

(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 5, 2019

To: Our Shareholders

Convocation Notice of the 180th Ordinary General Meeting of Shareholders

Please be advised that the 180th 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 27, 2019 (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 | <https://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 of not only 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 28, 2019, (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 180th fiscal year (January 1, 2018 to December 31, 2018).
- 2) Report on the financial statements for the 180th fiscal year (January 1, 2018 to December 31, 2018).

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, agents or any persons accompanying our shareholders who are not shareholders themselves, 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 (<https://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 ¥27.0 per share after taking various factors into account including the Company's operating results for this fiscal year and the business environment, in accordance with the Company's dividend policy. As a result, including the interim dividend of ¥24.0 per share, the annual dividend for this fiscal year will amount to ¥51.0 per share, an increase of ¥5.0 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:

¥27.0 per share of the Company's common stock

Total amount: ¥23,705,969,733

- (2) Effective date of payment of dividend:

March 29, 2019

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.

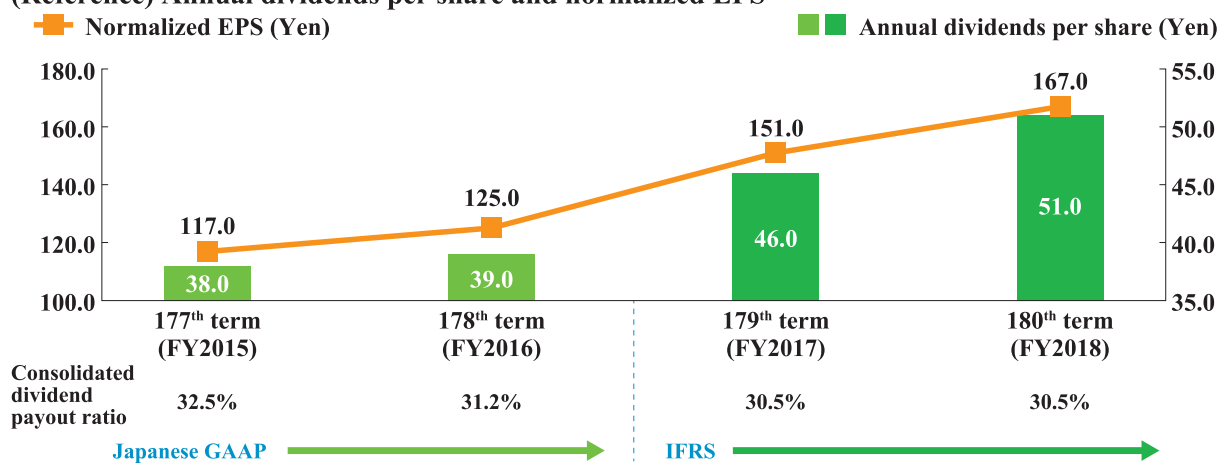
In specific terms, we will enhance shareholder return through stable dividends by paying dividends at a consolidated dividend payout ratio*¹ on normalized*² EPS of 30% or higher (the consolidated dividend payout ratio on normalized EPS for the next term onward is set at 40% or higher in accordance with the "Kirin Group 2019-2021 Medium-Term Business Plan").

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 in view of balancing strategic investments for growth and financial flexibility.

*1 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 and after is based on International Financial Reporting Standards (IFRS).

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

(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 (65)	President & Chief Executive Officer	100% (15 times of 15 meetings)	4 years
2	Candidate for Reelection	Keisuke Nishimura (62)	Representative Director, Senior Executive Vice President Business Alliance and Investment Strategy; Overseas Business	100% (15 times of 15 meetings)	7 years
3	Candidate for Reelection	Toshiya Miyoshi (60)	Director of the Board, Senior Executive Officer Personnel & General Affairs Strategy; Marketing Strategy; Branding Strategy	100% (15 times of 15 meetings)	4 years
4	Candidate for Reelection	Noriya Yokota (58)	Director of the Board, Senior Executive Officer Financial Strategy; IR Strategy; Information Strategy	100% (12 times of 12 meetings)	1 year
5	New Candidate	Noriaki Kobayashi (59)	—	—	—
6	Candidate for Reelection	Shoshi Arakawa (74)	Outside Director	100% (15 times of 15 meetings)	4 years
	Candidate for Outside Director				
	Candidate for Independent Officer				
7	Candidate for Reelection	Katsunori Nagayasu (71)	Outside Director	87% (13 times of 15 meetings)	3 years
	Candidate for Outside Director				
8	New Candidate	Masakatsu Mori (72)	Outside Audit & Supervisory Board Member	100% (15 times of 15 meetings)	—
	Candidate for Outside Director				
	Candidate for Independent Officer				
9	New Candidate	Hiroyuki Yanagi (64)	—	—	—
	Candidate for Outside Director				
	Candidate for Independent Officer				

- (Notes)
- Age is as of the date of this Ordinary General Meeting of Shareholders.
 - As for the attendance at the Board Meetings of Mr. Noriya Yokota, the Board Meetings applicable to him are only those held on and after March 29, 2018, the date of his assumption of office.
 - As for the attendance at the Board Meetings of Mr. Masakatsu Mori, the Board Meetings applicable to him are those which he attended as Outside Audit & Supervisory Board Member.
 - 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).

No. 1 **Yoshinori Isozaki**



Candidate for Reelection

Date of birth	August 9, 1953
Number of the Company's shares held	81,598 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 experience 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 in achieving the “Kirin Group 2016-2018 Medium-Term Business Plan” and the “New Kirin Group Vision 2021”, our long-term management vision, and ensured to promote management reform including enhancement of corporate governance. For the reasons above, the Board has determined that he is suited to carry out the tasks needed for realizing the Company's new long-term management vision “Kirin Group Vision 2027” toward 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	71,924 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 Director and Chairman of the Coca-Cola Bottling Company of Northern New England, Inc.
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)
December 2018	Director of the Coca-Cola Bottling Company of Northern New England, Inc. (Present Position)

Responsible for Business Alliance and Investment Strategy; Overseas Business

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, the Coca-Cola Bottling Company of Northern New England, Inc.
 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 experience 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 in achieving the “Kirin Group 2016-2018 Medium-Term Business Plan” and the “New Kirin Group Vision 2021”, our long-term management vision. For the reasons above, the Board has determined that he is suited to carry out the tasks needed for realizing the Company’s new long-term management vision “Kirin Group Vision 2027” toward continuous improvement of corporate value and overseeing the entire Kirin Group.

Notes:

1. No conflict of interests exists between the Company and Mr. Keisuke Nishimura.
2. Although Mr. Keisuke Nishimura is currently Senior Executive Officer of Kirin Company, Limited, he is to resign from the position as of March 28, 2019.

No. 3 Toshiya Miyoshi



Candidate for Reelection

Date of birth	December 30, 1958
Number of the Company's shares held	29,610 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 experience 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 in charge of personnel & general affairs strategy as well as marketing strategy and branding strategy, etc. and has made a great contribution in achieving the “Kirin Group 2016-2018 Medium-Term Business Plan” and the “New Kirin Group Vision 2021”, our long-term management vision. For the reasons above, the Board has determined that he is suited to carry out the tasks needed for realizing the Company’s new long-term management vision “Kirin Group Vision 2027” toward continuous improvement of corporate value and overseeing the entire Kirin Group.

Notes:

1. No conflict of interests exists between the Company and Mr. Toshiya Miyoshi.
2. Although Mr. Toshiya Miyoshi is currently Senior Executive Officer of Kirin Company, Limited, he is to resign from the position as of March 28, 2019.

No. 4 Noriya Yokota



Candidate for Reelection

Date of birth	February 3, 1961
Number of the Company's shares held	15,948 shares
Rate and number of attendance at Board Meetings	100% (12 times of 12 meetings)

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 Director of the Board, Senior Executive Officer of Kirin Company, Limited
March 2018	Director of Kyowa Hakko Kirin Company, Limited (Present Position) 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)
Responsible for	Financial Strategy; IR Strategy; Information Strategy

Significant positions concurrently held at other companies and organizations

Senior Executive Officer, Kirin Company, Limited
 Director, Kyowa Hakko Kirin Company, Limited
 Director, Kirin Business System 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 and has considerable business experience and deep insight in the management of the Group. Since he took office as Director of the Board of the Company in 2018, he has been in charge of financial strategy, IR strategy and information strategy and has made a great contribution in achieving the “Kirin Group 2016-2018 Medium-Term Business Plan” and the “New Kirin Group Vision 2021”, our long-term management vision. For the reasons above, the Board has determined that he is suited to carry out the tasks needed for realizing the Company’s new long-term management vision “Kirin Group Vision 2027” toward continuous improvement of corporate value and overseeing the entire Kirin Group.

Notes:

1. No conflict of interests exists between the Company and Mr. Noriya Yokota.
2. Although Mr. Noriya Yokota is currently Senior Executive Officer of Kirin Company, Limited, he is to resign from the position as of March 28, 2019.

No. 5 **Noriaki Kobayashi**



New Candidate

Date of birth	August 20, 1959
Number of the Company's shares held	16,048 shares

Profile, title and responsibilities

April 1983	Joined the Company
March 2010	General Manager of Production & Quality Control Dept. of Logistics Div. of Kirin Beverage Company, Limited
March 2013	Executive Officer and General Manager of Production & Quality Control Dept. of Production Div. of Kirin Beverage Company, Limited
March 2014	Executive Officer and Director of Group R&D of the Company Executive Officer and General Manager of Technology of Research & Development Div. of Kirin Company, Limited
March 2015	Executive Officer and President of Production Div. of Kirin Brewery Company, Limited
March 2017	Senior Executive Officer of the Company (Present Position) Director of the Board, Senior Executive Officer and President of Research & Development Div. of Kirin Company, Limited (Present Position)

Significant positions concurrently held at other companies and organizations

Director of the Board, Senior Executive Officer and President of Research & Development Division, Kirin Company, Limited

Reasons for nomination as a candidate for Director of the Board

Mr. Noriaki Kobayashi has worked in the areas of production, corporate planning, overseas business, etc., since he joined the Company. He has been in charge of R&D strategy and quality assurance as Senior Executive Officer of the Company since 2017 and has made a great contribution in achieving the “Kirin Group 2016-2018 Medium-Term Business Plan” and the “New Kirin Group Vision 2021”, our long-term management vision. We expect him to effectively use his considerable business and management experience and deep insight in R&D, production and quality control, etc. in his management as Director of the Board of the Company. For the reasons above, the Board has determined that he is suited to carry out the tasks needed for realizing the Company’s new long-term management vision “Kirin Group Vision 2027” toward continuous improvement of corporate value and overseeing the entire Kirin Group.

Notes:

1. No conflict of interests exists between the Company and Mr. Noriaki Kobayashi.
2. Although Mr. Noriaki Kobayashi is currently Director of the Board, Senior Executive Officer and President of Research & Development Division of Kirin Company, Limited, he is to resign from the position as of March 28, 2019.

No. 6 **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	5,000 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 this, he provides valuable opinions and suggestions from objective and professional perspectives to the management of the Company as Outside Director. For the reasons above, the Board has determined that he is suited to oversee business execution of the Company toward 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 4 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. 7 **Katsunori Nagayasu**



Candidate for Reelection
Candidate for Outside Director

Date of birth	April 6, 1947
Number of the Company's shares held	700 shares
Rate and number of attendance at Board Meetings	87% (13 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.
April 2018	Senior Advisor of MUFG Bank, Ltd. (Present Position)

Significant positions concurrently held at other companies and organizations

Senior Advisor, MUFG Bank, 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 this, he provides valuable opinions and suggestions from objective and professional perspectives to the management of the Company as Outside Director. For the reasons above, the Board has determined that he is suited to oversee business execution of the Company toward 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 engaged in improper conduct in fuel efficiency testing of their vehicles in April 2016. In September 2016, they received a warning from the Ministry of Land, Infrastructure, Transport and Tourism for another incident of improper conduct in tests to verify the fuel efficiency of those vehicles identified in the initial case of improper conduct. In January and July 2017, MITSUBISHI MOTORS CORPORATION received an order for action and a 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. Further, in May 2018, it was found that some of the foreign technical interns at the Okazaki Plant of MITSUBISHI MOTORS CORPORATION had not received technical training in accordance with the technical intern training plan certified by the Organization for Technical Intern Training. In January 2019, MITSUBISHI MOTORS CORPORATION was revoked of its certification for the technical intern training plan and received an order for improvement under the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees. Although Mr. Katsunori Nagayasu was not aware in advance of either of the improprieties, he regularly warned against such conduct 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 by giving instructions for investigations and measures to prevent the recurrence of such events.
4. Mr. Katsunori Nagayasu receives remuneration as Senior Advisor from MUFG Bank, 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 3 years.
6. Mr. Katsunori Nagayasu served as Representative Director and Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.), a bank with which the Company has major transactions, from April 2012 to March 2016. Although there is no plan for him to 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.

No. 8 Masakatsu Mori



New Candidate
Candidate for Outside Director
Candidate for Independent Officer

Date of birth	January 22, 1947
Number of the Company's shares held	10,600 shares
Rate and number of attendance at Board Meetings	100% (15 times of 15 meetings)

Profile, title and responsibilities

April 1969	Joined Arthur Andersen, LLP
February 1989	Japan Representative of Andersen Consulting (currently Accenture Japan Ltd.)
December 1995	President and Management Director of Andersen Consulting
April 2003	Chairman and Management Director of Accenture Japan Ltd.
September 2005	Chairman and Director of Accenture Japan Ltd.
September 2007	Chief Corporate Advisor of Accenture Japan Ltd.
October 2009	President of International University of Japan
October 2012	Trustee of International University of Japan
November 2013	Vice Chairman of International University of Japan
March 2015	Outside Audit & Supervisory Board Member of the Company (Present Position)
April 2018	Senior Advisor of International University of Japan (Present Position)

Significant positions concurrently held at other companies and organizations

Senior Advisor, International University of Japan
 Outside Director, STANLEY ELECTRIC CO., LTD.
 Outside Director, YAMATO HOLDINGS CO., LTD.

Reasons for nomination as a candidate for Outside Director

Mr. Masakatsu Mori has considerable experience acquired over many years as management of a consulting firm, and as president as well as trustee of a university, and a wide range of knowledge, especially a high level of insight in corporate management based on his specialized expertise in finance and accounting. Based on this, he provides valuable opinions and suggestions from objective and professional perspectives to the management of the Company as Outside Audit & Supervisory Board Member. For the reasons above, the Board has determined that he, as Outside Director going forward, is suited to oversee business execution of the Company toward continuous improvement of corporate value.

Notes:

1. No conflict of interests exists between the Company and Mr. Masakatsu Mori.
2. Mr. Masakatsu Mori is a candidate for the position of Outside Director.
3. Mr. Masakatsu Mori is currently an Outside Audit & Supervisory Board Member of the Company, and the years served (as of the close of this Ordinary General Meeting of Shareholders) by him since his election as an Outside Audit & Supervisory Board Member are 4 years. 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.

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4. As for the attendance at the Board Meetings of Mr. Masakatsu Mori, the Board Meetings applicable to him are those which he attended as Outside Audit & Supervisory Board Member.
 5. Mr. Masakatsu Mori 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 elected and appointed as a Director of the Board.

No. 9 **Hiroyuki Yanagi**



New Candidate

Candidate for Outside Director

Candidate for Independent Officer

Date of birth	November 20, 1954
Number of the Company's shares held	0 shares

Profile, title and responsibilities

April 1978	Joined Yamaha Motor Co., Ltd.
March 2007	Executive Officer of Yamaha Motor Co., Ltd.
March 2009	Senior Executive Officer of Yamaha Motor Co., Ltd.
March 2010	President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd.
January 2018	Chairman and Representative Director of Yamaha Motor Co., Ltd. (Present Position)

Significant positions concurrently held at other companies and organizations

Chairman and Representative Director, Yamaha Motor Co., Ltd.

Reasons for nomination as a candidate for Outside Director

Mr. Hiroyuki Yanagi has considerable experience acquired over many years as a corporate executive and a wide range of knowledge, especially highly specialized expertise in brand development on the global market through technological development and innovation. Based on this, we expect him to provide valuable opinions and suggestions to the management of the Company from objective and professional perspectives as Outside Director. For the reasons above, the Board has determined that he is suited to oversee business execution of the Company toward continuous improvement of corporate value.

Notes:

1. No conflict of interests exists between the Company and Mr. Hiroyuki Yanagi.
2. Mr. Hiroyuki Yanagi is a candidate for the position of Outside Director.
3. If Mr. Hiroyuki Yanagi is elected and appointed as a Director of the Board, he is expected to become an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc.

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. Motoyasu Ishihara and Masakatsu Mori, 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 **Keiji Kuwata**



New Candidate

Date of birth	September 21, 1962
Number of the Company's shares held	3,254 shares

Profile and title

April 1985	Joined the Company
March 2009	Director of the Board, General Manager of Kanto-Region of Kirin Logistics Company, Limited (currently Kirin Group Logistics Company, Limited)
September 2010	Director of the Board, General Manager of Eastern-Japan Regional Div. of Kirin Logistics Company, Limited
March 2013	Deputy General Manager of Corporate Planning Dept. of Kirin Company, Limited
April 2015	Executive Officer and Deputy General Manager of Corporate Planning Dept. of Kirin Company, Limited
March 2016	Director of Corporate Strategy of the Company (Present Position)
March 2017	Executive Officer and General Manager of Corporate Planning Dept. of Kirin Company, Limited
March 2018	Senior Executive Officer and General Manager of Corporate Planning Dept. of Kirin Company, Limited (Present Position)

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

Mr. Keiji Kuwata has worked in the areas of corporate planning and logistics of the Company and Kirin Group companies since he joined the Company and has considerable business experience and deep insight in the management of the Group overall. He took office as Director of Corporate Strategy of the Company in 2016 and has fulfilled his role appropriately ever since. For the reasons above, the Board has determined that he is suited to audit business execution of Directors of the Board of the Company toward 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. Keiji Kuwata.
2. Although Mr. Keiji Kuwata is currently Director of Corporate Strategy of the Company and Senior Executive Officer and General Manager of Corporate Planning Department of Kirin Company, Limited, he is to resign from the positions by the close of this Ordinary General Meeting of Shareholders.

No. 2 **Yoshiko Ando**



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

Date of birth	March 17, 1959
Number of the Company's shares held	0 shares

Profile and title

April 1982	Entered the Ministry of Labor
April 2003	Lieutenant governor of Shiga prefecture
July 2007	Director of Equal Employment Policy Div. of Equal Employment, Children and Families Bureau of the Ministry of Health, Labour and Welfare
July 2011	Director-General of the Saitama Labor Bureau of the Ministry of Health, Labour and Welfare
July 2013	Director-General of Industrial Accident Compensation Dept. of Labour Standards Bureau of the Ministry of Health, Labour and Welfare
July 2014	Director-General of Equal Employment, Children and Families Bureau of the Ministry of Health, Labour and Welfare
October 2015	Director-General for Labour Policy Planning of the Ministry of Health, Labour and Welfare
June 2016	Director-General for Statistics and Information Policy of the Ministry of Health, Labour and Welfare
July 2017	Director-General for Human Resources Development of the Ministry of Health, Labour and Welfare

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

Ms. Yoshiko Ando, as a government official, has been engaged over many years in policy planning in labor administration and has highly specialized expertise, considerable experience and a high level of insight in a wide range of fields of employment and labor including promotion of women's participation and advancement. Based on this, the Company expects her to provide valuable opinions and suggestions from objective and professional perspectives to the management of the Company, and the Board has determined that she is suited to audit business execution of Directors of the Board of the Company toward continuous improvement of corporate value as Outside Audit & Supervisory Board Member. Although Ms. Yoshiko Ando has never been involved in corporate management in the past, for the reasons above, the Company believes that she will be able to appropriately execute her duties as an Outside Audit & Supervisory Board Member.

Notes:

1. No conflict of interests exists between the Company and Ms. Yoshiko Ando.
2. Ms. Yoshiko Ando is a candidate for the position of Outside Audit & Supervisory Board Member.
3. If Ms. Yoshiko Ando is elected and appointed as an Audit & Supervisory Board Member,

she is expected to become an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc.

(Reference)

Major Reorganizations of the Company

- 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.
- 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.

Policy for the Nomination of Directors of the Board, Executive Officers and Audit & Supervisory Board Members

- The Kirin Group, having expanded its business globally with Japan as its core in the fields of food and well-being, intends to carry out its decision-making and management monitoring in a more appropriate fashion and at a higher level. To this end, Directors of the Board, Executive Officers and Audit & Supervisory Board Members are appointed upon taking into account the balance of their experience, achievements and specialization in relation to the Group's key businesses and business management. A number of persons who have a wealth of management experience, advanced specialized knowledge, and extensive expertise are appointed as Outside Directors and Outside Audit & Supervisory Board Members.
- One or more persons who have some experiences in financial or accounting departments and possess the appropriate knowledge are appointed as Audit & Supervisory Board Member.
- The appointment/dismissal of Directors of the Board and Executive Officers is decided by the Board upon deliberation by the Nomination & Remuneration Advisory Committee, taking performance into account. Proposals for the appointment/dismissal of Directors of the Board are discussed at general meetings of shareholders. The appointment/dismissal of Audit & Supervisory Board Members is discussed by the Nomination & Remuneration Advisory Committee, and is then decided by the Board and discussed at a general meeting of shareholders (the appointment of Audit & Supervisory Board Members will require the consent of the Audit & Supervisory Board).
- Reasons for the appointment/dismissal of candidates for the positions of Director and Audit & Supervisory Board Member will be indicated on convocation notices of general meetings of shareholders.

Nomination & Remuneration Advisory Committee

- The Nomination & Remuneration Advisory Committee has been set up to deal with the nomination and remuneration of Directors of the Board, Executive Officers and Audit & Supervisory Board Members.
- The Nomination & Remuneration Advisory Committee will be composed of five Directors of the Board (two internal directors and three outside directors), and the Committee Chairman will be appointed out of the Outside Directors. As an advisory body to the Board, the Nomination & Remuneration Advisory Committee will discuss the following matters from an objective and fair perspective, and report to the Board.
 - (1) Policy for the appointment/dismissal of Directors of the Board, Executive Officers and Audit & Supervisory Board Members, and proposal of candidates
 - (2) Succession plans regarding the President & Chief Executive Officer
 - (3) System, standards and amounts for the remuneration of Directors of the Board, Executive Officers and Audit & Supervisory Board Members
 - (4) Proposal of candidates for the positions of chairman, president and directors, systems and

standards for their remuneration at the Company's key Group companies based on the nature and scale of their business

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 is a major shareholder of the Company
- (8) A person who is an executive director or who executes business of a firm which is a major shareholder of the Company
- (9) A person who receives donations or other assistance in excess of a certain amount from the Company
- (10) 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
- (11) 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
- (12) A person to whom any of aforementioned criteria (1)–(11) has applied within the past 3 years
- (13) A person who is a spouse or other relation within the second degree of kinship to a person to whom any of aforementioned criteria (1)–(12) applies (excluding a person who is not a senior executive or higher)
- (14) A person who is a spouse or other relation within the second degree of kinship to a Director of the Board, Executive Officer, Manager or other important employee of the Company (including a person who was a Director of the Board, Executive Officer, Manager or other important employee of the Company within the past 3 years)

(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 (consolidated revenue) 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 (consolidated revenue) 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 (consolidated revenue) 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), (9) and (10), “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.
5. Regarding criteria (7) and (8), “a major shareholder” refers to a shareholder who directly or indirectly holds 10% or more of the voting rights.

- END -

(Attached documents)

BUSINESS REPORT

(For the period January 1 to December 31, 2018)

1. Overview of Kirin Group business operations

(1) Results of business operations

The world economy remained stable during this fiscal year, underpinned largely by a robust United States economy despite growing uncertainty from factors including trade friction between the United States and China; the rapid slowdown of the Chinese economy; the unstable European political situation; and economic slowdowns among emerging nations. All the while, the operation of the SDGs¹ and the Paris Agreement have made various global social issues more apparent. Climate change in particular is a significant global issue. Private enterprises have a role to play in addressing these issues.

The Japanese economy experienced modest growth, supported by a positive employment environment and rising capital investment. However, economic growth was held back significantly by manufacturing and logistics restrictions caused by numerous natural disasters and higher costs attributable to rising crude oil and fresh food prices, among other factors.

During this fiscal year, which was the final year of the “Kirin Group 2016-2018 Medium-Term Business Plan” (“2016 MTBP”), the Group worked to “restructure and revitalize Kirin group-wide”. The Group prioritized initiatives to strengthen the revenue base of Kirin Brewery Company, Limited and strived to invigorate the maturing domestic alcoholic beverage market.

As a result of these efforts, Kirin Brewery Company, Limited improved its sales volumes, contributing to increased revenue year on year for the Japan Integrated Beverages Business. The Overseas Integrated Beverages Business also yielded increased revenues, resulting in a year-on-year increase in revenue of the Group.

In terms of profitability, the Overseas Integrated Beverages Business was adversely affected by unfavorable exchange rate impacts. The exclusion of Kyowa Medex Company, Limited from the Group’s consolidated reports also had an adverse impact on the operating profit of the Pharmaceuticals and Bio-chemicals Business. Despite these adverse impacts, the Group achieved an increase in its normalized operating profit² this year. This was primarily due to a significant increase in profit of the Japan Integrated Beverages Business which was bolstered by the strong performance of Kirin Brewery Company, Limited. However, profits attributable to owners of the Company waned in reaction to a gain on the sale of all shares in Brasil Kirin Holdings S.A., which was recorded in the previous fiscal year.

The Group also stepped up its efforts to address CSV³ priority issues identified in the Kirin Group’s CSV Commitment, an initiative formulated to realize the long-term management vision “New Kirin Group Vision 2021” (“New KV2021”). These priority issues relate to “health and well-being”, “community engagement”, “the environment”, and being “a responsible alcohol producer” across the Alcoholic Beverage, Non-alcoholic Beverage, Pharmaceutical and Bio-chemicals Businesses. Concerning “health and well-being”, the value of “iMUSE”, a brand shared across Group companies, was enhanced by the presentation of new research results related to “*Lactococcus lactis* strain Plasma”⁴, a material unique to the Group. For “community engagement”, the Group supported the sustainable production of Japanese hops through strengthened collaboration with Tono city in Iwate prefecture, among other regions. For “the environment”, the Group carried out climate change scenario analyses in accordance with

recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board⁵. In December, Kirin became Japan's first food company to announce its support for the TCFD. The Group will continue to enhance disclosure of information regarding the risks and opportunities that climate change may present for the Group's businesses in the future.

- *1 The Sustainable Development Goals (SDGs) are international goals for the years 2016 to 2030, set out in the "2030 Agenda for Sustainable Development". The SDGs were adopted at the UN Sustainable Development Summit held in September 2015 building on the success of the Millennium Development Goals (MDGs) formulated in 2001.
- *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 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 both "social benefits" and "economic benefits" for society.
- *4 "*Lactococcus lactis* strain Plasma" is a lactic acid bacteria which the Kirin Group has been researching and developing. It has featured in numerous presentations at various academic societies and has appeared in several publications, papers, and academic journals. It is named after its capability of directly activating *plasmacytoid dendritic cells*, which acts as a "commander in chief" of the body's immune system.
- *5 The Financial Stability Board is an international organization comprising representatives of central banks, financial regulatory authorities, finance ministries, etc., of the world's major countries and regions.

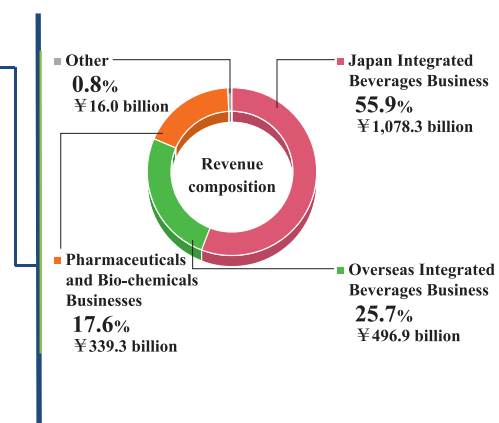
Results for this fiscal year

Consolidated revenue	¥1,930.5 billion (up 3.6% compared to the previous fiscal year)
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Consolidated normalized operating profit **¥199.3 billion**
(up 2.4% compared to the previous fiscal year)

Consolidated profit before tax **¥246.9 billion**
(up 5.6% compared to the previous fiscal year)

Profit attributable to owners of the Company **¥164.2 billion**
(down 32.1% compared to the previous fiscal year)



Reference

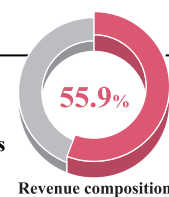
ROE 17.5%

Normalized EPS ¥167 (up 10.6% compared to the previous fiscal year)

Japan Integrated Beverages Business Division

Consolidated revenue: ¥1,078.3 billion (up 2.6% compared to the previous fiscal year)

Consolidated normalized operating profit: ¥81.2 billion (up 11.9% compared to the previous fiscal year)



Kirin Brewery Company, Limited focused on enhancing the appeal of beer products overall, while carrying out efficient marketing activities targeting key brands. In the beer category, its flagship brand *KIRIN ICHIBAN* exceeded the industry average for sales volume year on year. Canned products performed particularly strongly. *Tap Marché*⁶, which aims to expand and invigorate the craft beer⁷ market, offered a total of 19 brands from 7 breweries and was installed by a cumulative total of approximately 7,000 stores nationwide. In the new genre category, since its launch in March, *Honkirin* recorded the highest sales of all new beer products Kirin Brewery Company, Limited has launched over the past decade⁸. *Kirin Nodogoshi Nama* resumed sales after its renewal in May. Among others, these factors contributed to a year-on-year increase in sales volume of Kirin Brewery Company, Limited's beer products overall, even though the Japanese beer products market actually declined from the previous year. Overall sales volume in the growing RTD⁹ category recorded a significant year-on-year increase, driven by strong performance of its main product *Kirin Hyoketsu* and positive sales of *Kirin Honshibori*TM *Chuhai*, and *KIRIN The STRONG* which was launched in April, 2018. Sales in the whiskey and spirits category increased from the previous year, primarily driven by improved sales in imported whiskey products such as *White Horse*.

Mercian Corporation carried out marketing activities focusing on priority brands in each wine category with the aim of stimulating the wine business and reforming its revenue structure. "Japan Wine" has gradually attracted greater market attention. In this category, *Château Mercian* underwent a successful product portfolio revamp which led to strong sales. In the domestically produced wine category, good sales volume were recorded for the key brand *Oishii-Sankaboshizai-Mutenka Wine*. In the imported wine category, sales of main brands such as the daily-use wine, *Frontera*, and the medium-price range wine, *Casillero del Diablo*, were also strong.

Kirin Beverage Company, Limited worked to build a more robust brand portfolio and strengthen its business base. *Oishii Muto (sugar-free)*, a product built off its flagship brand, *Kirin Gogo-no-Kocha*, responded well to evolving consumer needs and performed strongly. *Kirin Nama-cha* also performed well after its March renewal, recording an increase in sales volume for the third consecutive year. Similarly, *Kirin Lemon* performed very well following a renewal in April which was very well received by customers. As a result, the annual sales target for *Kirin Lemon* was revised upward. However, sales volume stagnated for *Kirin FIRE* in the coffee category, due to a downward trend in the canned coffee market.

- *6 *Tap Marché* is a compact craft beer dispensary system developed by Kirin that enables restaurants, of all sizes, to offer its customers a variety of craft beers.
- *7 Craft beer is a category of artisanal beers, enabling customers to enjoy different flavors and distinctive characteristics, reflecting the personality and passion of the brewer.
- *8 Comparison based on actual cumulative shipments for the 7 months following the launch.
- *9 RTD is an acronym for "Ready to Drink" and refers to premixed low alcoholic beverages that can be enjoyed straight from the can or bottle.

Major Products of Kirin Group Companies

Kirin Brewery Company, Limited

KIRIN ICHIBAN, Kirin Tanrei Green Label, Kirin Nodogoshi Nama, Honkirin, Kirin Hyoketsu, KIRIN The STRONG

Mercian Corporation

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

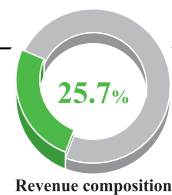
Kirin Beverage Company, Limited

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

Overseas Integrated Beverages Businesses Division

Consolidated revenue: ¥496.9 billion (up 10.8% compared to the previous fiscal year)

Consolidated normalized operating profit: ¥65.1 billion (down 1.9% compared to the previous fiscal year)



In the Beer, Spirits and Wine Business, Lion Pty Limited pressed ahead with its drive to strengthen brands in growth categories as part of its wider brand portfolio strategy, aimed at improving medium to long-term profits. These efforts led to strong sales for the *IRON JACK* brand as well as for the *FURPHY* and *James Squire* brands, which are being rolled out nationwide in Australia. Overseas expansion of craft beer was also promoted at an accelerated pace. As a result, overall sales volume in the Beer, Spirits and Wine Business remained steady despite the adverse impact of the introduction of the Container Deposit Scheme in the States of New South Wales and Queensland. In Lion's Dairy and Drinks Business, continued efforts were made to strengthen brands in focused categories. Sales volume increased year on year for leading brand, *Dare*, in the dairy beverage category, and for the *Farmers Union* brand in the yogurt category. However, overall sales volumes in the Dairy and Drinks Business decreased year on year due to a decline in sales volumes of ambient and chilled juice products in large containers.

Lion's Dairy and Drinks Business has a sound platform for growth and future vision to become the leading nutritional food and beverage company in the region. However, executing this vision will require new capabilities, accelerated innovation and capital investment. After careful consideration, the Group decided that separating the businesses by selling the Dairy and Drinks Business would be the best path to set both Lion and the Dairy and Drinks Business up with the capital, resources, and expertise needed to win into the future. Kirin and Lion announced the commencement of the sale process for Lion's Dairy and Drinks Business in October, 2018.

At Myanmar Brewery Limited, the flagship product, *Myanmar Beer*, performed strongly, particularly in the canned products segment. In the economy category, sales volume of *Andaman Gold* increased significantly after stabilization of supply as a result of expanding production capacity.

CCNNE¹⁰, which operates a Coca Cola bottling business in North America, increased its sales volume considerably by expanding its business area.

*10 CCNNE is an acronym for the Coca-Cola Bottling Company of Northern New England, Inc., a wholly owned subsidiary that manufactures and sells non-alcoholic beverage products in the northeastern part of the United States.

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*

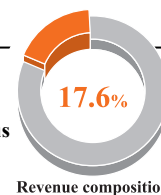
Myanmar Brewery Limited

Myanmar Beer, *Andaman Gold*, *KIRIN ICHIBAN*, *Myanmar Premium*

Pharmaceuticals and Bio-chemicals Business Division

Consolidated revenue: ¥339.3 billion (down 2.1% compared to the previous fiscal year)

Consolidated normalized operating profit: ¥58.8 billion (down 5.5% compared to the previous fiscal year)



In the Pharmaceuticals Business, Kyowa Hakko Kirin Company, Limited aimed to evolve into a “Global Specialty Pharmaceutical Company”^{*11} by maximizing the value of global strategic products. It also worked to (i) increase market penetration of existing products primarily through its newly launched product lineup; (ii) enhance customer relationships in each region and contribute to local medical care by providing high quality healthcare information; and (iii) invest in new product development pipelines. In the domestic market, revenue decreased year on year. This was due to several factors, including the impact of the exclusion of Kyowa Medex Co., Ltd. from the scope of consolidation, adverse impacts of the drug price revision implemented by the Japanese government in April, the penetration of generic drugs following government measures to reduce medical costs, and the impact of rival products. Despite these challenges, several of its drug products performed strongly including *G-Lasta*^{*12}, an agent for decreasing the incidence of febrile neutropenia; *NOURIAST*, a treatment for Parkinson’s disease; and *Onglyza*, a treatment for type 2 diabetes. In Europe and the United States, sales increased year on year due to steady market penetration of *Crysvita*^{*13}, a treatment for X-linked hypophosphatemia launched in 2018; *POTELIGEO*^{*14}, a treatment for mycosis fungoides and Sézary syndrome; and increased technology licensing revenue.

In the Bio-chemicals Business, revenue decreased year on year due mainly to the impact of the sale of the Plant Growth Regulators Business in Japan in the previous year and intensifying competition regarding some products overseas. However, profitability increased compared to the previous year due to cost improvements resulting from full-scale operations at its overseas plant and revised product composition.

*11 A “Global Specialty Pharmaceutical Company” is a pharmaceutical company that plays an active role on the world stage focused on disease categories we have particular strengths or expertise in (mainly the fields of cancer, kidney diseases and immune diseases).

*12 *G-Lasta* is a drug designed to increase the number of neutrophils, which are a type of white blood cell.

*13 *Crysvita* is a drug designed to treat 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.

*14 *POTELIGEO* is sold in Japan as a medicine to treat certain hematologic cancer.

Major Products of Kirin Group Companies

Kyowa Hakko Kirin Company, Limited

NESP, REGPARA, ORKEDIA, G-Lasta, NOURIAST, Crysvita, POTELIGEO

Kyowa Hakko Bio Company, Limited

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

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

Corporate Philosophy

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

2027 Vision

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

New Corporate Slogan



Setup of KV2027 and 2019-2021 Medium-Term Business Plan (2019 MTBP)

Kirin Group Vision 2027 (KV2027)

2027 Vision

2019 MTBP

2022 MTBP

2025 MTBP

Create a foundation for the Kirin Group aimed at new growth

Future growth opportunities:

Establish and foster new businesses bridging Pharmaceuticals and Food & Beverages

Foundation for growth:

Profit growth of existing businesses

Driver of growth:

Strengthen organizational capabilities for innovation

Investments for growth in existing domains and strategic investments for sustainable growth

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

2019 MTBP Targets

Financial targets¹

Normalized² EPS (earnings per share):
CAGR: 5%+
ROIC³:
Fiscal year 2021 10%+

Non-financial targets

CSV commitment targets
Corporate brand value⁴:
Fiscal year 2021 2,200+ \$m
Employee engagement:
Fiscal year 2021 72%+

¹ When evaluating the degree of achievement of financial indicators, the impact of exchange fluctuations, etc. for each fiscal year is excluded from calculation of items in the financial statements of overseas subsidiaries, etc.
² Removing other operating income and expenses and other non-recurring items to reflect actual earnings more accurately.
³ Earnings before interest after taxes / (average of the beginning and ending balances of interest-bearing debt + average of the beginning and ending balances of total net assets)
⁴ The brand value of KIRIN as evaluated by Interbrand Japan, Inc. in its brand ranking is used for evaluating corporate brand value.

(2) Future challenges

Under the 2016 MTBP, the Group worked on key initiatives, namely: “invest, strengthen and grow profit base in beer businesses”; “restructure and revitalize low-profit businesses”; and “invest to achieve outstanding growth in Pharmaceuticals and Bio-chemicals businesses”. The Group achieved its overarching objective to “restructure and revitalize Kirin, group-wide”.

The Group recognizes that numerous social issues are growing increasingly serious and will affect the Group’s immediate business environment. In addition to the various impacts of Japan’s declining birthrate, aging population, and rising medical costs; strict regulations on sugar and alcohol have become a real possibility in other regions. In order to achieve sustainable growth in an unpredictable, uncertain and unstable era, companies need to create both social value and economic value so as to move forward with society.

Accordingly, the Group has formulated its long-term management vision “Kirin Group Vision 2027” (“KV2027”) along with the “Kirin Group 2019-2021 Medium-Term Business Plan” (“2019 MTBP”) as the first three-year plan to realize KV2027. The Group also revised its corporate philosophy and established a new corporate slogan to clearly set out its goal of contributing to society through its business (please refer to previous page).

Under KV2027, the Group aims to become “a global leader in CSV, creating value across Food & Beverages to Pharmaceuticals”. The Group will ramp up its efforts to resolve what it has identified in the Kirin Group’s CSV Commitment as key CSV issues, namely, “health and well-being”, “community engagement”, “the environment” and being “a responsible alcoholic producer”.

Under the recently formulated KV2027, the Group re-categorized its existing business domains of “alcoholic beverages”, “non-alcoholic beverages” and “pharmaceuticals and bio-chemicals” into the “Food & Beverages domain”; the “Pharmaceuticals domain”; and a newly established “Businesses bridging Pharmaceuticals and Food & Beverages” domain, which incorporates the overlap between the other two domains. In the Food & Beverages domain, which refers mainly to the alcoholic beverages and non-alcoholic beverages businesses, the Group will further strengthen its earnings capability and strive to nurture brands that leave a lasting positive impression on consumers. In the Pharmaceuticals domain, the Group will pursue outstanding growth of the Pharmaceuticals business with the aim of realizing a “Global Specialty Pharmaceutical Company” centered on Kyowa Hakko Kirin Company, Limited. With regard to the new domain, bridging Pharmaceuticals and Food & Beverages, the Group will take advantage of the assets and organizational capabilities it has cultivated across the Group to date to create and expand the business. In this way, the Group will respond to the health and well-being needs of consumers and contribute toward a more content and fulfilling society. Furthermore, in order to strengthen its organizational capabilities for innovation, the Group will press ahead with reforms in the areas of “consumer centric marketing”, “technology creating trusted value”, “ICT* accelerating value creation” and “diversity and inclusion, culture for innovation”.

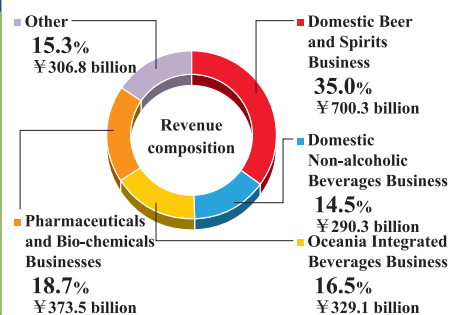
In the 2019 MTBP, the Group will lay down the following three pillars as a new foundation for the realization of KV2027: (1) strengthen organizational capabilities for innovation; (2) profit growth of existing businesses; and (3) establish and foster new businesses bridging Pharmaceuticals and Food & Beverages. Furthermore, the Group will place a total of more than one trillion yen into investments for growth in existing domains and into strategic investments for sustainable growth over the course of 3 years. This will further bolster growth of the Group’s businesses. At the same time, the Group will continue to maximize shareholder value by further enhancing shareholder returns.

In view of the above, the Group will reorganize its businesses into the following segments from the start of fiscal year 2019: “Domestic Beer and Spirits Business”, “Domestic Non-alcoholic Beverages Business”, “Oceania Integrated Beverages Business”, and “Pharmaceuticals and Bio-chemicals Businesses”.

- * ICT is an acronym for “Information and Communication Technology”. ICT is a general term for technology related to information and communication, and has replaced the expression “Information Technology (IT)” that was used previously.

Results forecast for the next fiscal year

Consolidated revenue	¥2,000.0 billion (up 3.6% compared to the previous fiscal year)
Consolidated normalized operating profit	¥190.0 billion (down 4.7% compared to the previous fiscal year)
Consolidated profit before tax	¥190.0 billion (down 23.0% compared to the previous fiscal year)
Profit attributable to owners of the Company	¥120.0 billion (down 26.9% compared to the previous fiscal year)



Reference

ROIC	8.8%
Normalized EPS	¥157 (down 6.0% compared to the previous fiscal year)

Domestic Beer and Spirits Business

Kirin Brewery Company, Limited will make strategic investments in its main brands, including renewing *KIRIN ICHIBAN*, *Honkirin* and *Kirin Tanrei Green Label*, and enhancing communication for *Kirin Nodogoshi Nama*. In the craft beer category, it will enhance the attractiveness of the market by expanding the number of vendors installing *Tap Marché* so that it can provide more access points for customers to experience craft beer. Support will also be directed to activities to ensure continued production of Japanese hops.

Furthermore, it will strengthen its brand power, focusing on *Kirin Hyoketsu* and *KIRIN The STRONG* in the RTD category, and *Kirin Zero Ichi* in the non-alcoholic beer-taste beverage. This will enable Kirin Brewery Company, Limited to respond to market changes arising from the recent (and anticipated) revisions of the Liquor Tax Act, increase in consumption tax, as well as increasingly diversified consumer preferences.

Domestic Non-alcoholic Beverages Business

Kirin Beverage Company, Limited will continue to generate profit based on growth and will primarily aim to stimulate its flagship brands, *Kirin Gogo-no-Kocha*, *Kirin Nama-cha*, and *Kirin FIRE*. It will also carry out new initiatives such as product rollouts in the Health & Well-being domain, and expanding into global markets. In addition, it will strengthen its supply chain, including procurement, production and logistics; in order to create a more sustainable business model.

Oceania Integrated Beverages Business

Lion Pty Limited is in the process of selling its Dairy and Drinks Business and, in the future, will further develop its Beer, Spirits and Wine Business with a particular focus on the beer segment. Lion's Beer, Spirits and Wine Business will work to strengthen brands in growth categories by continuing to concentrate investment in its main brands. In addition, it will further accelerate expansion of the growing craft beer category and nurture this category as a business pillar going forward with the aim of securing future profit growth.

Pharmaceuticals and Bio-chemicals Businesses

Kyowa Hakko Kirin Company, Limited will seek to make further strides toward “evolving into a Global Specialty Pharmaceutical Company”. To this end, it will expand sales of *Crysvita* and *POTELIGEO*, which are making steady progress globally, as revenue pillars. It will also gradually launch KW-6002 (Japanese product name *NOURIAST*) in overseas markets. In July 2019, it will change its company name to Kyowa Kirin Co., Ltd., transitioning to the new global organizational structure “One Kyowa Kirin”. This transition aims to facilitate the global market launch of future pharmaceutical products to follow the three products mentioned above, and to increase new drug candidates.

In the Bio-chemicals Business, it will establish a quality assurance system globally, stabilize its production base, and place a stronger emphasis on ingredient functionality to develop new health food products.

Other

Mercian Corporation will strengthen its brands by continuing to push ahead with selection and concentration of priority brands in each category in an effort to build a high-growth, high-profit product portfolio. For *Château Mercian*, it will continue to invigorate local economies in wine and grape producing regions in Japan by strengthening its CSV activities centered on the “three wineries”.

Myanmar Brewery Limited will seek to enhance its organizational capabilities by focusing on three key areas: “implement CSV management principles”, “build more competitive marketing practices”, and “implement exceptional management systems”. In order to respond to changes in

competition and market environment in Myanmar, it will increase its presence in the market through balanced sales promotion activities and investments with a focus on *Myanmar Beer* and *Andaman Gold*.

At CCNNE, drastic structural reforms will be continued to improve its earnings capability going forward through measures such as reorganization of manufacturing bases.

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

Kirin Group Health and Well-being Initiatives

Changes in the employment and labor environment have led to growing concerns in employees' mental and physical health conditions in recent years. Better health and well-being of employees and their families can have a positive impact for their employers in turn. Employees who are cheerful, healthy, and enjoy their work, can contribute toward a more productive, creative, and self-sustaining workplace culture. Employees are more willing to embrace challenges, resulting in a more productive, dedicated, and ultimately more innovative, workforce. This is what the Kirin Group aspires to become through its "Support for employees' health and well-being" and "Work-style reform" initiatives.

Better health and well-being of our employees and their families also has a positive impact for society at large. Japan currently faces significant societal challenges, including a rapidly aging population, and rising medical costs. We believe that improving the health and well-being of our employees will not only reduce medical costs; it will also expand the healthy lifespan of the employees, leading to a more secure labor force which will stimulate the economy in turn. Meanwhile, the Kirin Group will help address social issues in the Health & Well-being domain through various efforts, including continued research and development of products using our "*Lactococcus lactis* strain Plasma".

Solving Social Issues
[Business Expansion in Health & Well-being Domain]

Expansion of our product

using "*Lactococcus lactis* strain Plasma"

"*Lactococcus lactis* strain Plasma" is a lactic acid bacteria strain which Kirin Company, Limited, Koiwai Dairy Products Company, Limited and Kyowa Hakko Bio Company, Limited have been, and continue to jointly research and develop. The *iMUSE* brand, launched in 2017, incorporates this science and has demonstrated steadily increasing sales.



Results of research into

"*Lactococcus lactis* strain Plasma"

We presented the results of research conducted jointly with Yahoo Japan Corporation into the effects of "*Lactococcus lactis* strain Plasma" on presenteeism*.



* Presenteeism is the practice of showing up for work but performing with lower efficiency due to some kind of health problem.

Solving Corporate Issues
[Realizing Health-oriented Business Management]

Supporting employees' health and well-being

The relationship between lifestyle-related diseases and sleep has been pointed out by various studies. In 2018, we held a health seminar to help employees understand the relationship between sleep and labor productivity.

Flexible working styles

One example of the work-style reform we have developed is called the "Nari Kirin Mama-Papa". This work-style reform is unique to Kirin Group and can lead to improvement of labor productivity. It gives employees a simulated experience of working with time constraints, assuming that they are engaged in childcare or nursing care.

(3) Assets and income

Item	Japanese GAAP	
	177 th term (FY2015)	178 th term (FY2016)
Sales	¥2,196,925 million	¥2,075,070 million
Operating income	¥124,751 million	¥141,889 million
Ordinary income	¥128,199 million	¥140,676 million
Net income or loss attributable to owners of the Company	¥(47,329) million	¥118,158 million
Net income or loss per share	¥(51.87)	¥129.49
Net assets	¥938,083 million	¥946,083 million
Net assets per share	¥727.48	¥745.92
Total assets	¥2,443,773 million	¥2,348,166 million

Item	International Financial Reporting Standards (IFRS)		
	178 th term (FY2016)	179 th term (FY2017)	180 th term (FY2018)
Revenue	¥1,853,937 million	¥1,863,730 million	¥1,930,522 million
Normalized operating profit	¥181,982 million	¥194,609 million	¥199,327 million
Profit before tax	¥208,151 million	¥233,711 million	¥246,852 million
Profit attributable to owners of the Company	¥148,918 million	¥241,991 million	¥164,202 million
Basic earnings per share	¥163.19	¥265.17	¥183.57
Total equity	¥959,188 million	¥1,229,139 million	¥1,200,920 million
Equity per share attributable to owners of the Company	¥773.82	¥1,049.55	¥1,043.37
Total assets	¥2,422,825 million	¥2,398,572 million	¥2,303,624 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.
3. Regarding the business acquisition conducted during the 179th term, provisional accounting treatment was applied based on the temporary valuation, as the allocation process of acquisition cost had not been completed at the date of acquisition. As the valuation was determined in the 180th term, the financial figures for the 179th term have been revised retroactively.

(4) Plant and equipment investment

Consolidated plant and equipment investment for this fiscal year amounted to ¥60.8 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 ¥415.0 billion as of the end of this fiscal year.

Major financing during this fiscal year was the issue of unsecured bonds by the Company for the total amount of ¥25.0 billion, mainly for the purpose of repayment of debt.

(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
	The Coca-Cola Bottling Company of Northern New England, Inc.	New Hampshire, U.S.	U.S. \$930 thousand	100%	Production and sale of non-alcoholic beverages
Pharmaceuticals and Bio-chemicals	Kyowa Hakko Kirin Company, Limited	Chiyoda-ku, Tokyo	¥26,745 million	50.1%	Production and sale of prescription medicine

- (Notes) 1. The ratio of shareholding includes indirect holdings.
2. The Company is scheduled to conduct an absorption-type merger of Kirin Company, Limited, effective July 1, 2019.
3. Kirin Beverage Company, Limited conducted an absorption-type merger of Kirin Beverage Value Vendor Company, Limited, effective January 1, 2019.

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	4 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
	The Coca-Cola Bottling Company of Northern New England, Inc.	Head Office	New Hampshire, U.S.

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	Takasaki Plant (Takasaki), Ube Plant (Ube)
		Laboratories	4 Laboratories including Fuji Research Park (Nagaizumi-cho, Suntou-gun, Shizuoka)

(9) Employees

Business division	Number of employees (persons)
Japan Integrated Beverages	11,841
Overseas Integrated Beverages	11,112
Pharmaceuticals and Bio-chemicals	7,242
Others	249
Administration	20
Total	30,464

- (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 January 2018, Kyowa Hakko Kirin Company, Limited transferred 66.6% (354,300 shares) of the outstanding shares of Kyowa Medex Co., Ltd. to Hitachi Chemical Company, Ltd.
- 2) In January 2018, the Company transferred all shares in Kirin-Amgen, Inc. (acquisition of its own shares by Kirin-Amgen, Inc.).

(11) Major lenders and the amount of loans

Lender	Outstanding amount of loan
MUFG Bank, Ltd.	¥95,004 million
Syndicated loans	¥69,636 million

(Note) The syndicated loans consist of those arranged by MUFG Bank, Ltd., Mizuho Bank, Ltd. or The Norinchukin Bank as the agent bank.

(12) Other important matters concerning business operations

In February 2019, the Company concluded a share transfer agreement with Kyowa Hakko Kirin Company, Limited to acquire 95% of shares in Kyowa Hakko Bio Company, Limited, a wholly owned subsidiary of Kyowa Hakko Kirin Company, Limited.

2. Shares

(1) Authorized shares

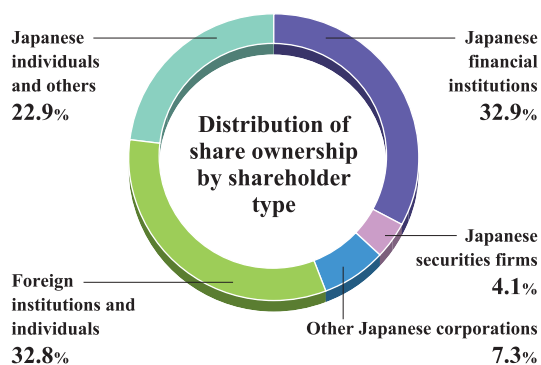
1,732,026,000 shares

(2) Outstanding shares

914,000,000 shares
(No change from the end of the previous fiscal year)

(3) Number of shareholders

162,986 persons
(Increased by 10,481 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)	72,517	8.2
Japan Trustee Services Bank, Ltd. (Trust account)	45,290	5.1
Meiji Yasuda Life Insurance Company	32,996	3.7
JP MORGAN CHASE BANK 380055	30,176	3.4
Japan Trustee Services Bank, Ltd. (Trust account 5)	17,818	2.0
Japan Trustee Services Bank, Ltd. (Trust account 4)	17,287	1.9
SSBTC CLIENT OMNIBUS ACCOUNT	15,644	1.7
STATE STREET BANK WEST CLIENT - TREATY 505234	14,595	1.6
Japan Trustee Services Bank, Ltd. (Trust account 7)	13,780	1.5
STATE STREET BANK AND TRUST COMPANY 505001	13,145	1.4

- (Notes) 1. The Company holds 36,001,000 shares of treasury stock but has been excluded from the above major shareholders.
2. Ratio of shares held excludes treasury stock.
3. 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 Business	Senior Executive Officer, Kirin Company, Limited Director, San Miguel Brewery Inc. Director, China Resources Kirin Beverages (Greater China) Company, Limited Director, the Coca-Cola Bottling Company of Northern New England, Inc. Director & Vice Chairman, Myanmar Brewery 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*, Senior Executive Officer	Noriya Yokota	Responsible for Financial Strategy; IR Strategy; Information Strategy	Senior Executive Officer, Kirin Company, Limited Director, Kyowa Hakko Kirin Company, Limited Director, Kirin Business System Company, Limited
Director of the Board	Toshio Arima	Chairman of the Board	Outside Director, Resona Holdings, Inc. Chairman of the Board, Global Compact Network Japan

Title	Name	Responsibilities	Significant positions concurrently held at other companies and organizations
Director of the Board	Shoshi Arakawa	–	Advisor, Bridgestone Corporation
Director of the Board	Kimie Iwata	Chairman of the Nomination & Remuneration Advisory Committee	Outside Director, STRIPE INTERNATIONAL INC. Outside Director, SUMITOMO CORPORATION Audit and Inspection Commissioner, Tokyo Metropolitan Government
Director of the Board	Katsunori Nagayasu	–	Senior Advisor, MUFG Bank, 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)
Standing Audit & Supervisory Board Member	Motoyasu Ishihara	–	Audit & Supervisory Board Member, Kirin Company, Limited Audit & Supervisory Board Member, Kyowa Hakko Kirin Company, Limited
Standing Audit & Supervisory Board Member*	Akihiro Ito	–	Audit & Supervisory Board Member, Kirin Company, Limited

Title	Name	Responsibilities	Significant positions concurrently held at other companies and organizations
Audit & Supervisory Board Member	Masakatsu Mori	–	Senior Advisor, International University of Japan Outside Director, STANLEY ELECTRIC CO., LTD. Outside Director, YAMATO HOLDINGS CO., LTD.
Audit & Supervisory Board Member	Chieko Matsuda	–	Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University External Director, SATO HOLDINGS CORPORATION Outside Independent Director, Hitachi Chemical Company, Ltd. Outside Independent Director, Foster Electric Company, Limited
Audit & Supervisory Board Member*	Nobuo Nakata	–	Representative Partner, Hibiya-Nakata

- (Notes)
1. Director of the Board and Audit & Supervisory Board Member marked with an asterisk (*) newly assumed office as of March 29, 2018.
 2. Mr. Toshio Arima, Mr. Shoshi Arakawa, Ms. Kimie Iwata and Mr. Katsunori Nagayasu are Outside Directors.
 3. Mr. Masakatsu Mori, Ms. Chieko Matsuda and Mr. Nobuo Nakata are Outside Audit & Supervisory Board Members.
 4. Business relations involving cash loans, etc. exist between the Company and MUFG Bank, 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. Standing Audit & Supervisory Board Member Mr. Akihiro Ito 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, and Audit & Supervisory Board Members Mr. Masakatsu Mori, Ms. Chieko Matsuda and Mr. Nobuo Nakata are independent officers as required by the provisions that Tokyo Stock Exchange, Inc., etc. prescribed.
10. Director of the Board and Audit & Supervisory Board Members listed below resigned as of March 29, 2018.

Director of the Board	Mr. Akihiro Ito
Standing Audit & Supervisory Board Member	Mr. Masahito Suzuki
Audit & Supervisory Board Member	Mr. Fukutaka Hashimoto
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 & Development Division, Kirin Company, Limited
Executive Officer	Toru Yoshimura	Director of Corporate Strategy Senior Executive Officer, Kirin Company, 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

Officer type	Total amount of remuneration, etc. (millions of yen)	Amount (millions of yen) and number of persons by remuneration type					
		Basic remuneration		Bonus		Stock compensation	
		Amount (millions of yen)	Number of persons	Amount (millions of yen)	Number of persons	Amount (millions of yen)	Number of persons
Directors of the Board (excluding Outside Directors)	477	225	6	153	5	99	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	71	71	3	–	–	–	–
Outside Directors	58	58	4	–	–	–	–
Outside Officers Audit & Supervisory Board Members	43	43	4	–	–	–	–
Total	649	397	17	153	5	99	5

- (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 amounts above include the remuneration to one (1) Director of the Board and two (2) Audit & Supervisory Board Members who resigned from office as of March 29, 2018.
 2. Standing Audit & Supervisory Board Member Mr. Akihiro Ito assumed office as Audit & Supervisory Board Member after he resigned from Director of the Board as of March 29, 2018. For the number of persons and the amount, he was included in Directors of the Board during his term of office as Director and in Audit & Supervisory Board Members during his term of office as Audit & Supervisory Board Member.
 3. 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 to 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).
 4. 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).
 5. The above bonus is the amount expected to be paid.
 6. 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. However, for those Directors of the Board who resign from their positions due to expiration of their term of office, the percentage of the shares for which the restriction is lifted has been adjusted.

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 & 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)*.

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

Performance evaluation indicators for Restricted Stock Compensation are ROE and normalized EPS, which are the major performance indicators set in the Medium-Term Business Plan. 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.

- * 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).

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 & 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. With regard to specific decisions on remuneration, remuneration for Directors of the Board is determined by the Board, and remuneration for Audit & Supervisory Board Members is determined in consultation with Audit & Supervisory Board Members, based on the reports from the Nomination & 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 managed the Nomination & Remuneration Advisory Committee as Chairman, and she made instructive statements based on her wealth of experience and broad perspective in government administration and as a corporate management executive.
	Katsunori Nagayasu	13 times of 15 meetings	—	He made instructive statements based on his wealth of experience and broad perspective as a bank management executive.

Title	Name	Attendance at Board Meetings	Attendance at Audit & Supervisory Board Meetings	Statements contribution
Audit & Supervisory Board Member	Masakatsu Mori	15 times of 15 meetings	16 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.
	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.
	Nobuo Nakata	12 times of 12 meetings	12 times of 12 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.

(Note) As for the attendance at the Board Meetings and the attendance at Audit & Supervisory Board Meetings of Audit & Supervisory Board Member Mr. Nobuo Nakata, the Board Meetings and Audit & Supervisory Board Meetings applicable to him are only those held on and after March 29, 2018, the date of his assumption of office.

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	¥127 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	¥448 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 the Coca-Cola Bottling Company of Northern New England, Inc. 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 prohibits 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)

Corporate Governance System

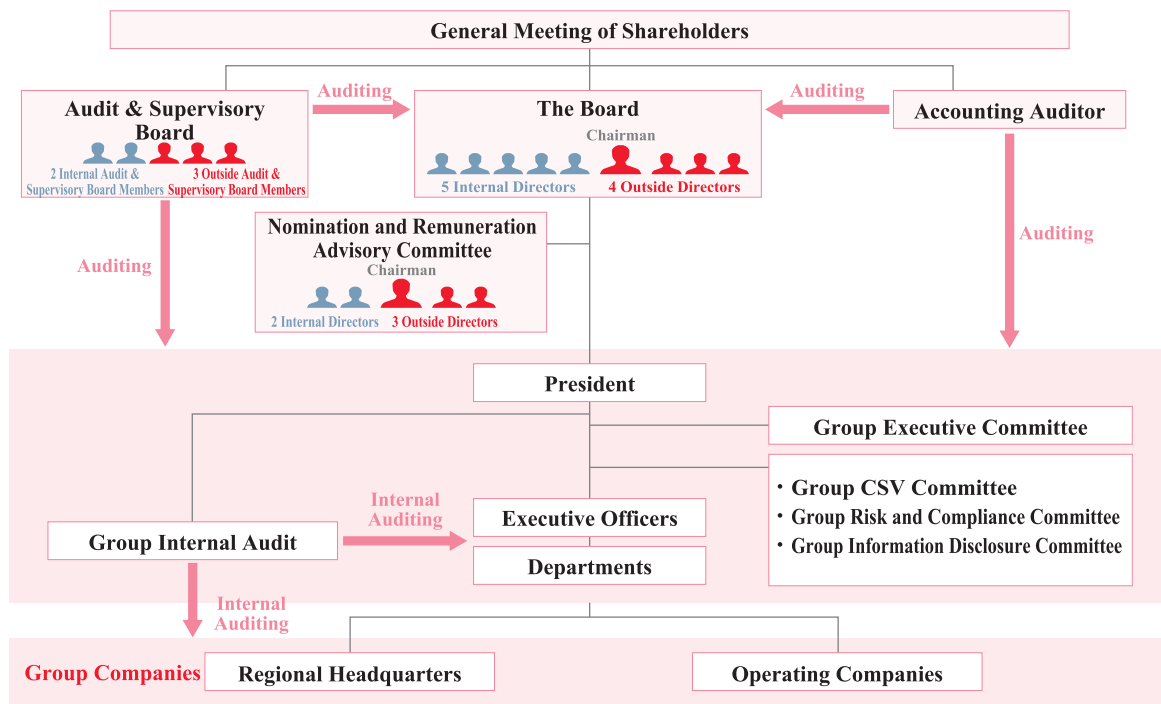
(1) Basic Philosophy and Policy Concerning Corporate Governance

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, 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 will endeavor to reinforce the monitoring function on management.

<Corporate Governance Structure>



(2) Composition of the Board

Taking into account the knowledge, experience, skills and discernment that are necessary for turning the 2021 Vision into a reality, the Board of the Company is composed of the appropriate number of members, ensuring overall balance and diversity. Two or more independent directors have been appointed in order to develop a highly transparent governance system and ensure that management is overseen effectively and objectively. Currently the Board is composed of five internal directors and four outside directors and an outside director serves as Chairman.

The Board of the Company has established the Nomination & Remuneration Advisory Committee composed of a majority of outside directors as a voluntarily-established body. Currently the Committee is composed of two internal directors and three outside directors and an outside director serves as Chairman.

(3) Evaluation of the Effectiveness of the Board

The Company routinely evaluates the operation of the Board and the content of its discussions, etc. and strives to ensure the important decision-making function and the overseeing function.

In this fiscal year, the Company conducted a survey that included evaluation criteria based on the research of third-party advisors and had discussion at the Board meeting in light of the existing initiatives and improvements.

In this fiscal year, the evaluation was conducted based on the evaluation criteria of (1) Supervision of development, execution and monitoring of strategies; (2) Supervision of risk management and crisis control; (3) Thorough understanding and implementation of healthy corporate ethics and supervision thereof; (4) Supervision of decision-making on business acquisition/withdrawal, etc.; (5) Supervision of remuneration for officers and succession plan, etc.; (6) Supervision of overall disclosures to stakeholders; and (7) Composition and operation of the Board. The evaluation results indicated that the Board was functioning properly overall and that the effectiveness of the Board was ensured generally.

The Company will strive to maintain and improve the effectiveness of the Board toward enhancement of corporate value in the medium- to long-term and sustained growth.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(At December 31, 2018)

(¥ millions)

<u>ASSETS</u>	
Non-current assets	
Property, plant and equipment	527,039
Goodwill	244,222
Intangible assets	179,892
Equity-accounted investees	240,597
Other financial assets	177,787
Other non-current assets	13,653
Deferred tax assets	88,676
Total non-current assets	1,471,866
Current assets	
Inventories	204,837
Trade and other receivables	404,934
Other financial assets	6,713
Other current assets	42,172
Cash and cash equivalents	173,102
Total current assets	831,758
Total assets	2,303,624

<u>EQUITY</u>	
Share capital	102,046
Share premium	2,238
Retained earnings	943,468
Treasury shares	(101,904)
Reserves	(29,767)
Equity attributable to owners of the Company	916,080
Non-controlling interests	284,840
Total equity	1,200,920
<u>LIABILITIES</u>	
Non-current liabilities	
Bonds and borrowings	317,937
Other financial liabilities	92,078
Defined benefit liability	68,441
Provisions	6,914
Other non-current liabilities	10,851
Deferred tax liabilities	16,534
Total non-current liabilities	512,755
Current liabilities	
Bonds and borrowings	97,057
Trade and other payables	227,137
Other financial liabilities	49,727
Current tax liabilities	17,339
Provisions	1,059
Other current liabilities	197,630
Total current liabilities	589,949
Total liabilities	1,102,704
Total equity and liabilities	2,303,624

*Amounts are rounded to the nearest ¥1 million.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(January 1, 2018 to December 31, 2018)

(¥ millions)

Revenue	1,930,522
Cost of sales	1,097,153
Gross profit	833,369
Selling, general and administrative expenses	634,041
Other operating income	30,703
Other operating expenses	31,709
Operating profit	198,322
Finance income	9,181
Finance costs	8,881
Share of profit of equity-accounted investees	28,448
Gain on sale of equity-accounted investees	19,782
Profit before tax	246,852
Income tax expense	51,641
Profit	195,211
Profit attributable to:	
Owners of the Company	164,202
Non-controlling interests	31,009
Profit	195,211

*Amounts are rounded to the nearest ¥1 million.

BALANCE SHEET

(At December 31, 2018)

<u>ASSETS</u>	(¥ millions)
Current assets	<u>251,656</u>
Cash and time deposits	84,178
Short-term loans receivable	121,447
Deferred tax assets	8,254
Other	37,777
Non-current assets	<u>1,449,786</u>
Property, plant and equipment	<u>5,609</u>
Buildings	2,531
Structures	46
Machinery and equipment	2
Vehicles	1
Tools, furniture and fixtures	1,357
Land	1,634
Construction in progress	37
Intangible assets	265
Investments and other assets	<u>1,443,912</u>
Investment securities	51,309
Shares of subsidiaries and affiliates	1,371,286
Deferred tax assets	12,871
Other	9,381
Allowance for doubtful accounts	(935)
Total assets	1,701,443

LIABILITIES

Current liabilities	<u>400,773</u>
Short-term loans payable and long-term debt with current maturities	333,339
Bonds due within one year	50,000
Non-trade accounts payable	15,816
Accrued expenses	572
Income taxes payable	644
Allowance for employees' bonuses	168
Allowance for bonuses for directors and corporate auditors	114
Other	121
Non-current liabilities	<u>319,177</u>
Bonds	99,998
Long-term debt	215,796
Employees' pension and retirement benefits	73
Other	3,310
Total liabilities	<u>719,950</u>

NET ASSETS

Shareholders' equity	<u>962,937</u>
Common stock	102,046
Capital surplus	<u>81,504</u>
Additional paid-in capital	81,412
Other capital surplus	91
Retained earnings	<u>881,230</u>
Legal reserve	25,511
Other retained earnings	855,719
Reserve for deferred gain on sale of property	173
General reserve	506,368
Retained earnings carried forward	349,178
Treasury stock, at cost	(101,843)
Valuation and translation adjustments	<u>18,556</u>
Net unrealized gains on securities	18,556
<hr/> Total net assets	<u>981,492</u>
<hr/> Total liabilities and net assets	<u>1,701,443</u>

*Amounts are rounded to the nearest ¥1 million.

STATEMENT OF INCOME

(January 1, 2018 to December 31, 2018)

(¥ millions)

Operating revenue		
Group management revenue	1,054	
Revenue from real estate business	442	
Dividend revenue from subsidiaries and affiliates	105,770	107,266
Operating expenses		
Expenses of real estate business	127	
General and administrative expenses	7,130	7,257
Operating income		100,009
Non-operating income		
Interest and dividend income	3,332	
Other	237	3,568
Non-operating expenses		
Interest expense	4,506	
Net foreign currency translation loss	2,598	
Other	774	7,879
Ordinary income		95,698
Special income		
Gain on sale of property, plant and equipment and intangible assets	7,496	
Gain on sale of investment securities	10,023	
Gain on sale of shares of subsidiaries and affiliates	86,605	104,125
Special expenses		
Loss on sale and disposal of property, plant and equipment and intangible assets	480	
Loss on valuation of investment securities	352	
Other	445	1,277
Income before income taxes		198,546
Income taxes – current		(3,819)
Income taxes – deferred		11,489
Net income		190,876

* Amounts are rounded to the nearest ¥1 million.

Independent Auditor's Report

February 13, 2019

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, 2018 and for the year from January 1, 2018 to December 31, 2018 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 to express 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 Act 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.

Independent Auditor's Report

February 13, 2019

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, 2018 and for the year from January 1, 2018 to December 31, 2018 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 to express 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

We draw attention to the following:

1. As discussed in Notes for Subsequent Events to the financial statements, Kirin Holdings Company, Limited resolved at the Board of Directors' Meeting held on January 28, 2019 to conduct an absorption-type merger of its consolidated subsidiary Kirin Company, Limited, and concluded a merger agreement on the same date.
2. As discussed in Notes for Subsequent Events to the financial statements, Kirin Holdings Company, Limited resolved at the Board of Directors' Meeting held on February 5, 2019 to acquire 95% of all outstanding shares in Kyowa Hakko Bio Co., Ltd. from Kyowa Hakko Kirin Co., Ltd. and concluded a share transfer agreement with Kyowa Hakko Kirin on the same date.

Our opinion is not modified in respect of this matter.

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 Act 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 180th business year from January 1, 2018, to December 31, 2018, 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, 2019

Audit & Supervisory Board
Kirin Holdings Company, Limited

Akihiro Ito (Seal)
Standing Audit & Supervisory Board Member

Motoyasu Ishihara (Seal)
Standing Audit & Supervisory Board Member

Masakatsu Mori (Seal)
Outside Audit & Supervisory Board Member

Chieko Matsuda (Seal)
Outside Audit & Supervisory Board Member

Nobuo Nakata (Seal)
Outside Audit & Supervisory Board Member

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