit for Audit & Supervisory Board Members is ¥130 million per year (Resolved at the 178th Ordinary General Meeting of Shareholders on March 30, 2017).
 4. The above bonus is the amount expected to be paid.
 5. The above stock compensation, with regard to shares granted to Directors of the Board excluding Outside Directors as Restricted Stock Compensation in this fiscal year, is the amount calculated by multiplying the number of granted shares by the percentage of shares for which the restriction is lifted for cases where Eligible Directors have maintained certain positions at the Company during the Restriction Period and the amount to be paid per share for the relevant shares.

2) Remuneration policies, etc.

Basic policy on remuneration for officers

The Company's basic policy on remuneration for officers is as follows.

- 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 Outside Directors constitute a majority, in order to ensure objectivity and transparency.

Composition of remuneration and mechanism for linkage to performance

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 Restricted Stock Compensation (medium- to long-term incentive remuneration)*¹.

Performance evaluation indicators for bonuses are the Company's consolidated operating income and individual performance evaluation indicators (for the Chairman of the Board and the President & CEO, only the consolidated operating income will apply)*². The amount paid ranges from 0%-200% where 100% indicates the achievement of targets.

Performance evaluation indicators for Restricted Stock Compensation are ROE before amortization of goodwill, etc. and normalized EPS, which are the major performance indicators set in the Medium-Term Business Plan*². In principle, the percentage of shares for which the restriction is lifted at the expiry of the restriction period is set within the range of 33%-100%, according to the degree of achievement of targets of the initial fiscal year of the restriction period (three years, as a general rule). The Company allocates restricted stock to Directors of the Board each fiscal year as a general rule. By having the Directors of the Board continue holding the allocated shares throughout the restricted period, the Company encourages its officers to make continuous management efforts and motivates them to improve share value.

- *1 Outside Directors assume a role to monitor and advise the management of the Company and the Kirin Group as a whole from an objective point of view, and Audit & Supervisory Board Members assume a role to audit the execution of duties by the Directors of the Board from an objective point of view. Therefore, Outside Directors and Audit & Supervisory Board Members are paid only basic remuneration (fixed remuneration).
- *2 The Company has adopted the International Financial Reporting Standards (IFRS) from this fiscal year. However, performance evaluation indicators for bonus and Restricted Stock Compensation for this fiscal year are calculated on the basis of accounting standards generally accepted in Japan. Evaluation indicators based on IFRS will be used as performance evaluation indicators for bonus and Restricted Stock Compensation for fiscal year 2018.

Determination procedure

In order to ensure fair and reasonable operation of the system in accordance with the above basic policy on remuneration for officers, remuneration is deliberated by the Nomination and Remuneration Advisory Committee, of which Outside Directors constitute a

majority and an Outside Director is the chair. The result of such deliberation shall be reported to the Board of Directors. With regard to specific decisions on remuneration, remuneration for Directors of the Board is determined by the Board of Directors, and remuneration for Audit & Supervisory Board Members is determined in consultation with Audit & Supervisory Board Members, based on the reports from the Nomination and Remuneration Advisory Committee, within the remuneration limit resolved in advance by a General Meeting of Shareholders.

(3) Major activities of Outside Officers during this fiscal year

Title	Name	Attendance at Board Meetings	Attendance at Audit & Supervisory Board Meetings	Statements contribution
Director of the Board	Toshio Arima	15 times of 15 meetings	–	He managed the Board Meetings in an active and efficient manner as Chairman of the Board, and he made instructive statements based on his wealth of experience and broad perspective as a corporate management executive.
	Shoshi Arakawa	15 times of 15 meetings	–	He made instructive statements based on his wealth of experience and broad perspective as a corporate management executive.
	Kimie Iwata	14 times of 15 meetings	–	She made instructive statements based on her wealth of experience and broad perspective in government administration and as a corporate management executive.
	Katsunori Nagayasu	12 times of 15 meetings	–	He made instructive statements based on his wealth of experience and broad perspective as a bank management executive.
Audit & Supervisory Board Member	Fukutaka Hashimoto	14 times of 15 meetings	16 times of 16 meetings	He made instructive statements based on his expertise as well as wealth of experience and broad perspective in corporate legal affairs as an attorney.
	Masakatsu Mori	15 times of 15 meetings	15 times of 16 meetings	He made instructive statements based on his wealth of experience and broad perspective as a management executive of a consulting firm.

Title	Name	Attendance at Board Meetings	Attendance at Audit & Supervisory Board Meetings	Statements contribution
	Chieko Matsuda	15 times of 15 meetings	16 times of 16 meetings	She made instructive statements based on her expertise as a university professor as well as her wealth of experience and broad perspective in corporate management.

4. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Remuneration to the Accounting Auditor

1)	Amount of remuneration paid for services as the Accounting Auditor during this fiscal year	¥220 million
2)	Total amount of money and other property benefits to be paid by the Company and its subsidiaries for services during this fiscal year	¥460 million

- (Notes) 1. The Company's Audit & Supervisory Board has made the agreement mentioned in Article 399, Paragraph 1 of the Japanese Companies Act regarding remuneration to the Accounting Auditor. In agreeing to such remuneration, the Company's Audit & Supervisory Board has, in light of the "Guidance on Cooperation with Accounting Auditor" announced by the Japan Audit & Supervisory Board Members Association, deliberated the adequacy of the scheduled audit hours and amount of remuneration proposed for this fiscal year, by comparing the audit plans and the performance of the Accounting Auditor for the previous fiscal year and by confirming the progression of the hours of audits and the amount of remunerations.
2. The audit agreement between the Accounting Auditor and the Company does not separately stipulate audit remuneration for audit under the Japanese Companies Act or audit under the Financial Instruments and Exchange Act. Furthermore, such remuneration is practically indivisible. Hence, the remuneration referred to at 1) above does not separate these two payments.
3. Among the significant subsidiaries of the Company, the financial statements of Lion Pty Limited and Kyowa Hakko Kirin Company, Limited are audited (limited to audits stipulated in the Japanese Companies Act or the Financial Instruments and Exchange Act (including similar foreign laws)) by a certified public accountant or an auditing firm (including overseas auditors possessing similar qualifications) other than the Accounting Auditor of the Company.

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

If the Company's Audit & Supervisory Board determines that any of the items of Article 340, Paragraph 1 of the Japanese Companies Act apply with respect to the Accounting Auditor, the Audit & Supervisory Board shall dismiss the Accounting Auditor. Such dismissal shall require the unanimous agreement of all the Audit & Supervisory Board Members.

The Company's Audit & Supervisory Board will determine the content of proposals calling for the dismissal or denial of reappointment of the Accounting Auditor, which shall be submitted to the General Meeting of Shareholders if it is determined that a change of Accounting Auditor is necessary for reasons such as having difficulty in execution of duties by the Accounting Auditor as a result of a comprehensive evaluation from a perspective of qualification, expertise, independence from the Company, and other assessment standards.

5. Systems to ensure appropriate operation and the status of its implementation

(1) Basic policies for the internal control system

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Items related to the governance and monitoring of each Kirin Group company
- Items related to guidance and management concerning the maintenance of the internal control system for each Kirin Group company
- Items related to the communication system* within the Kirin Group companies
- Items related to the Group internal auditing system operated by the Group Internal Audit of the Company

* The system to share information within the Kirin Group, the compliance hotline system, and other related items.

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

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

(7) Items related to the assurance that the employees assigned as support staff as in the preceding provision remain independent from the Directors of the Board of the Company and to secure the effective implementation of directions by Audit & Supervisory Board Members of the Company to these employees

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Implementation of internal control system

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

The Kirin Group has established “Passion and Integrity” as “One Kirin” Values, the common values of the Kirin Group, and is making efforts to instill these values in Directors of the Board, Audit & Supervisory Board Members, Executive Officers and employees of each Kirin Group company. Additionally, the Kirin Group has defined its views on compliance in “Kirin Group Compliance Guidelines” and is also publicizing and carrying out educational programs in order to promote awareness throughout the Kirin Group. Further, rules on the compliance hotline system have been formulated, “Kirin Group Direct Hotline to the Executive Officer in Charge of Compliance (Risk Management)” has been established, and each Kirin Group company has developed and implemented a compliance hotline system. As for the compliance hotline system, it protects the anonymity of whistleblowers and prohibit unfair treatment against such whistleblowers.

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

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

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

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

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

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

The Company conducts performance management on each Kirin Group company through quarterly monitoring, etc., based on the Medium-Term Business Plan (from 2016 to 2018) and annual plans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Note) Unless otherwise provided in notes, amounts and percentages are rounded to the nearest unit indicated.

(Reference)

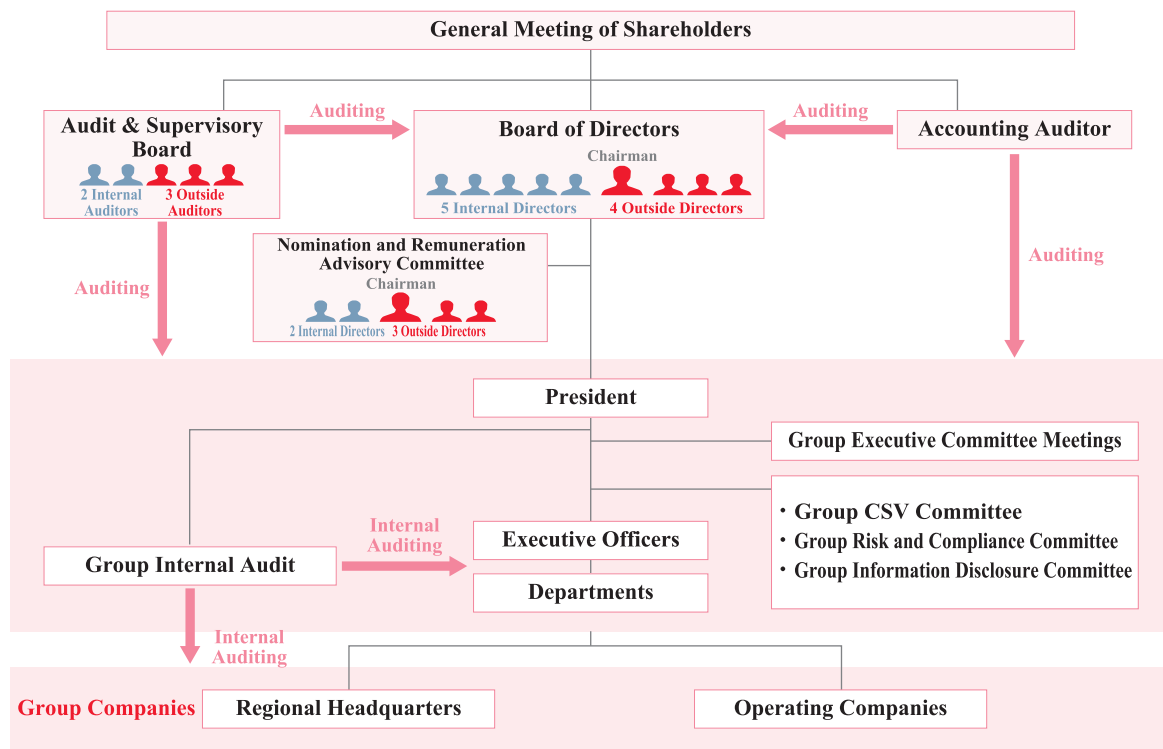
Basic Philosophy and Policy Concerning Corporate Governance

In line with the Kirin Group’s corporate philosophy and “One Kirin” Values that are shared across the Kirin Group, the Kirin Group will develop a corporate governance system that is capable of effectively and efficiently achieving the 2021 Vision outlined in the “New Kirin Group Vision 2021”, our long-term management vision.

The Kirin Group adopts a pure holding company structure as a means of controlling its diverse and global business, which is centered on alcoholic beverages, non-alcoholic beverages, pharmaceuticals and bio-chemicals. As a pure holding company, the Company will take on the role of devising and implementing the Kirin Group’s overall strategies, monitoring individual businesses, and creating synergy through coordination across the Kirin Group. The Company will grant appropriate authority to match the strategic stages of each individual Group companies, and will improve governance through dispatching Directors of the Board to said main companies, etc.

The Company adopts a company with Audit & Supervisory Board system and aims to maintain and improve on a highly transparent governance for its stakeholders. The Board of Directors, which includes a number of Outside Directors, will work closely with the Audit & Supervisory Board, which also includes a number of Outside Audit & Supervisory Board Members, and make effective use of the statutory and some other auditing function to take final decisions on important matters. At the same time, the Board of Directors will endeavor to reinforce the monitoring function on management.

Corporate Governance Structure



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(At December 31, 2017)

(¥ millions)

<u>ASSETS</u>	
Non-current assets	
Property, plant and equipment	556,223
Goodwill	261,900
Intangible assets	184,096
Equity-accounted investees	210,780
Other financial assets	208,535
Other non-current assets	15,799
Deferred tax assets	96,727
Total non-current assets	1,534,060
Current assets	
Inventories	194,837
Trade and other receivables	395,263
Other financial assets	3,362
Other current assets	34,303
Cash and cash equivalents	160,913
(Sub-total)	<u>788,678</u>
Non-current assets held for sale	<u>76,344</u>
Total current assets	865,023
Total assets	2,399,082

<u>EQUITY</u>	
Share capital	102,046
Share premium	2,208
Retained earnings	811,520
Treasury shares	(2,020)
Reserves	44,141
Equity attributable to owners of the parent	957,895
Non-controlling interests	271,311
Total equity	1,229,206
<u>LIABILITIES</u>	
Non-current liabilities	
Bonds and borrowings	362,622
Other financial liabilities	88,275
Defined benefit liability	66,016
Provisions	7,385
Other non-current liabilities	13,282
Deferred tax liabilities	18,851
Total non-current liabilities	556,432
Current liabilities	
Bonds and borrowings	123,852
Trade and other payables	224,887
Other financial liabilities	55,109
Current tax liabilities	9,853
Provisions	1,005
Other current liabilities	194,628
(Sub-total)	609,334
Liabilities directly related to non-current assets held for sale	4,111
Total current liabilities	613,445
Total liabilities	1,169,877
Total equity and liabilities	2,399,082

*Amounts are rounded to the nearest ¥1 million.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(From January 1, 2017 to December 31, 2017)

(¥ millions)

Continuing operations	
Revenue	1,863,730
Cost of sales	1,051,196
Gross profit	812,534
Selling, general and administrative expenses	618,215
Other operating income	46,853
Other operating expenses	30,106
Operating profit	211,066
Finance income	4,829
Finance costs	11,084
Share of profit of equity-accounted investees	26,519
Gain on sale of equity-accounted investees	2,448
Profit before tax	233,776
Income tax expense	51,946
Profit from continuing operations	181,831
Discontinued operations	
Profit from discontinued operations	84,980
Profit	266,810
Profit attributable to:	
Owners of the parent	242,057
Non-controlling interests	24,753
Profit	266,810

*Amounts are rounded to the nearest ¥1 million.

BALANCE SHEET

(At December 31, 2017)

<u>ASSETS</u>	(¥ millions)
Current assets	<u>244,656</u>
Cash and time deposits	79,517
Short-term loans receivable	125,853
Deferred tax assets	4,530
Other	34,757
Non-current assets	<u>1,482,532</u>
Property, plant and equipment	<u>8,699</u>
Buildings	4,446
Structures	71
Machinery and equipment	4
Vehicles	2
Tools, furniture and fixtures	1,397
Land	2,779
Construction in progress	1
Intangible assets	49
Investments and other assets	<u>1,473,784</u>
Investment securities	79,087
Shares of subsidiaries and affiliates	1,364,010
Deferred tax assets	21,408
Other	10,241
Allowance for doubtful accounts	(963)
Total assets	1,727,187

LIABILITIES

Current liabilities	<u>405,256</u>
Short-term loans payable and long-term debt with current maturities	317,463
Bonds due within one year	70,000
Non-trade accounts payable	13,702
Accrued expenses	1,868
Allowance for employees' bonuses	153
Allowance for bonuses for directors and corporate auditors	183
Other	1,887
Non-current liabilities	<u>371,559</u>
Bonds	124,997
Long-term debt	242,796
Employees' pension and retirement benefits	69
Other	3,697
<hr/>	
Total liabilities	<u>776,815</u>
<hr/>	

NET ASSETS

Shareholders' equity	<u>916,693</u>
Common stock	102,046
Capital surplus	<u>81,489</u>
Additional paid-in capital	81,412
Other capital surplus	77
Retained earnings	<u>735,178</u>
Legal reserve	25,511
Other retained earnings	709,667
Reserve for deferred gain on sale of property	521
General reserve	506,368
Retained earnings carried forward	202,777
Treasury stock, at cost	(2,020)
Valuation and translation adjustments	<u>33,679</u>
Net unrealized gains on securities	33,761
Deferred gains or losses on hedges	(82)
Total net assets	<u>950,372</u>
Total liabilities and net assets	<u>1,727,187</u>

*Amounts are rounded to the nearest ¥1 million.

STATEMENT OF INCOME

(From January 1, 2017 to December 31, 2017)

(¥ millions)

Operating revenue		
Group management revenue	905	
Revenue from real estate business	1,668	
Dividend revenue from subsidiaries and affiliates	76,141	78,715
Operating expenses		
Expenses of real estate business	623	
General and administrative expenses	8,506	9,129
Operating income		69,586
Non-operating income		
Interest and dividend income	2,477	
Other	182	2,659
Non-operating expenses		
Interest expense	5,258	
Net foreign currency translation loss	2,997	
Other	1,303	9,558
Ordinary income		62,686
Special income		
Gain on sale of property, plant and equipment and intangible assets	31,454	
Gain on sale of investment securities	177	
Gain on sale of shares of subsidiaries and affiliates	37,444	69,075
Special expenses		
Loss on sale and disposal of property, plant and equipment and intangible assets	163	
Loss on sale of shares of subsidiaries and affiliates	128	
Other	120	411
Income before income taxes		131,350
Income taxes – current		(10,375)
Income taxes – deferred		(40,850)
Net income		182,575

* Amounts are rounded to the nearest ¥1 million.

Independent Auditor's Report

February 13, 2018

The Board of Directors
Kirin Holdings Company, Limited

KPMG AZSA LLC

Hiroto Kaneko (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masakazu Hattori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Makoto Yamada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the CONSOLIDATED STATEMENT OF FINANCIAL POSITION, the CONSOLIDATED STATEMENT OF PROFIT OR LOSS, the CONSOLIDATED STATEMENT OF CHANGES IN EQUITY and the related notes of Kirin Holdings Company, Limited as at December 31, 2017 and for the year from January 1, 2017 to December 31, 2017 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Rules of Corporate Accounting that allows the preparation of consolidated financial statements by omitting certain disclosure items required by International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Kirin Holdings Company, Limited and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with the latter part of Article 120-1 of the Rules of Corporate Accounting that allows the preparation of consolidated financial statements by omitting certain disclosure items required by International Financial Reporting Standards..

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report in Japanese as required by the Companies Act.

Independent Auditor's Report

February 13, 2018

The Board of Directors
Kirin Holdings Company, Limited

KPMG AZSA LLC

Hiroto Kaneko(Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masakazu Hattori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Makoto Yamada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the BALANCE SHEET, the STATEMENT OF INCOME, the STATEMENT OF CHANGES IN NET ASSETS and the related notes, and the supplementary schedules of Kirin Holdings Company, Limited as at December 31, 2017 and for the year from January 1, 2017 to December 31, 2017 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Kirin Holdings Company, Limited for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Notes for Subsequent Events to the financial statements. Kirin Holdings Company, Limited transferred all of its owned shares of KIRIN AMGEN, INC to KIRIN AMGEN, INC. on January 29, 2018.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit & Supervisory Board Members' Report

We the Audit & Supervisory Board Members of the Company, based on the audit reports prepared by each Audit & Supervisory Board Member regarding the performance of duties by the Directors of the Board during the 179th business year from January 1, 2017, to December 31, 2017, prepared this audit report upon deliberation and hereby report as follows:

1. Audit Methods by Audit & Supervisory Board Members and the Audit & Supervisory Board and its Details

(1) The Audit & Supervisory Board established audit policy of this term, planning of audits, etc., and received reports from each Audit & Supervisory Board Member regarding the state of implementation of his or her audits and results thereof, as well as received reports from the Directors of the Board, etc., and the Accounting Auditor regarding performance of their duties, and sought explanations whenever necessity arose.

(2) Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, in accordance with the audit policy of this term, planning of audits, etc., communicated with the Directors of the Board, the internal audit department, other employees, etc., and made efforts to collect information and improve audit environment, and conducted audits in the following methods:

- 1) We attended the Board Meetings and other important meetings, received reports from the Directors of the Board, employees, etc., regarding the state of performance of their duties, sought explanations whenever necessity arose, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and other main business offices of the Company. With respect to subsidiaries, we communicated and exchanged information with directors, audit & supervisory board members, etc., of the subsidiaries, and visited subsidiaries whenever necessity arose to make investigation into the state of activities and property thereof.
- 2) We monitored and verified the status of the construction and implementation by the Directors of the Board of the system for ensuring that the performance of duties by the Directors of the Board listed on the business report conforms to the laws, regulations and Articles of Incorporation, as well as the resolutions of the Board regarding the improvement of the system stipulated in Article 100, Paragraph (1) and Paragraph (3) of the Ordinance for Enforcement of the Japanese Companies Act and the status of the establishment and operation of the system (internal controls system) that is prepared based on the resolutions, which are necessary for ensuring an appropriateness of operations of a joint stock corporation and corporate group comprised of its subsidiaries.
- 3) We monitored and verified whether the Accounting Auditor maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditor regarding the state of performance of their duties and sought explanations whenever necessity arose. In addition, we received notice from the Accounting Auditor that "The systems for ensuring the proper performance of duties" (matters set forth in each item of Article 131 of the Rules of Corporate Financial Calculation) is organized in accordance with the "Standards for Quality Control of Audit" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations whenever necessity arose.

Based on the above methods, we examined the business report and supporting schedules, financial statements (balance sheet, statement of income, statement of changes in net assets, and related notes) and the supporting schedules related to the relevant business term, and the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and related notes).

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

- 1) In our opinion, the business report and the supporting schedules fairly presents the state of the Company in accordance with the laws, regulations and Articles of Incorporation.
- 2) In connection with the performance of duties by the Directors of the Board, no dishonest act or material fact of violation of laws, regulations, or the Articles of Incorporation exists.
- 3) In our opinion, the contents of the resolutions of the Board regarding the internal controls system, including internal controls related to financial reporting, are fair and reasonable. In addition, we have not found anything that would need to be pointed out in relation to the performance of duties by the Directors of the Board regarding the internal controls system.

(2) Results of Audit of Financial Statements and Supporting Schedules

In our opinion, the methods and results of audit conducted by the Accounting Auditor, KPMG AZSA LLC are proper.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results of audit conducted by the Accounting Auditor, KPMG AZSA LLC are proper.

February 14, 2018

Audit & Supervisory Board
Kirin Holdings Company, Limited

Motoyasu Ishihara (Seal)
Audit & Supervisory Board Member

Masahito Suzuki (Seal)
Audit & Supervisory Board Member

Fukutaka Hashimoto (Seal)
Outside Audit & Supervisory Board Member

Masakatsu Mori (Seal)
Outside Audit & Supervisory Board Member

Chieko Matsuda (Seal)
Outside Audit & Supervisory Board Member

- END -