

(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 4, 2020

To: Our Shareholders

Convocation Notice of the 181st Ordinary General Meeting of Shareholders

Please be advised that the 181st 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 26, 2020 (Thursday) (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) Systems to Ensure Appropriate Operation and the Status of Its Implementation
- (2) Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements
- (3) Statement of Changes in Net Assets and Notes to Financial Statements

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

The Business Report which have been audited by Audit & Supervisory Board Members, and 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), (2) and (3) above which are posted on the Company’s internet website.

Details of the Meeting

1. Date and Time:

March 27, 2020, (Friday) 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 181st fiscal year (January 1, 2019 to December 31, 2019).
- 2) Report on the financial statements for the 181st fiscal year (January 1, 2019 to December 31, 2019).

Matters to be voted on

<Proposal from the Company (Proposal No. 1 to No. 5)>:

- | | |
|-----------------|--|
| Proposal No. 1: | Appropriation of surplus |
| Proposal No. 2: | Election of twelve (12) Directors of the Board |
| Proposal No. 3: | Election of one (1) Audit & Supervisory Board Member |
| Proposal No. 4: | Revision in the Limit and Framework of Officers' Remuneration in Line with Revision of Performance-linked Remuneration System for Directors and Officers |
| Proposal No. 5: | Revision of Non-executive Directors' Remuneration Limit |

<Proposal from a Shareholder (Proposal No. 6 to No. 9)>:

- | | |
|-----------------|--|
| Proposal No. 6: | Acquisition of treasury shares |
| Proposal No. 7: | Revision of the amount of remuneration for the restricted stock remuneration for directors |
| Proposal No. 8: | Revision of the amount of remuneration for directors |
| Proposal No. 9: | Appointment of 2 directors |

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 internet 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

Proposal from the Company (Proposal No. 1 to No. 5):

Proposal No. 1: Appropriation of surplus

The Board proposes the payment of a year-end dividend of ¥32.50 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 ¥31.50 per share, the annual dividend for this fiscal year will amount to ¥64.0 per share, an increase of ¥13.0 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:

¥32.50 per share of the Company's common stock

Total amount: ¥28,233,681,743

- (2) Effective date of payment of dividend:

March 30, 2020

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.

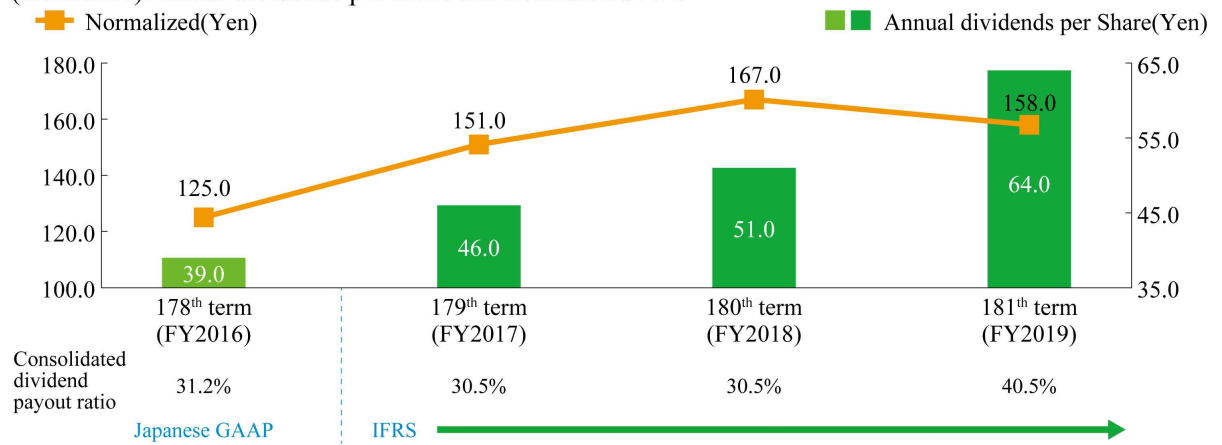
In specific terms, we will enhance shareholder return through stable dividends by paying dividends at a consolidated dividend payout ratio^{*1} on normalized^{*2} EPS of 40% or higher.

Retained earnings will be allocated to business and capital investments that contribute to enhancing future corporate value. We will also consider opportunities to acquire treasury stock in view of balancing strategic investments for growth and financial flexibility.

*1 Consolidated dividend payout ratio for the 178th term was 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 twelve (12) 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 twelve (12) Directors of the Board, consisting of three (3) additional Non-executive Directors, making Non-executive Directors the majority on the Board. Among the candidates for the Non-executive Director positions, we have two (2) female candidates and two (2) non-Japanese candidates. We believe this diversified Board composition will enhance the transparency of corporate management, realize the diversity in Directors of the Board composition, and further strengthen corporate governance.

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 (66)	President & Chief Executive Officer	100% (15 times of 15 meetings)	5 years
2	Candidate for Reelection	Keisuke Nishimura (63)	Representative Director, Senior Executive Vice President Business Alliance and Investment Strategy; Overseas Business; Global Craft Beer Strategy	100% (15 times of 15 meetings)	8 years
3	Candidate for Reelection	Toshiya Miyoshi (61)	Director of the Board, Senior Executive Officer Personnel & General Affairs Strategy	100% (15 times of 15 meetings)	5 years
4	Candidate for Reelection	Noriya Yokota (59)	Director of the Board, Senior Executive Officer Financial Strategy; IR Strategy; IT Strategy; Business Process Reengineering	100% (15 times of 15 meetings)	2 years
5	Candidate for Reelection	Noriaki Kobayashi (60)	Director of the Board, Senior Executive Officer R&D Strategy; Quality Assurance; Health Strategy	100% (12 times of 12 meetings)	1 year
6	Candidate for Reelection	Shoshi Arakawa (75)	Non-executive Director Chairman of the Nomination and Remuneration Advisory Committee	100% (15 times of 15 meetings)	5 years
	Candidate for Non-executive Director				
	Candidate for Independent Officer				
7	Candidate for Reelection	Masakatsu Mori (73)	Non-executive Director Chairman of the Board	100% (12 times of 12 meetings)	1 year
	Candidate for Non-executive Director				
	Candidate for Independent Officer				
8	Candidate for Reelection	Hiroyuki Yanagi (65)	Non-executive Director	100% (12 times of 12 Meetings)	1 year
	Candidate for Non-executive Director				
	Candidate for Independent Officer				

No.	Name (Age)	Current title and responsibilities at the Company	Rate and number of attendance at Board Meetings	Number of years in office	
9	New Candidate	Chieko Matsuda (55)	Audit & Supervisory Board Member	93% (14 times of 15 meetings)	—
	Candidate for Non-executive Director				
	Candidate for Independent Officer				
10	New Candidate	Noriko Shiono (59)	—	—	—
	Candidate for Non-executive Director				
	Candidate for Independent Officer				
11	New Candidate	Rod Eddington (70)	—	—	—
	Candidate for Non-executive Director				
	Candidate for Independent Officer				
12	New Candidate	George Olcott (64)	—	—	—
	Candidate for Non-executive Director				
	Candidate for Independent Officer				

- (Notes)
1. Age is as of the date of this Ordinary General Meeting of Shareholders.
 2. As for the attendance at the Board Meetings of Messrs. Noriaki Kobayashi, Masakatsu Mori and Hiroyuki Yanagi, the Board Meetings applicable to them are only those held on and after March 28, 2019, the date of their assumption of office. Mr. Masakatsu Mori attended all three (3) of the Board Meetings as Audit & Supervisory Board Member before resigning from the office of Audit & Supervisory Board Member.
 3. As for the attendance at the Board Meetings of Ms. Chieko Matsuda, the Board Meetings applicable to her are those which she attended as Audit & Supervisory Board Member.
 4. 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).

(Reference)**Expertise and Experience of Candidates of Director of the Board and Executive Officers
(Skill Matrix)**

The expertise and experience of candidates of Director of the Board are as follows.

No.	Name	Expertise and Experience								
		Corporate Management	ESG / Sustainability	Finance / Accounting	Human Resources Management / Personnel Development	Legal / Compliance / Risk Management	SCM	Brand Strategy / Marketing / Sales	Overseas Business	R&D / New Business / Health Science
1	Yoshinori Isozaki	•	•			•		•	•	
2	Keisuke Nishimura	•			•				•	
3	Toshiya Miyoshi		•		•			•		
4	Noriya Yokota		•	•	•		•		•	
5	Noriaki Kobayashi						•		•	•
6	Shoshi Arakawa	•					•		•	
7	Masakatsu Mori	•		•					•	
8	Hiroyuki Yanagi	•					•	•	•	
9	Chieko Matsuda		•	•		•				
10	Noriko Shiono	•						•	•	•
11	Rod Eddington	•							•	
12	George Olcott		•	•	•				•	

The Company adopts an executive officer based system. The expertise and experience of Senior Executive Vice President and Senior Executive Officers, who are not concurrently assuming the position of Director of the Board and will be appointed in the Board meeting following the conclusion of this Ordinary General Meeting of Shareholders, are as follows.

Position	Name	Expertise and Experience								
		Corporate Management	ESG / Sustainability	Finance / Accounting	Human Resources Management / Personnel Development	Legal / Compliance / Risk Management	SCM	Brand Strategy / Marketing / Sales	Overseas Business	R&D / New Business / Health Science
Senior Executive Vice President	Hiroshi Ogawa				•	•				
Senior Executive Officer	Ryosuke Mizouchi		•					•	•	
Senior Executive Officer	Toru Yoshimura						•		•	•
Senior Executive Officer	Junko Tsuboi		•					•		
Senior Executive Officer	Masao Machara						•		•	

Senior Executive Officer	Takayuki Fuse	•	•					•		
Senior Executive Officer	Hideki Horiguchi	•						•	•	
Senior Executive Officer	Takeshi Minakata	•					•		•	•

No. 1 **Yoshinori Isozaki**



Candidate for Reelection

Date of birth	August 9, 1953
Number of the Company's shares held	109,332 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
March 2015	President & Chief Executive Officer of the Company (Present Position)

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 among others, 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 and realized the structural reform of the Group centered on (i) strengthening and growing profit base in beer business, one of the core businesses, and (ii) restructuring and revitalizing low-profit businesses. Further, he has ensured to promote management reform including enhancement of corporate governance. For the reasons above, the Board has determined that he is a suitable candidate to carry out the tasks needed for realizing the Company's Long-Term Management Vision "Kirin Group Vision 2027" and achieving the "Kirin Group 2019-2021 Medium Term Business Plan" 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	86,235 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 Director & Vice Chairman of Myanmar Brewery Limited (Present Position)
December 2018	Director of the Coca-Cola Bottling Company of Northern New England, Inc. (currently Coca-Cola Beverages Northeast, Inc.)
March 2019	Director of Lion Pty Ltd. (Present Position)
Responsible for	Business Alliance and Investment Strategy; Overseas Business; Global Craft Beer Strategy

Significant positions concurrently held at other companies and organizations

Director, Lion Pty Ltd.
 Director, San Miguel Brewery Inc.
 Director, China Resources Kirin Beverages (Greater China) Company, Limited
 Director & Vice Chairman, Myanmar Brewery Limited

Reasons for nomination as a candidate for Director of the Board

Mr. Keisuke Nishimura has worked in the areas of human resources management, corporate planning, overseas business among others, 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 structural reform of the Group, including promotion of global craft beer business strategy and withdrawal from the low-profit overseas businesses. For the reasons above, the Board has determined that he is a suitable candidate to carry out the tasks needed for realizing the Company's Long-Term Management Vision "Kirin Group Vision 2027" and achieving the "Kirin Group 2019-2021 Medium Term Business Plan" toward continuous improvement of corporate value and overseeing the entire Kirin Group.

Notes:

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

No. 3 Toshiya Miyoshi



Candidate for Reelection

Date of birth	December 30, 1958
Number of the Company's shares held	36,040 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 Director of San Miguel Brewery Inc. (Present Position)
March 2019	Director of Kirin Brewery Company, Limited (Present Position)
Responsible for	Human Resources & General Affairs Strategy

Significant positions concurrently held at other companies and organizations

Director, Kirin Brewery 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 among others, 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 human resources & general affairs strategy as well as marketing strategy and branding strategy among others and has made a great contribution in structural reform and management reform of the Group, including strengthening corporate governance. For the reasons above, the Board has determined that he is a suitable candidate to carry out the tasks needed for realizing the Company's Long-Term Management Vision "Kirin Group Vision 2027" and achieving the "Kirin Group 2019-2021 Medium Term Business Plan" toward continuous improvement of corporate value and overseeing the entire

Kirin Group.

Notes:

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

No. 4 Noriya Yokota



Candidate for Reelection

Date of birth	February 3, 1961
Number of the Company's shares held	22,378 shares
Rate and number of attendance at Board Meetings	100% (15 times of 15 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 (currently Kyowa Kirin Company, Limited) (Present Position) Director of the Board, Senior Executive Officer of the Company (Present Position) Senior Executive Officer of Kirin Company, Limited Director of Kirin Business System Company, Limited (Present Position)
Responsible for	Financial Strategy; IR Strategy; IT Strategy; Business Process Reengineering

Significant positions concurrently held at other companies and organizations

Director, Kyowa 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 among others, 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 structural reform and management reform of the Group by promoting appropriate capital management policy and realizing investment with discipline. For the reasons above, the Board has determined that he is a suitable candidate to carry out the tasks needed for realizing the Company's Long-Term Management Vision "Kirin Group Vision 2027" and achieving the "Kirin Group 2019-2021 Medium Term Business Plan" toward continuous improvement of corporate value and overseeing the entire Kirin Group.

Notes:

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

No. 5 Noriaki Kobayashi



Candidate for Reelection

Date of birth	August 20, 1959
Number of the Company's shares held	22,478 shares
Rate and number of attendance at Board Meetings	100% (12 times of 12 meetings)

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 Director of the Board, Senior Executive Officer and President of Research & Development Div. of Kirin Company, Limited
March 2019	Director of the Board, Senior Executive Officer of the Company (Present Position)
April 2019	Director of Kyowa Hakko Bio Co., Ltd. (Present Position)

Responsible for R&D Strategy; Quality Assurance; Health Strategy

Significant positions concurrently held at other companies and organizations

Director, Kyowa Hakko Bio Co., Ltd.

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 among others, 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 2019, he has been in charge of R&D strategy, Quality Assurance and Health Strategy. Especially, he has led R&D activities of the Group and has made a great contribution in structural reform and management reform of the Group by strengthening the brand of the Company and improving the product quality. For the reasons above, the Board has determined that he is a suitable candidate to carry out the tasks needed for realizing the Company's Long-Term Management Vision "Kirin Group Vision 2027" and achieving the "Kirin Group 2019-2021 Medium Term Business Plan" toward continuous improvement of corporate value and overseeing the entire Kirin Group.

Notes:

No conflict of interests exists between the Company and Mr. Noriaki Kobayashi.

No. 6 **Shoshi Arakawa**



Candidate for Reelection
Candidate for Non-executive Director
Candidate for Independent Officer

Date of birth	April 8, 1944
Number of the Company's shares held	6,500 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
March 2015	Non-executive Director of the Company (Present Position)
March 2019	Outside Audit & Supervisory Board Member of Nikkei Inc. (Present Position)

Responsible for	Chairman of the Nomination and Remuneration Advisory Committee
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Significant positions concurrently held at other companies and organizations

Outside Audit & Supervisory Board Member, Nikkei Inc.

Reasons for nomination as a candidate for Non-executive 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 an objective and professional perspective to the management of the Company as Non-executive Director, and manages the Nomination and Remuneration Advisory Committee as a chairman. For the reasons above, the Board has determined that he is a suitable candidate 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 Non-executive Director.
3. The years served (as of the close of this Ordinary General Meeting of Shareholders) by Mr. Shoshi Arakawa since his election as a Non-executive Director are 5 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 Masakatsu Mori



Candidate for Reelection
Candidate for Non-executive Director
Candidate for Independent Officer

Date of birth	January 22, 1947
Number of the Company's shares held	13,100 shares
Rate and number of attendance at Board Meetings	100% (12 times of 12 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
June 2010	Outside Director of STANLEY ELECTRIC CO., LTD (Present Position)
October 2012	Trustee of International University of Japan
June 2013	Outside Director of YAMATO HOLDINGS CO., LTD. (Present Position)
November 2013	Vice Chairman of International University of Japan
March 2015	Audit & Supervisory Board Member of the Company
April 2018	Senior Advisor of International University of Japan (Present Position)
March 2019	Non-executive Director of the Company (Present Position)
Responsible for	Chairman of the Board

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 Non-executive 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 exceptional insight in corporate management based on his specialized expertise in finance and accounting. Based on this, he provides valuable opinions and suggestions from an objective and professional perspective to the management of the Company as Non-executive Director, and manages the Board as a chairman. For the reasons above, the Board has determined that he, as Non-executive Director going forward, is a suitable candidate 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 Non-executive Director.
3. Mr. Masakatsu Mori was an Audit & Supervisory Board Member for 4 years from March 2015 until March 2019.
4. The year served (as of the close of this Ordinary General Meeting of Shareholders) by Mr. Masakatsu Mori since his election as a Non-executive Director is 1 year.
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 re-elected and appointed as a Director of the Board.

No. 8 **Hiroyuki Yanagi**



Candidate for Reelection

Candidate for Non-executive Director

Candidate for Independent Officer

Date of birth	November 20, 1954
Number of the Company's shares held	600 shares
Rate and number of attendance at Board Meetings	100% (12 times of 12 meetings)

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)
March 2019	Non-executive Director of the Company (Present Position) Outside Director of AGC Inc. (Present Position)

Significant positions concurrently held at other companies and organizations

Chairman and Representative Director, Yamaha Motor Co., Ltd.
Outside Director, AGC Inc.

Reasons for nomination as a candidate for Non-executive 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, he provides valuable opinions and suggestions to the management of the Company from an objective and professional perspective as Non-executive Director. For the reasons above, the Board has determined that he is a suitable candidate 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 Non-executive Director.
3. The year served (as of the close of this Ordinary General Meeting of Shareholders) by Mr. Hiroyuki Yanagi since his election as a Non-executive Director is 1 year.
4. Mr. Hiroyuki Yanagi 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. 9 **Chieko Matsuda**



New Candidate
Candidate for Non-executive Director
Candidate for Independent Officer

Date of birth	November 18, 1964
Number of the Company's shares held	1,300 shares
Rate and number of attendance at Board Meetings	93% (14 times of 15 meetings)

Profile, title and responsibilities

April 1987	Joined The Long-Term Credit Bank of Japan, Limited
October 1998	Joined Moody's Japan K.K.
September 2001	Joined Corporate Directions, Inc.
May 2006	Representative Director of Matrix, Inc.
October 2006	Vice President (Partner) of Booz and Company, Inc.
April 2011	Professor of School of Business Administration, Faculty of Urban Liberal Arts (Currently Faculty of Economics and Business Administration) at Tokyo Metropolitan University (Present Position) Professor of Department of Business Administration, Graduate School of Social Sciences (Currently Graduate School of Management) at Tokyo Metropolitan University (Present Position)
June 2013	Outside Independent Director of Hitachi Chemical Company, Ltd. (Present Position)
June 2015	Outside Independent Director of Foster Electric Company, Limited (Present Position)
March 2016	Non-executive Director of the Company (Present Position)
June 2016	External Director of SATO HOLDINGS CORPORATION (Present Position)

Significant positions concurrently held at other companies and organizations

Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University
 Professor, Graduate School of Management, Tokyo Metropolitan University
 Outside Independent Director, Hitachi Chemical Company, Ltd.
 Outside Independent Director, Foster Electric Company, Limited
 External Director, SATO HOLDINGS CORPORATION

Reasons for nomination as a candidate for Non-executive Director

Ms. Chieko Matsuda has considerable experience and a wide range of knowledge acquired through financial and capital market operations and management consulting services, including reputable banking and credit rating agencies, especially exceptional insight in corporate management based on her specialized expertise in finance and corporate governance. Based on her experience and insight, she specializes in corporate and financial strategies and has an impressive background in academic research on corporate management and capital markets. Based on this, she provides valuable opinions and suggestions from an objective and professional perspective to the management of the Company, particularly in promoting the growth strategy of Long-Term Management

Vision "Kirin Group Vision 2027" in the Company and instilling the disciplined financial strategy to support the growth strategy. For the reasons above, the Board has determined that she, as a Non-executive Director going forward, is a suitable candidate to oversee business execution of the Company toward continuous improvement of corporate value.

Notes:

1. No conflict of interests exists between the Company and Ms. Chieko Matsuda.
2. Ms. Chieko Matsuda is a candidate for the position of Non-executive Director.
3. Ms. Chieko Matsuda is currently an Audit & Supervisory Board Member of the Company, and the years served (as of the close of this Ordinary General Meeting of Shareholders) by her since her election as an Audit & Supervisory Board Member are 4 years. She is to resign from the position as of the close of this Ordinary General Meeting of Shareholders due to expiration of her term of office.
4. As for the attendance at the Board Meetings of Ms. Chieko Matsuda, the Board Meetings applicable to her are those which she attended as an Audit & Supervisory Board Member.
5. Ms. Chieko Matsuda is an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc., and she is expected to remain as an independent officer if she is elected and appointed as a Director of the Board.

No. 10 **Noriko Shiono**



New Candidate
Candidate for Non-executive Director
Candidate for Independent Officer

Date of birth	October 18, 1960
Number of the Company's shares held	3,589 shares

Profile, title and responsibilities

August 1983	Joined Japan New Media Co., Ltd.
March 2010	Representative Director, President of SSP Co., Ltd.
January 2014	President and Corporate Officer of Konami Sports & Life Co., Ltd. (Currently Konami Sports Co., Ltd.)
May 2016	Chairman, Director of Konami Sports Co., Ltd.
October 2017	President of Widex Japan (Present Position)
March 2018	Non-executive Director of Kirin Company, Limited
March 2019	Strategic Advisor of the Company (Present Position)

Significant positions concurrently held at other companies and organizations

President, Widex Japan

Reasons for nomination as a candidate for Non-executive Director

Ms. Noriko Shiono has considerable experience acquired over many years as a corporate executive and a wide range of knowledge, especially exceptional insight in corporate management and marketing based on her specialized expertise in pharmaceuticals and healthcare strategy as a Representative Director, President of SSP Co., Ltd. and Widex Japan, a medical device manufacturer. Based on this, we expect her to provide valuable opinions and suggestions from an objective and professional perspective to the management of the Company as a Non-executive Director, particularly for the Company to launch and develop new businesses in Health Science domain. For the reasons above, the Board has determined that she is a suitable candidate to oversee business execution of the Company toward continuous improvement of corporate value.

Notes:

1. No conflict of interests exists between the Company and Ms. Noriko Shiono.
2. Ms. Noriko Shiono was a Non-executive Director of Kirin Company, Limited for 1 year from March 2018 to March 2019.
3. If Ms. Noriko Shiono is elected and appointed as a Director of the Board, she is expected to become an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc. Since March 2019, she has been serving as Strategic Advisor to the Board of Directors of the Company and she had previously served as a Non-executive Director of Kirin Company, Limited. As a result of the abolition of the Board of Directors of Kirin Company, Limited, she assumed the position of Strategic Advisor, which is equivalent to a Non-executive Director of the Company. The Company has determined that her appointment will not affect the Company's independence. She is expected to resign from this position at the conclusion of this Ordinary General Meeting of Shareholders.

No. 11 **Rod Eddington**



New Candidate
Candidate for Non-executive Director
Candidate for Independent Officer

Date of birth	January 2, 1950
Number of the Company's shares held	0 shares

Profile, title and responsibilities

September 1979	Joined John Swire & Sons (H.K.)Ltd.
April 1992	Managing Director of Cathay Pacific Airways Limited
January 1997	Outside Director of John Swire & Sons (Australia) Pty Ltd. (Present Position)
April 2000	Chief Executive Officer of British Airways plc
February 2006	Outside Director of CLP Holdings Limited (Present Position)
March 2011	Director of Lion Pty Ltd
March 2012	Chairman, Independent Non-Executive Director of Lion Pty Ltd (Present Position)

Significant positions concurrently held at other companies and organizations

Chairman, Independent Non-Executive Director of Lion Pty Ltd
 Outside Director, John Swire & Sons (Australia) Pty Ltd.
 Outside Director, CLP Holdings Limited

Reasons for nomination as a candidate for Non-executive Director

Sir Rod Eddington has exceptional insight in corporate management and corporate governance acquired through considerable experience as a corporate executive and director of numerous global companies over many years. In addition, as Chairman of the Japan-Australia Business Co-operation Committee and a member of the APEC Business Advisory Council, he has a deep understanding of the economies and markets of Japan and other Asia-Pacific countries and has built an expansive network. Based on this, he provides valuable opinions and suggestions from an objective and professional perspective to the management of the Company regarding its global strategy as an International Advisory Board member. The Board has determined that he is a suitable candidate to oversee business execution of the Company toward continuous improvement of corporate value as a Non-executive Director.

Notes:

1. No conflict of interests exists between the Company and Sir Rod Eddington.
2. Sir Rod Eddington is a candidate for the position of Non-executive Director. He served as a Director of the Board of Lion Pty Ltd from March 2011 to March 2012, and as a Chairman of the Board of Lion Pty Ltd from March 2012 to the present. All of these positions are non-executive officers.
3. If Sir Rod Eddington is elected and appointed as a director as the Board, he is expected to become an independent officer as prescribed in the regulations of the Tokyo Stock Exchange, Inc., etc.

No. 12 **George Olcott**



New Candidate
Candidate for Non-executive Director
Candidate for Independent Officer

Date of birth	May 7, 1955
Number of the Company's shares held	0 shares

Profile, title and responsibilities

July 1986	Joined S.G. Warburg & Co., Ltd.
February 1999	President of UBS Asset Management (Japan) President of Japan UBS Brinson Group
June 2000	Managing Director, Equity Capital Market, UBS Warburg Tokyo
September 2001	Judge Business School, University of Cambridge
March 2005	FME Teaching Fellow, Judge Business School, University of Cambridge
March 2008	Senior Fellow, Judge Business School, University of Cambridge
April 2014	Guest Professor, Faculty of Business and Commerce, Keio University (Present Position)
June 2014	Outside Director of Hitachi Chemical Co., Ltd. (Present Position) Outside Director of DENSO CORPORATION (Present Position)
October 2016	Outside Director of Dai-ichi Life Holdings, Inc. (Present Position)

Significant positions concurrently held at other companies and organizations

Outside Director of Hitachi Chemical Co., Ltd.
 Outside Director of DENSO CORPORATION
 Outside Director of Dai-ichi Life Holdings, Inc.

Reasons for nomination as a candidate for Non-executive Director

Mr. George Olcott has considerable experience acquired in international financial markets, including in investment banking operations and exceptional insight in corporate management based on his academic expertise in human resource development and corporate governance in global management. Based on his experience and insight, he has an impressive background in academic research on improving the value of Japanese companies. He also has experience as a director in several leading listed companies in Japan. We anticipate that he provides valuable opinions and suggestions from an objective and professional perspective to the management of the Company as a Non-executive Director, particularly in promoting the growth strategy of the Long-Term Management Vision "Kirin Group Vision 2027" and instilling the disciplined financial strategy to support the growth strategy. The Board has determined that he is a suitable candidate 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. George Olcott.
2. Mr. George Olcott is a candidate for the position of Non-executive Director.
3. In December 2019, DENSO CORPORATION, where Mr. George Olcott holds the position of Outside Director, was issued guidance by (a) the Personal Information Protection Committee

in respect of the Personal Information Protection Law and (b) the Aichi Labor Bureau in respect of the Employment Security Act and associated guidelines, and the Personal Information Protection Law. The aforementioned guidance was issued to DENSO CORPORATION as a result of its inappropriate behavior regarding the use of personal information of job applicants, including students. Mr. George Olcott had no knowledge of any impropriety, though he had regularly cautioned the Board of the potential legal and compliance risks broadly associated with the use of personal information, among other things, prior to any infringements. Following this incident, he has been carrying out his duties in a competent and compliant manner, and is making efforts to build measures to prevent any future recurrences.

4. If Mr. George Olcott 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 one (1) Audit & Supervisory Board Member

Upon the close of this Ordinary General Meeting of Shareholders, the term of office of Ms. Chieko Matsuda, an Audit & Supervisory Board Member, will expire.

Accordingly, shareholders are requested to elect one (1) Audit & Supervisory Board Member.

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

The candidate for the position of Audit & Supervisory Board Member is as follows:

Kaoru Kashima



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

Date of birth	January 20, 1958
Number of the Company's shares held	0 shares

Profile and title

November 1981	Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)
April 1985	Registered as a certified public accountant
June 1996	Partner of Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)
June 2002	Senior Partner of ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)
July 2006	In charge of personnel of HR Development Headquarters of ShinNihon & Co.
September 2010	Managing Director of Ernst & Young ShinNihon LLC In charge of Corporate Culture Promotion Office In charge of Public Relations Office
July 2012	General Manager of Knowledge Headquarters Managing Director of Ernst & Young ShinNihon LLC
July 2013	Representative Director of Ernst & Young Institute Co., Ltd.
June 2019	Outside Audit & Supervisory Board Member of Nippon Telegraph and Telephone Corporation (Present Position) External Director of Sumitomo Mitsui Trust Bank, Limited (Present Position)

Significant positions concurrently held at other companies and organizations

Outside Audit & Supervisory Board Member of Nippon Telegraph and Telephone Corporation
External Director of Sumitomo Mitsui Trust Bank, Limited

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

Ms. Kaoru Kashima, as a certified public accountant, has been engaged over many years

in corporate audit and, as management of auditing firm or corporation, has considerable experience and broad knowledge in organizational culture reform, public relations and promotion of women's participation and advancement. Based on this, the Company expects her to provide valuable opinions and suggestions from an objective and professional perspective to the management of the Company, and the Board has determined that she is a suitable candidate to audit business execution of the Company toward continuous improvement of corporate value as Audit & Supervisory Board Member.

Notes:

1. No conflict of interests exists between the Company and Ms. Kaoru Kashima.
2. Ms. Kaoru Kashima is a candidate for the position of Audit & Supervisory Board Member.
3. If Ms. Kaoru Kashima 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. Although there is a payment of service fees by the Company to Ernst & Young ShinNihon LLC, where Ms. Kaoru Kashima served as the management until June 2019, the amount of payment to Ernst & Young ShinNihon LLC during this fiscal year is less than 0.1% of its total revenue. Therefore, the Company believes that Ms. Kaoru Kashima has sufficient independence where there is no possibility of conflict of interests with general shareholders.

(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. Kirin Company, Limited was liquidated in July 2019 as a result of an absorption-type merger, whereby the Company became the surviving company.

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 Non-executive Directors and 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 non-executive (outside) directors), and the Committee Chairman will be appointed out of the Non-executive 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 Non-executive Directors and Non-standing Audit & Supervisory Board Members

For Non-executive Directors and Non-standing Audit & Supervisory Board Members of the Company to be considered as independent, none of the following criteria may apply to the respective Non-executive Director or Non-standing 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 Standing Audit & Supervisory Board Member of the Company acts as non-executive director or non-standing audit & supervisory board member
- (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.

Proposal No. 4: Revision in the Limit and Framework of Officers' Remuneration in Line with Revision of Performance-linked Remuneration System for Directors and Officers

1. The reasons for the proposal and the reasons why the remuneration is reasonable

The introduction of the Restricted Stock Compensation System for Directors of the Board (excluding Non-executive Directors.) was approved at the 178th Ordinary General Meeting of Shareholders held on March 30, 2017. The Company reviewed current officers' compensation system and decided to introduce a trust-type stock compensation system (the "Trust Plan") for Directors (excluding Non-executive Directors) and Executive Officers (excluding those concurrently serving as Directors as well as those in an employment relationship with the Company) (the "Eligible Directors and Officers") who are residents in Japan. Also, since the Eligible Directors and Officers who are non-residents in Japan are not covered by the Trust Plan, the Company will introduce a performance-linked and stock-price-linked remuneration system (the "Phantom Stock Plan") (together with "Trust Plan", the "New System") with a view to ensuring fair impartiality between these two categories of the Eligible Directors and Officers.

This proposal requests shareholders' approval of (1) the limit and framework of the Trust Plan and (2) the limit of the Phantom Stock Plan.

Subject to the approval of this proposal as proposed, the current Restricted Stock Compensation System shall be abolished without further allotment of restricted stock. However, the restricted stock already allocated will remain.

Following a review for a more appropriate remuneration system with a view to stable and efficient operation of the remuneration system, as well as to encouraging the Eligible Directors and Officers to be kept incentivized to improve medium to long-term performance and to increase the Company's corporate value, the Company decided to introduce the New System. Also, upon deliberation by the Nomination and Remuneration Advisory Committee, the Company believes that the introduction of this system is appropriate.

If the Proposal No. 2 is approved as proposed, the number of Directors of the Board eligible for the Trust Plan will be five (5) (The number of Executive Officers eligible for the Trust Plan is eight (8)), and there are no Directors of the Board currently eligible for the Phantom Stock Plan. Employee salaries are not paid to Directors of the Board.

As described above, the Trust Plan also covers Executive Officers and the remuneration limit based on the Trust Plan includes the amount of remuneration for these Executive Officers. However, since the Company intends to establish the same trust for both Directors of the Board and Executive Officers, the Company requests your approval for the limit and framework of Officers' remuneration based on the Trust Plan as a whole.

2. The outline of the New System and limit and framework of Remuneration under the New System

(1) The Trust Plan

The Trust Plan is a scheme whereby a trust funded and created by the Company (the "Trust") shall acquire the Company's shares by using such funds, and provide, in principle, the Eligible Directors and Officers who have been granted points in accordance with the Share Delivery Rules of the Company (the "Grantees of Points"), with the delivery of the Company's shares along with the payment of cash equivalent to the amount obtained by converting the Company's shares into cash (collectively, the "Company's Shares and Cash") (collectively, the "Delivery"). Upon expiry of the trust period of the Trust, the Company intends to continuously operate the Trust Plan through newly creating another Trust, or amending the trust agreement for the existing Trust whose trust

period has expired with additional trust funding.

1. Those eligible under the Trust Plan	<ul style="list-style-type: none"> • The Eligible Directors and Officers who are residents in Japan
2. Upper limit of the trust fund contribution by the Company	<ul style="list-style-type: none"> • ¥600 million per fiscal year (At the beginning of the period provided for in the Share Delivery Rules of the Company, the Company shall contribute cash up to the amount calculated by multiplying ¥600 million by the number of fiscal years corresponding to such period.)
3. The method of acquisition of the Company shares and the maximum number of the Company shares to be delivered	<ul style="list-style-type: none"> • To be acquired from stock market or the Company • The total number of points granted to the Eligible Directors and Officers per fiscal year shall not exceed 600,000.(Given one share is delivered for one point, the total number of shares delivered shall amount to 600,000 *. However, for the Company's shares realizable under the Share Delivery Rules of the Company, an amount of cash equivalent to the amount obtained by converting the Company's shares into cash shall be paid.
4. Contents of the achievement conditions	<ul style="list-style-type: none"> • Performance-linked factor, which is the basis for calculating points, is variable between 50% and 150% depending on the achievement of major management indicators listed in Medium-Term Business Plan and other indicators established by the Board.
5. Timing of the Delivery of the Company's Shares and Cash	<ul style="list-style-type: none"> • At certain point in time after the lapse of three years from the start of each performance evaluation period in principle

* This is equivalent to approximately 0.069% of the total number of the Company's shares outstanding (as at December 31, 2019: excluding treasury shares).

(2) The Phantom Stock Plan

Under the Phantom Stock Plan, the Eligible Directors and Officers who are non-residents in Japan shall, pursuant to the Share Delivery Rules of the Company, be granted points calculated, in principle, by the same formula as under the Trust Plan, and shall be paid an amount of cash equivalent to the amount of the Company's shares for the delivery to the Eligible Directors and Officers commensurate with the number of such granted points under the Trust Plan (includes the Company's shares realizable under the Trust Plan).

The total sum of the amount recorded as expenses with respect to cash to be paid to Directors under the Phantom Stock Plan, and the amount of fixed basic remuneration of Directors and bonuses for Directors excluding Non-executive Directors shall not exceed the limit of Directors' monetary compensation (¥950 million per year), which was approved at the 178th Ordinary General Meeting of Shareholders of the Company held on March 30, 2017.

(Reference)

The outline of the Trust Plan is described in "2. The outline of the New System and limit and framework of Remuneration under the New System (1) the Trust Plan" in Proposal No. 4. The detailed structure currently planned is as follows. Such content may be reviewed from time to time within the scope of the content approved as Proposal No. 4.

(1) Upper limit of the trust fund contribution by the Company

Applicable period of the Trust Plan shall be the fiscal years covered under the Medium-Term Business Plan of the Company (the "Applicable Period"). Initial Applicable Period shall be the unexpired period of the current Medium-Term Business Plan, namely the two fiscal years of the 182nd fiscal year and the 183rd fiscal year.

The Company will contribute the money up to the amount of 600 million yen multiplied by the number of years in the Applicable Period as remuneration to Eligible Directors and Officers, and establish the Trust with the number of years corresponding to the Applicable Period as the trust period for the Grantees of Points who satisfies the beneficiary requirements as the beneficiary (including the following extensions of the trust period. The same applies below.)

The Trust will acquire the Company's shares from either the stock market or the Company, by using the fund trusted, in accordance with the instruction of the trust administrator. In principle, the Company grants points to Eligible Directors and Officers at a fixed time during each fiscal year, and the Trust makes Delivery of the Company's Shares and Cash in accordance with the number of such points.

The Company may, at the expiry of the trust period of the Trust, renew the Trust by amending the trust agreement and contributing additional funds to the Trust, rather than by newly creating another Trust. In such case, the trust period of the Trust shall be extended in accordance with the number of years of the Applicable Period corresponding to the Medium-Term Business Plan of the Company in place at the time. For each extended trust period, the Company will make an additional contribution up to 600 million yen multiplied by the number of years in the Applicable Period and continue to grant points to Eligible Directors and Officers. The Trust will continue to make Delivery of the Company's Shares and Cash during such extended trust period.

However, in the case of making such an additional contribution, if there are the Company's shares (excluding the Company shares equivalent to points awarded to the Grantees of Points for which Delivery has not been completed.) and cash (excluding an unpaid portion of the cash obtained by converting the number of the Company's shares which are equivalent to the points granted to the Grantees of Points into cash) remaining in the trust property as of the last day of the trust period prior to the extension (collectively, "Remaining Shares and Cash".), the total amount of the Remaining Shares and Cash and the money to be additionally contributed by the Company shall be within the amount of 600 million yen multiplied by the number of years in the new Applicable Period.

In case it is decided, upon expiration of the trust period of the Trust, against such amendment to the trust agreement and contribution of additional trust funds, points shall no longer be granted to the Eligible Directors and Officers thereafter, provided, however, that if there exists any Grantees of Points who might meet the beneficiary requirements at that point in time, the trust period of the Trust may be extended up to the completion of the Delivery of the Company's Shares and Cash to the Grantees of Points.

(2) Method for calculating the number and value of the Company's Shares and Cash for the Delivery and the upper limit thereof

The number and value of the Company's Shares and Cash for the Delivery to the Grantees of Points shall be determined by the number of points granted at certain time of each fiscal year, commensurate with the individual executive rank of the Eligible Directors and Officers and the level

of achievement of performance targets. Specifically, the number of points calculated by multiplying the basic points predetermined based on the stock compensation base amounts prescribed for each executive rank, by the performance-linked factor (*) determined commensurate with the level of achievement of performance targets, shall be granted in the fiscal year following each fiscal year during the Applicable Period.

In the aforementioned arrangement, the total number of points granted to the Eligible Directors and Officers per fiscal year shall not exceed 600,000. This upper limit has been set in consideration of the factors including the upper limit of the trust funding to be contributed by the Company as specified in (1) above.

As for the Company's Shares and Cash for the Delivery to the Grantees of Points, one point shall be converted to one common share of the Company, where, however, for the Company's shares realizable under the Share Delivery Rules of the Company, an amount of cash equivalent to the amount obtained by converting the Company's shares into cash shall be paid. If the number of the Company's shares held in the Trust increases or decreases during the trust period, due to a share split or share consolidation, the Company shall make adjustment to the number and value of the Company's Shares and Cash for the Delivery, depending on the ratio of such increase or decrease.

* Performance-linked factor shall be evaluated based on the financial and non-financial criteria under the Medium-Term Business Plan, and shall be variable between 50% and 150%.

(3) Timing and method of the Delivery of the Company's Shares and Cash to the Grantees of Points

The Grantees of Points who meet beneficiary requirements under the Share Delivery Rules of the Company shall, by following the prescribed beneficiary-determining procedure at certain point in time after the lapse of three years from the start of each performance evaluation period in principle, receive delivery of the number of the Company's shares (where a fractional share shall be counted as one unit), corresponding to a certain proportion of the points granted for the performance evaluation period, along with the payment of cash equivalent to the amount obtained by converting the Company's shares corresponding to the outstanding portion of the points into cash.

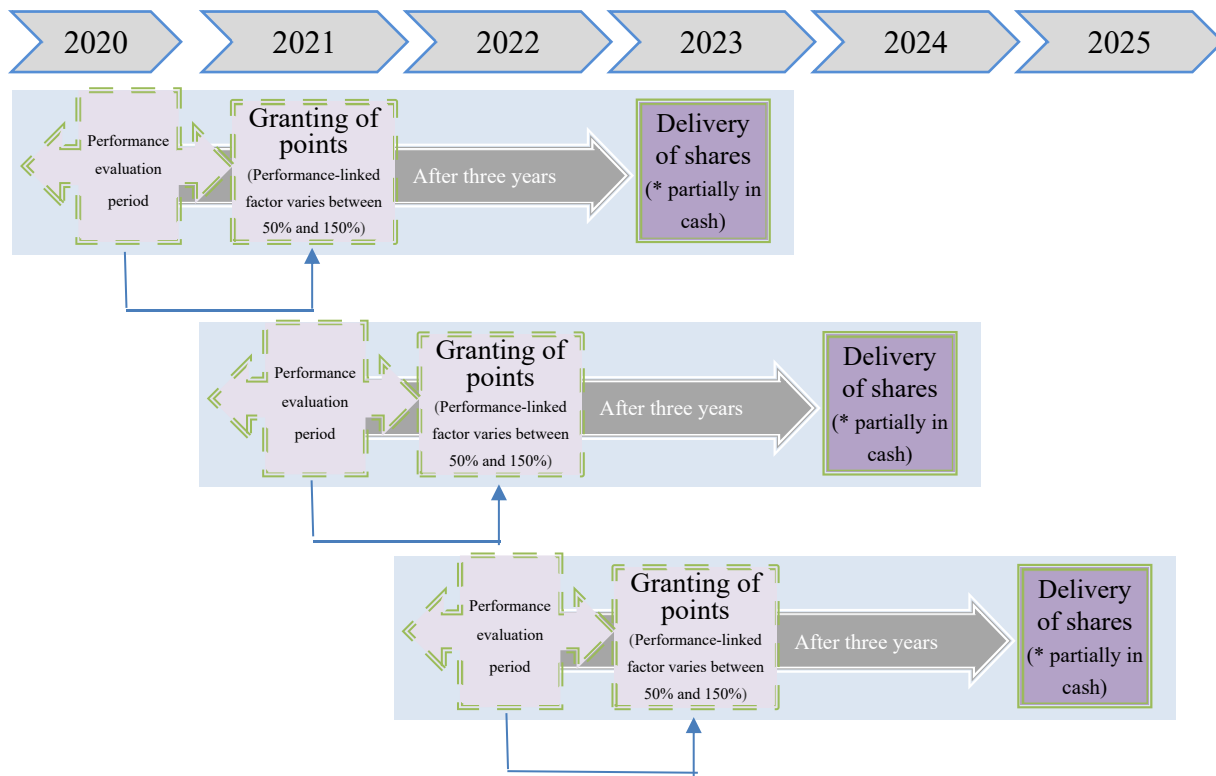
(4) Voting rights of the Company's shares

Voting rights of the Company's shares held in the Trust shall not be exercised during the trust period, in order to ensure neutrality of the Trust in relation to the management.

(5) Other details of the Trust Plan

Other details of the Trust Plan shall be decided by the Board of Directors following deliberations at the Nomination and Remuneration Advisory Committee, whenever the Trust is created, the trust agreement is amended or additional fund is contributed to the Trust.

The Trust Plan is illustrated as follows. For details of this system, please refer to the Timely Disclosure " Notice Regarding Revision in the Limit and Framework of Officers' Remuneration in Line with Revision of Performance-linked Remuneration System for Directors and Officers, as well as Revision of Non-executive Directors' Remuneration Limit" dated February 14, 2020.



Proposal No. 5: Revision of Non-executive Directors' Remuneration Limit

The Company's payment of fixed basic remuneration of Directors and bonuses for Directors excluding Non-executive Directors was approved at a combined amount not exceeding ¥950 million per year (not exceeding ¥80 million per year for Non-executive Directors), at the 178th Ordinary General Meeting of Shareholders held on March 30, 2017.

The Company submits the Proposal No. 2 for appointing three (3) additional Non-executive Directors to further strengthen corporate governance. Accordingly, the Company also submits another proposal for revising/increasing the remuneration limit for Non-executive Directors among other components of the total remuneration limit for Directors, from an amount not exceeding ¥80 million per year to an amount not exceeding ¥150 million per year, in consideration of the aforementioned increase in the number of Non-executive Directors along with the changes in globally competitive remuneration standard. There shall be no change to the total limit for Directors' remuneration (at ¥950 million per year).

Upon the approval of the Proposal No. 4 as proposed, remuneration limit for Directors (not exceeding ¥950 million per year) shall be reestablished as the combined remuneration limit for the fixed basic remuneration of Directors, bonuses for Directors excluding Non-executive Directors and the remuneration limit under the performance-linked and stock-price-linked remuneration system.

Currently, the number of Directors of the Board is nine (9) (including four (4) Non-executive Directors). If the Proposal No. 2 is approved as proposed, the number of Directors of the Board will be twelve (12) (including seven (7) Non-executive Directors).

Employee salaries are not paid to Directors of the Board.

Proposal from the Shareholder (Proposal No. 6 to No. 9):

Proposals No. 6 to No. 9 are submitted by a shareholder.

Hereinafter, the summary of and the reason for the proposals are stated in the original text of the shareholder proposal submitted by the shareholder, unless there are special notes.

Proposal No. 6: Acquisition of treasury shares

(1) Summary of the Proposal

Pursuant to the provisions of Article 156 (1) of the Companies Act, the Company will acquire its common shares within one year from the conclusion of the Ordinary General Meeting of Shareholders to the maximum extent of 300 million shares in total, 600 billion yen as total acquisition price (provided, however, that if the total amount of the acquisition amount falls below the "Distributable Amount" provided in Article 461 of the Companies Act, the maximum amount of the acquisition amount shall be reduced to the amount permitted under the Companies Act.)

This proposal is to acquire treasury shares in addition to the acquisition of treasury shares resolved at the meeting of the Board of Directors held on November 7, 2019 (class of shares to be acquired: common shares, total number of shares to be acquired: 60,000,000 shares (upper limit), total acquisition price of shares: 100,000 million yen (upper limit), acquisition period: November 8, 2019 to November 7, 2020).

(2) Reason for the Proposal

In the 2019 Medium-Term Management Plan, the management believes that Kirin's business domains include the food business (liquor and beverage business), the medical business (pharmaceuticals business), and the business that connects medicine and food. However, such diversification of businesses has not yielded the results expected by shareholders and has not been acclaimed by the market.

In other words, although the stock price of the Company remained at approximately ¥3,000 or more in April 2018 (the highest closing price was ¥3,194 on April 18, 2018), the stock price of the Company fell by roughly 25% in the next 18 months. The stock price declines coincided with the acquisition of Kyowa Hakko Bio Co., Ltd. (Bio-Chemicals business) in February 2019 and 33% stake of FANCL CORPORATION (Skin-Care business) in August 2019 for an aggregate of more than ¥250bn. The details supporting our proposal can be found at the website <https://www.abetterkirin.com>, but in summary we believe the corporate value of the Company is discounted by more than 50% on account of both a conglomerate and capital allocation discount. This discount is a clear conglomerate discount for the accumulation of unrelated businesses that lack synergy, as well as a discount for the high prices being paid for these businesses unconnected to the core beverage business of Kirin.

As an institutional investor managing funds entrusted to us by investors, neglecting such management of the Company may be regarded as a violation of our fiduciary duty.

The Proposer believes Kirin can maximize corporate value by focusing on the core businesses of beer in Japan, Australia, Myanmar and the Philippines. To this end, the Proposer believes the Board should undertake to sell non-core businesses such as Kyowa Kirin Co., Ltd. (Pharmaceutical Business), Kyowa Hakko Bio Co., Ltd. and FANCL CORPORATION (Skin Care business) and concentrate management resources on the beer business, thereby maximizing corporate value over

the medium to long term and reinforcing shareholder returns.

Since the market value of the shares of Kyowa Kirin Co., Ltd. and FANCL CORPORATION is approximately 876 billion yen at the time of writing, the Proposer requests to use a part of the funds, with the upper limit of 600 billion yen, which the Company would receive from the sales of these shares to acquire treasury shares.

The Proposer hopes that the management of the Company will make appropriate decisions on the specific timing of the sale of non-core businesses, the method of shareholder returns, and the timing of shareholder returns, but this proposal is to send a message to the management of the Company that they should focus on the beer business and this proposal provides our management with the option to acquire treasury shares as a method of returning capital to shareholders.

Opinion of the Board of Directors regarding Proposal No. 6

The Board of Directors opposes Proposal No. 6.

■ Reason for Opposing Proposal

Proposal No. 6, a shareholder proposal, (this “Proposal”) proposes a large-scale acquisition of treasury shares amounting to approximately one third of the outstanding shares of the Company (914 million shares). The Board of Directors opposes this Proposal for the following reasons:

This Proposal assumes that the Company will focus on its beer business, and “sell non-core businesses such as Kyowa Kirin Co., Ltd. (Pharmaceuticals Business), Kyowa Hakko Bio Co., Ltd. (Bio-Chemicals business) and FANCL CORPORATION (Skin-Care business),” and is conditional on using the proceeds from the sale of “shares of Kyowa Kirin Co., Ltd. and FANCL CORPORATION” in particular as the source of funds for the acquisition of treasury shares.

On the other hand, in 2019 the Company established a Long-Term Management Vision, Kirin Group Vision 2027 (KV2027), and is aiming “to become a global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals.” Based on the fermentation technology and biotechnology cultivated since the Company foundation, the Company will further improve our profitability and capital efficiency by strengthening the Food & Beverages domain (alcoholic and non-alcoholic beverages business) and the Pharmaceuticals domain, as well as working to foster and strengthen new businesses that link to solving social issues centered on health in the Health Science domain. In particular, through a capital and business alliance with FANCL CORPORATION, the Company is developing various collaborate initiatives across functions in an effort to create synergies early by organically combining the strengths of both companies in the value chain, such as research and development, materials, channels, and brands. The Company uses normalized EPS (average annual growth rate of 5% or more) and ROIC (10% or more throughout the group in the fiscal year 2021) as its key performance indicators, and conducts management that takes both growth and financial discipline into consideration. The Company believes that these corporate activities contribute to the sustainable growth of the Kirin Group and to improving its corporate value in the medium-to-long-term. Recognizing the importance of shareholder returns, the Company increased the consolidated dividend payout ratio for normalized EPS from 30% or more to 40% or more from the fiscal year 2019. In addition, the Company is flexibly implementing additional measures to further enhance shareholder returns as indicated by the announcement of acquisition a total of ¥100 billion in treasury shares in 2018

and 2019 respectively.

Large-scale debt financing and other measures will be necessary to ensure the Company can both undertake these initiatives and carry out this Proposal, which may significantly damage the Company's financial discipline and increase business risks.

This Proposal shall complete the acquisition of treasury shares within one (1) year from the conclusion of this Ordinary General Meeting of Shareholders. Assuming treasury shares are acquired through market transactions, given the Company's average trading volume and trading value, it will take substantially more than one (1) year to complete acquisition, and there is also a possibility that the Company will pay a considerable premium to realize such a large-scale treasury stock acquisition if treasury shares are acquired through a tender offer. Both of these do not seem to be realistic proposals.

Proposal No. 7: Revision of the amount of remuneration for the restricted shares as remuneration for directors

(1) Summary of the Proposal

In order to grant monetary remuneration claims for the grant of shares with restriction on transfer, it is proposed to grant the amount of remuneration for directors other than outside directors (hereinafter referred to as "target directors") under the stock remuneration with restriction on transfer (hereinafter referred to as the "Plan") in the amount of no more than 1,200 million yen per annum in total, in addition to the annual amount of basic remuneration and bonuses. The specific timing and distribution of payments shall be determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee.

(2) Reason for the Proposal

At the 178th Ordinary General Meeting of Shareholders held on March 30, 2017, the amount of remuneration for target directors pertaining to the stock remuneration was approved to grant monetary remuneration receivable in the amount of the 250 million yen per year, in addition to the annual amount of remuneration for basic remuneration and bonuses of 950 million yen (of which the amount for outside directors is within 80 million yen per year).

It is disclosed that the transfer restriction shall be lifted when the period of restriction on transfer expires with regard to all or part of the allotted shares according to the degree of achievement of the target in the first year of the period of restriction on transfer, including the main management indicators listed in the medium-term management plan and other indicators determined by the Board of Directors. Further, from the viewpoint of promoting the holding of shares by directors with regard to the certain percentage of restricted shares granted regardless of the degree of achievement of the target, the transfer restriction shall in principle be lifted when the period of restriction on transfer expires. It is stated that the specific transfer restriction shall fluctuate between 33% and 100%.

It is also disclosed that in fiscal 2019, the Company will set two performance indicators, ROIC and leveled-out EPSs, and evaluate them equally.

The remuneration system, which is linked to medium-to-long-term business performance and promotes the sharing of values between directors and shareholders, is desirable. However, under the remuneration system for the target directors of the Company, the amount of remuneration for basic remuneration and bonuses is not more than ¥950 million per annum (of which, the amount of remuneration for outside directors is not more than ¥80 million per annum), whereas the amount of remuneration for the restricted share portion is not more than ¥250 million per annum. The proposers do not consider the weighting between basic remuneration and restricted share as an appropriate ratio. The ratio of performance-based restricted shares remuneration to the total remuneration is only about 20%, but such a ratio has to be considered as significantly lower in comparison to the normal average of other global companies.

With regard to remuneration under the Plan, the actual amount paid in FY2018 was 99 million yen (five directors eligible), and for each director, based on limited disclosed information, 43 million yen was paid to the President and Representative Director Yoshinori Isozaki and 26 million yen was paid to Senior Executive Vice President and Representative Director Keisuke Nishimura. With respect to the Plan, the proposers believe that sufficient information has not been disclosed regarding:

- (a) the target set for each individual director;

- (b) what percentage of the allotment of shares for which the transfer restriction will be lifted by the degree of achievement of the performance target; and
- (c) the proportion of allotment of shares for which the transfer restriction will be lifted regardless of the degree of achievement of the performance target and the timing of determining such proportion, and
- (d) the details of the procedures for determining (a) to (c) above.

As a result, shareholders are unable to sufficiently evaluate whether the remuneration and performance of individual directors are commensurate with the plan objectives, since sufficient information is not provided to decide whether or not to approve such remuneration.

In particular, the fact that the ratio of allotted shares to which the restriction on transfer is lifted regardless of the degree of achievement of the target shall fluctuate between 33% and 100% is not optimal. Hence, it cannot be denied that while the basic concept of the Plan is to link to medium-to-long-term business performance and promote the sharing of value between directors and shareholders, this concept may be undermined depending on how this ratio is decided. Moreover, the Proposer believe this ratio should normally fluctuate between 0% and 100% to allow a real alignment between pay and performance.

Based on the above, in order to further promote the effect of the Plan, the amount of remuneration for directors (excluding outside directors) under the Plan shall be increased to no more than 1,200 million yen per annum, and the above (a) to (d) should be announced promptly upon decision, thereby creating an environment in which shareholders can appropriately evaluate the directors and their performance.

- (Note) This proposal is incompatible with Proposal No. 4 "Revision in the Limit and Framework of Officers' Remuneration in Line with Revision of Performance-linked Remuneration System for Directors and Officers", a Company proposal. Please note that if you approve of both proposals, your votes for both proposals will be considered invalid.

Proposal No. 8: Revision of Remuneration for Directors

(1) Summary of the Proposal

The amount of remuneration for basic remuneration and bonuses paid to our directors shall not exceed 600 million yen per annum (of which, the amount paid to outside directors shall not exceed 80 million yen per annum). The specific timing and distribution of payments shall be determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee. This proposal shall be subject to approval and passage of a proposal concerning the revision of the amount of remuneration relating to the restricted share remuneration for the subject directors described in 2 above*.

(2) Reason for the Proposal

At the 178th Ordinary General Meeting of Shareholders held on March 30, 2017, it was approved that the amount of remuneration for basic remuneration and bonuses would not exceed 950 million yen per annum in total (of which, the amount for outside directors would not exceed 80 million yen per annum). In addition, at the General Meeting of Shareholders, it was decided that the amount of remuneration for the restricted share remuneration for the target directors would not exceed 250 million yen per annum as a monetary remuneration claim.

However, as described in proposal 2 above*, in the remuneration for target directors, the proportion of the amount of remuneration paid as basic remuneration and bonus and the amount of remuneration related to the restricted shares remuneration is not appropriate to promote the sharing of value creation between directors and shareholders.

Therefore, the Proposers propose to revise (reduce) the amount of basic remuneration and remuneration to be paid as bonuses to the target directors as well as increasing the amount of remuneration for the restricted shares remuneration for the target directors (No. 2 above*). The amount of remuneration for basic remuneration and bonuses to our directors shall be no more than 600 million yen per annum in total (of which, the amount for outside directors is no more than 80 million yen per annum).

* This means Proposal No. 7 “Revision of the amount of remuneration for the restricted shares as remuneration for directors”

(Note) This proposal is incompatible with Proposal No. 5 "Revision of Non-executive Directors' Remuneration Limit", a Company proposal. Please note that if you approve of both proposals, your votes for both proposals will be considered invalid.

Opinion of the Board of Directors regarding Proposal No. 7 and No. 8

The Board of Directors opposes Proposal No. 7 and No. 8.

■ Reason for Opposing Proposal

Proposals No. 7 and No. 8, shareholder proposals, (collectively, these “Proposals”) are based on the assumption that the current Restricted Stock Compensation System (“Current System”) will be maintained, and will significantly increase share-based remuneration and significantly decrease monetary remuneration. The Company believes that the trust-type remuneration and the

performance-linked and stock-price-linked remuneration systems (collectively “New System”) proposed as Proposal No. 4, are more appropriate, and has concluded that these Proposals should not be accepted from the perspective of 1), 2) and 3) below.

1) Appropriateness of the New System

Approximately three years have passed since the Current System was introduced in 2017. In light of the management structure and issues experienced since its introduction, at this time the Company proposes a New System that aims for the stable and efficient operation of remuneration systems, to improve medium-to-long-term performance by the Company’s Directors of the Board and others, and to secure incentives to increase corporate value.

The Current System grants the equivalent number of shares at the beginning of the performance evaluation period when the upper limit of the performance target is achieved, and then reduces the portion of the allotment of shares for which transfer restrictions will be lifted according to the actual performance. The New System sets the target (base value) to 100%, with a lower limit of 50% and an upper limit of 150%. Points are awarded according to the degree of achievement of the target, and after a certain period of time, stock is granted on the basis of one share per point. The New System is not substantially different from the Current System in terms of linkage to business performance. The number of shares granted will be determined based on performance under the New System. The incentive, if the New System is introduced, is having a system which is easier to understand than the Current System. The Company conducted investigations based on this perspective, and arrived at this proposal following deliberations by the Nomination and Remuneration Advisory Committee. Please refer to Proposal No. 4 “Revision in the Limit and Framework of Officers’ Remuneration in Line with Revision of Performance-linked Remuneration System for Directors and Officers” for details of the New System.

2) Appropriateness of ratio of performance-linked remuneration and of setting remuneration levels

The ratio of the Company’s performance-linked remuneration to total remuneration is designed to be approximately 50% when performance targets are met. Specifically, the ratio of basic remuneration to performance-linked remuneration (base amount) for the President & CEO is set at 45:55 (bonuses: 32, stock remuneration: 23), while for other Directors of the Board the ratio is set in a similar manner taking their position and responsibilities into consideration.

The above-stated performance-linked remuneration ratio is mainly compared to similar sized companies in Japan and competitors in Japan, and is designed to compare favorably to such companies when achieving the performance target. The performance-linked remuneration ratio is decided following deliberations by the Nomination and Remuneration Advisory Committee, the majority of whose members are Non-executive Directors, having conducted an objective comparative study of remuneration levels and performance linkage based on officer remuneration survey data from an external research institution.

With regard to the level of stock remuneration, remuneration for Directors of the Board (excluding Non-executive Directors) under the Current System is equal to or less than ¥250 million per annum, however, under the New System remuneration will be ¥600 million per annum (including Executive Officers in delegation agreements, excluding Non-executive Directors). This is to secure incentives to improve medium to long term business performance of officers responsible for executing operations and to increase our corporate value.

However, going forward the Nomination and Remuneration Advisory Committee will regularly and continuously deliberate and take appropriate measures regarding appropriate levels

of remuneration and the appropriate ratio of performance-linked remuneration based on the market situation.

3) Appropriateness of remuneration for Directors of the Board (basic remuneration and bonuses)

At the 178th Ordinary General Meeting of Shareholders held on March 30, 2017, the amount of remuneration for Directors of the Board was set at ¥950 million or less per annum for basic remuneration and bonuses (of which ¥80 million or less per annum is remuneration for Non-executive Directors). This amount was set in anticipation of an upturn in the amount of bonuses paid when the Company performs well and the possibility of a future increase in the number of Directors of the Board.

Based on Proposal No. 2 “Election of twelve (12) Directors of the Board” to add another three Non-executive Directors (the Company currently has four Non-executive Directors), the Company proposes, as Proposal No. 5 “Revision of Non-executive Director’s Remuneration Limit,” changing the amount of remuneration for Non-executive Directors to within ¥150 million per annum, on the assumption that the total amount of remuneration for Directors of the Board will be maintained at the same level.

Only the amount of remuneration for Non-executive Directors will be increased following the significant increase in the number of Non-executive Directors, and as a result, the remuneration quota for Directors of the Board, excluding Non-executive Directors, will be substantially reduced. Consequently, these Proposals to reduce the total amount of remuneration for Director of the Board (basic remuneration and bonus remuneration per annum) and not to change the amount of remuneration for Non-executive Directors may seriously impede the Company from implementation of the new structure of the Board of Directors and changes to the remuneration system proposed by the Company at this time. Please refer to Proposal No. 5 “Revision of Non-executive Directors’ Remuneration Limit,” for details regarding revisions to the amount of Non-executive Directors’ remuneration.

For the reasons above, the Board of Directors believes that the New System and the remuneration revision proposal proposed by the Company are more appropriate than these Proposals.

Proposal No. 9: Appointment of 2 Directors

(1) Summary of the Proposal

Mr. Nicholas Benes and Ms. Kanako Kikuchi be appointed as outside directors of the Company

(2) Reason for the Proposal

As stated in “(2) Reason of the proposal” of “1 “Acquisition of treasury shares” *, the diversification of business which the Company is implementing has not resulted in the achievement of results expected by shareholders, and is not positively recognized in the market. As a result of this, we believe that the corporate value of the Company is discounted by more than 50%. In such situation, the monitoring of the management of business by four outside directors currently conducted, only 3 of whom can be considered truly independent, cannot be considered sufficient to protect shareholder value.

Hence, the Proposer suggest nominating the 3 candidates proposed and believes that the 3 candidates proposed have many attributes that would be additive to the Board of the Company. Their detailed resumes are below, but brief supporting observations on each would be as follows:

- **Nicholas Benes:** Mr. Benes has an outstanding academic pedigree, and significant experience in finance and law gained from his investment banking, M&A and advisory work across the globe, and also from his pioneering work establishing Japan’s only “public interest “ nonprofit specializing in director training. He currently serves on two listed Japanese company boards, and based on his keen interest in corporate governance and business ethics, proposed Japan’s first corporate governance code to the LDP, and then assisted the relevant persons including Japanese FSA with its formulation.
- **Kanako Kikuchi:** Ms. Kikuchi has vast experience with global pharmaceutical companies (GlaxoSmithkline, Novartis, Bausch & Lomb and her current employer, UCB) gained across a variety of geographies. Whilst a pharmacist, Ms. Kikuchi’s roles have focused on the commercial, business development and corporate planning functions of the companies she has worked at. The Proposer believes both her academic background and work experience would be invaluable to Kirin. An added benefit is that Ms. Kikuchi would obviously bring much needed gender diversity to the board of Kirin.

* This means Proposal No. 6 “Acquisition of treasury shares”

(3) Name and biography of the candidate of a director, etc.

Name	Biography, position and office (important concurrent office)	Number of shares owned
Nicholas · E · Benes (Birthday: April 16, 1956)	1983 Morgan Guaranty Trust Company of New York, Join the bar association of States of California 1984 Join the New York Bar Association 1990 Vice President at JP Morgan Securities Asia 1994 Senior managing director of Kamakura Co., Ltd. 1997 Establishing JTP Corporation, Representative director (present) 2000 Director of Alps Co., LTd. (map company) Special foreign member of Invest Japan	0

	2006	Conference Subcommittee Independent director of LDH Corporation	
	2007	Independent director of Cecile Co., Ltd.	
	2009	Representative member of The Board Director Training Institute of Japan (present)	
	2010	Member of the Corporate Governance Liaison Committee hosted by the Financial Agency of Japan	
	2013	Visiting Scholar of International University of Japan, Graduate School of International Management	
	2013	Part-time teacher of Hitotsubashi University	
	2016	Independent director of IMAGICA GROUP Inc. (present)	
	2019	Independent director of Advantest Corporation (present)	
Kanako Kikuchi (Birthday: August 1, 1962)	1992	Japanese corporation of Marion Merrell Dow	0
	1997	Deputy manager of the marketing section, vision care department of Bausch & Lomb Japan	
	1999	Global strategy director of Bausch & Lomb Incorporated (US)	
	2004	Business manager of Oncology department,	
	-2013	Ophthalmic department, and then OTC department at Novartis Pharma Co., Ltd.	
	2013	Director of GlaxoSmithKline K.K	
	2017	Representative Director and CEO of GlaxoSmithKline K.K.	
	2018	Representative Director of UCB Japan Co, Ltd. (present)	

Opinion of the Board of Directors regarding Proposal No. 9

The Board of Directors opposes Proposal No. 9.

■ Reason for Opposing Proposal

As a pure holding company, the Company is responsible for formulating and promoting group-wide strategies, monitoring each business, and promoting the creation of synergy through group collaboration. In 2019 the Company established a Long-Term Management Vision, KV2027, and is aiming “to become a global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals.”

Within this context, the Company has established a governance system that is able to effectively and efficiently pursue KV2027. Taking into account the knowledge, experience, skills, and insights among others, necessary to realize KV2027, the Board of Directors is composed of well-balanced and appropriate number of people while ensuring diversity, and the Company has established a highly transparent governance system. Furthermore, to ensure the effectiveness of objective management oversight, the current Board of Directors is made up of five internal

directors and four non-executive (outside) directors (the ratio of non-executive (outside) directors is 44%), and is chaired by a Non-executive Director.

As a result of reviewing the skill set required of the Board of Directors, based on the result of last year's evaluation of the effectiveness of the Board of Directors, and taking into account the topics raised as a strengthening policy, the Board of Directors decided to propose that the Company add four new candidates for Non-executive Director. One incumbent Non-executive Director will retire at this Ordinary General Meeting of Shareholders. The number of Non-executive Directors will thus increase by three, resulting in five internal directors and seven non-executive (outside) directors (the ratio of non-executive (outside) directors will increase to 58%). Please refer to Proposal No. 2 "Election of twelve (12) Directors of the Board" for details regarding the new candidates for Non-executive Director proposed by the Company.

The two candidates nominated by the shareholder under this Proposal No. 9, a shareholder proposal, (this "Proposal") were interviewed by the Chairman of the Company's Nomination and Remuneration Advisory Committee and two Directors of the Board who serve on the committee. Following the interview, the Nomination and Remuneration Advisory Committee examined and deliberated the candidates' qualities, experience, and expertise, in addition to examining their merits in terms of roles and functions within the overall structure of the Company's Board of Directors, and reported their conclusions to the Board of Directors. Based on the findings reported, the Board of Directors examined and deliberated the candidates and concluded that it is not necessary to appoint the two candidates proposed by the shareholder for the following reasons:

- 1) The new structure for the Board of Directors proposed by the Company (the "Proposed New Board of Directors Structure"), outlined in the table below, has high-level supervisory functions and is more diverse.

Internal Directors	5	
Non-executive (outside) Directors	7	Of whom 7 are Independent Directors Including 2 female Directors Including 2 non-Japanese Directors
Total	12	Ratio of Independent Directors: 58% Ratio of female Directors: 16% Ratio of non-Japanese Directors: 16%

- 2) When examining the Proposed New Board of Directors Structure, the Company thoroughly considered the skill set required of the Company's Board of Directors. As a result, the Proposed New Board of Directors Structure is a necessary and adequate structure that contributes to the sustainable growth of the Company and the medium-to-long-term improvement in corporate value. (The skill matrix pertaining to the Proposed New Board of Directors Structure based on this skill set is specified in page 9).
- 3) The 12-member Proposed New Board of Directors Structure is appropriate in view of (i) the Company's business, which operates globally in the Food & Beverages domain, Pharmaceuticals domains and Health Science domains, and (ii) the appropriate size of the Board of Directors based on the size of the Company.

For the reasons above, the Board of Directors believes that the Proposed New Board of

Directors Structure is the optimal structure for realizing KV2027, and does not believe that it is necessary to appoint the two candidates for Non-executive Director proposed in the shareholder proposal for the appointment of Directors. Thus the Board of Directors opposes this Proposal for the appointment of Directors.

-END-

(Attached documents)

BUSINESS REPORT

(For the period January 1 to December 31, 2019)

1. Overview of Kirin Group business operations

(1) Results of business operations

● Revenue:	Consolidated revenue increased due to higher sales in the Pharmaceuticals Businesses, the Japan Non-alcoholic Beverages Businesses, and others.
● Normalized operating profit *1:	Despite increases in the normalized operating profits of the Japan Beer and Spirits Businesses, Japan Non-alcoholic Beverages Businesses, and the Pharmaceuticals Business, the Group's consolidated normalized operating profit decreased. This was primarily due to a decrease of the normalized operating profit of the Oceanian Integrated Beverages business and adverse impacts from foreign exchange rates, among other reasons.
● Profit attributable to owners of the Company:	Profit attributable to owners of the Company decreased due to an impairment loss of Lion Pty Ltd's Dairy and Drinks business and the absence of a gain on the sale of Kirin Amgen, Inc. which was recorded in the previous fiscal year and materially increased profits for that period.

The Kirin Group aims to "become a global leader in CSV *2, creating value across Food & Beverages to Pharmaceuticals". The Group undertook business activities throughout 2019 based on the "Kirin Group Medium-Term Business Plan 2019 – 2021 ("Mid-term plan 2019")".

In order to generate stronger revenues, the Group focused on core brands in the "Food & Beverages domain", and took steps to significantly enhance the value of its three strategic global products in the "Pharmaceuticals domain". In addition, to pursue business opportunities that help resolve social issues despite the highly uncertain nature of today's business environment, the Group has been active in laying foundations for a "Health Science domain". This new domain will leverage on the Kirin Group's unique, traditional strengths within its existing Food & Beverage and Pharmaceutical domains. In April 2019, the Company acquired Kyowa Hakko Bio Co., Ltd. from Kyowa Kirin Co., Ltd., making Kyowa Hakko Bio Co., Ltd. a direct subsidiary of the Company. In August, the Company concluded a capital and business alliance agreement with FANCL CORPORATION. In addition, the Group resolved to sell Lion's Dairy and Drinks Business, a key step to ensuring future growth for Lion's Beer, Spirits and Wine Business, as well as for the Dairy and Drinks Business. Following a review of its cross-shareholding practices, the Company also decided to repurchase up to ¥100 billion of its own shares to enhance shareholder returns in November.

As a result, the Company made steady progress toward achieving targets within the first fiscal year of Mid-term plan 2019. Although 2019 saw Japan face a harsh business environment consisting of an unseasonably cold summer, frequent and severe natural disasters, and a consumption tax hike, Kirin Brewery Company, Limited and Kirin Beverage Company, Limited still managed to achieve growth exceeding market levels.

In addition to setting financial targets as key performance indicators, the Company has also adopted certain non-financial targets to measure performance in realizing shared value with society, customers, employees, and others. The Mid-term plan 2019 sets out our initial targets in this regard. While employee engagement scores remained stable, our Corporate Brand Value was higher than the previous year. We also made steady progress toward our CSV commitments through our educational campaigns to promote responsible drinking as well as higher sales volume of "KIRIN iMUSE" which we launched in Vietnam.

- *1 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.
- *2 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.

Results for this fiscal year

Consolidated revenue
 ¥1,941.3 billion (up 0.6% compared to the previous fiscal year)

Consolidated normalized operating profit
 ¥190.8 billion (down 4.3% compared to the previous fiscal year)

Consolidated profit before tax
 ¥116.8 billion (down 52.7% compared to the previous fiscal year)

Profit attributable to owners of the Company
 ¥59.6 billion (down 63.7% compared to the previous fiscal year)

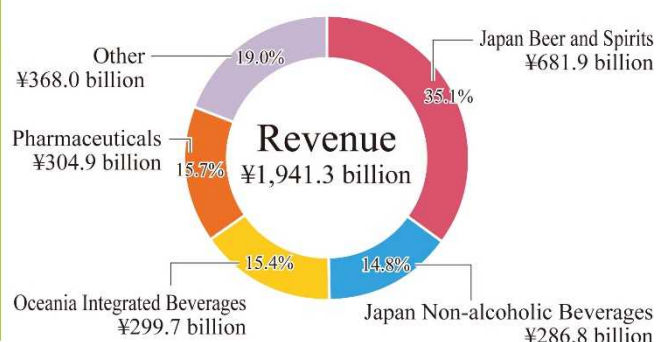
Key performance indicators

Financial targets
 Normalized EPS
 ¥158 (down 5.4% compared to the previous fiscal year)
 ROIC 5.2%

Non-financial targets
 CSV commitment
 Please refer to the Company's website.
<https://www.kirinholdings.co.jp/english/csv/commitment/>

Corporate brand value U.S.\$2,007 million (2018 result: U.S.\$1,731 million)
 Employee engagement 70% (2018 result: 70%)

Revenue by Business Division



<Japan Beer and Spirits Businesses (Kirin Brewery Company, Limited)>

Consolidated revenue: ¥681.9 billion (down 0.5% compared to the previous fiscal year)

Consolidated normalized operating profit: ¥85.2 billion (up 3.0% compared to the previous fiscal year)



Kirin Brewery Company, Limited undertook marketing activities throughout the fiscal year with a more consistent and unified message from advertising to sales counters. Staff were actively encouraged to adopt a customer-focused approach in all marketing and sales activities. Kirin Brewery Company, Limited spent the 2019 fiscal year investing in its established core brands in each product category to build a more robust brand portfolio in accordance with a carefully considered ten year plan.

As a result of the increased focus on our flagship "Kirin Ichiban" brand, Kirin Brewery Company, Limited succeeded in increasing sales volumes for canned products for a third consecutive year. Sales of our "Honkirin" brand also surged 60% year on year in the new genre category. Despite the overall domestic beer market declining for the fifteenth consecutive year, Kirin Brewery Company, Limited managed to achieve year-on-year growth in total beer sales for the second year running. Kirin Brewery Company, Limited also expanded the domestic craft beer market with the aim of promoting a new beer culture in Japan. The number of stores offering "Tap Marché ^{*3}" nearly doubled from the previous fiscal year to 13,000. As part of our CSV commitments, we sought to contribute to local communities by working closely with craft brewers throughout Japan to enhance the value of Japanese hops and to revitalize the craft beer market. Our focused approach also benefited our three core products in the RTD category ^{*4}: "Kirin Hyoketsu", "KIRIN The STRONG", and "Kirin Honshibori™ Chuhai", which all performed well this fiscal year.

*3 Tap Marché is a compact craft beer dispensary system developed by Kirin that enables restaurants of all sizes to offer customers a variety of craft beers.

*4 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.

<Japan Non-alcoholic Beverages Businesses (Kirin Beverage Company, Limited)>

Consolidated revenue: ¥286.8 billion (up 1.4% compared to the previous fiscal year)

Consolidated normalized operating profit: ¥26.4 billion (up 13.0% compared to the previous fiscal year)



Aiming to "Generate profit based on growth," Kirin Beverage Company, Limited has been strengthening its business base by establishing a robust brand portfolio and improving its logistics system. "Kirin Gogo-no-Kocha", a core brand, recorded record annual sales due to strong sales of "Kirin Gogo-no-Kocha The Meister's Milk Tea", which launched in March, and "Kirin Gogo-no-Kocha Oishii Muto (sugar-free)", which was renewed in June. Sales volumes of "Kirin FIRE" coffee also increased, driven largely by "ONEDAY BLACK", a new product launched in April. On the other hand, sales volume of "Kirin Nama-cha" decreased due to the price revision of large PET bottle containers in May. As a way of sowing seeds for the future, Kirin Beverage Company, Limited also began expanding "KIRIN naturals^{*5}" a new business model throughout Japan for Kirin Beverage Company, Limited's health and well-being domain.

*5 A new service for corporate clients that delivers vegetable and fruit smoothies as well as provide health-related seminars directly to their offices.

<Oceania Integrated Beverages Business (Lion Pty Ltd)>

Consolidated revenue: ¥299.7 billion (down 9.0% compared to the previous fiscal year)

Consolidated normalized operating profit: ¥41.4 billion (down 20.2% compared to the previous fiscal year)



The Beer, Spirits and Wine Business of Lion Pty Ltd. concentrated its investments in mainstream brands. As a result, sales volumes of its main "FURPHY" and "IRON JACK" brands increased. However, operating income declined significantly due to aggressive marketing efforts of competitors in the first half of the fiscal year, as well as increases in sales promotion expenses including brand investments, and SCM^{*6} costs.

At the same time, Lion Pty Ltd. promoted investments in craft beer and Premium Crafted Adult Beverages^{*7} to establish a new growth pillar. As for craft beer, in addition to Fourpure Brewing Co., a UK based craft brewer which Lion Pty Ltd. acquired in 2018, Magic Rock Brewing also became a wholly owned subsidiary. Lion Pty Ltd. also acquired New Belgium Brewing in the United States, expanding its overseas craft beer business.

In Lion Pty Ltd's Dairy and Drinks Business, sales of the leading dairy product, "Dare", were strong. However, drought and other abnormal weather conditions caused adverse effects on the price of raw milk and disrupted supply, inevitably seeing profits decline significantly.

After reviewing all strategic options for the future growth of Lion Pty Ltd's Dairy and Drinks Business in fiscal year 2018, the Company and Lion Pty Ltd determined that it was in Lion's, and the Group's, best strategic interests to sell Lion's Dairy and Drinks Business. In April, Lion Pty Ltd. decided to transfer its Specialty Cheese business to a subsidiary of Saputo, a leading Canadian dairy company. The transfer was completed in October following clearance by Australian regulatory authorities. In November, Lion Pty Ltd. concluded a further share transfer agreement with a subsidiary of Mengniu Dairy, a Chinese corporation, for the milk, milk beverages, Yogurt, and fruit juice businesses.

*6 SCM stands for Supply Chain Management, and refers to the efficient construction and management of the supply chain for the procurement of raw materials, production at factories, supply and demand of products, and distribution.

*7 Premium Crafted Adult Beverages means premium beverages intended for adults. Examples include craft spirits, craft coffee, and kombucha.

<Pharmaceuticals Business (Kyowa Kirin Co., Ltd.)>

Consolidated revenue: ¥304.9 billion (up 12.7% compared to the previous fiscal year)

Consolidated normalized operating profit: ¥55.4 billion (up 9.9% compared to the previous fiscal year)



Kyowa Kirin Co., Ltd. has entered a new phase as a "Global Specialty Pharmaceutical Company *8". In order to respond to the expanding globalization of its business, Kyowa Kirin Co., Ltd. proceeded with the roll out of a new global management structure, "One Kyowa Kirin". This structure reorganizes key group functions spread throughout the regions Kyowa Kirin Co., Ltd. operates in (Japan, EMEA *9, North America, and Asia/Oceania) by utilizing a Region vs. Function matrix. In Europe and North America, sales of "Crysvita *10" and "Poteligeo *11" increased significantly. Kyowa Kirin Co., Ltd. also launched a new product, "Nourianz *12", in the United States in October, bringing our count of global strategic products in the United States and Europe to three. In Japan, sales of new products such as "G-Lasta *13" and "Orkedia *14" were strong despite a decrease in sales due to the expiration of patents on longlisted drug products and "NESP *15". Kyowa Kirin Co., Ltd. is also continuing to develop its drug pipeline *16.

- *8 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 field of nephrology, oncology, immunology and allergy, and the central nervous system)".
- *9 EMEA stands for "Europe, the Middle East and Africa".
- *10 Crysvita is used to treat rare genetic diseases that impair bone growth and metabolism. In Japan, it was approved in September for the treatment of rickets and osteomalacia, and went on sale in December under the brand name "CRYSViTA".
- *11 Poteligeo is used to treat certain hematologic cancers. It has already been sold in Japan under the brand name "Poteligeo".
- *12 Nourianz is used to treat Parkinson's disease. It has already been sold in Japan under the brand name "NOURIAST".
- *13 G-Lasta increases the number of a patient's neutrophils, a type of white blood cells.
- *14 Orkedia suppresses the hyperparathyroidism caused by decreased renal function due to kidney disease.
- *15 NESP is used to treat renal anemia caused by decreased renal function due to kidney disease.
- *16 Compounds and antibodies that can be candidates for new drugs.

<Other Businesses>

Revenue composition: 19.0%

Consolidated revenue: ¥368.0 billion (up 1.5% compared to the previous fiscal year)

Consolidated normalized operating profit: ¥27.0 billion (down 0.3% compared to the previous fiscal year)

■ Mercian Co., Ltd.

Mercian Co., Ltd. aimed to improve profitability by focusing on core brands in each wine category. Sales volumes for "Château Mercian" in the Japan Wine category were particularly favorable, up 20% from the previous fiscal year. In September, Mercian Co., Ltd. further strengthened our "Community Engagement" when we opened Mariko Winery in Ueda City, Nagano Prefecture. "Oishii-Sankaboushizai-Mutenka Wine Cidre" a new product aimed at expanding the frontage of the domestic wine market, also performed well. However, even though sales of our core brands were generally strong, the overall sales volume of wine decreased. This was due to a drop in sales volume of Chilean imported wine which is attributable to the recently effected Japan-Europe Economic Partnership Agreement (EPA).



■ Myanmar Brewery Limited

The beer market in Myanmar continues to expand rapidly as Myanmar's sustained economic growth enables more consumers to buy alcohol products more regularly. Notably, overall sales volumes increased 20% year on year, due primarily to the contributions of "Myanmar Beer", a core product which Myanmar Brewery Limited focused its investments into, and "Andaman Gold", our leading brand in the Economy category. Myanmar Brewery Limited has promoted various initiatives with CSV, marketing, and management system as key drivers for growth.



■ Coke Northeast Inc. *17

Following significant business expansions, Coke Northeast Inc. (formerly The Coca Cola Bottling Company of Northern New England, Inc), successfully completed the reorganization of key facilities which it had commenced in 2018. Coke Northeast Inc. also changed its name and renewed its corporate philosophy to integrate the expanded organization. Sales volume increased

due to strong sales of carbonated water products. Restructuring business processes and implementing thorough structural reforms led to cost reductions and improved profitability.

*17 "Coke Northeast" stands for Coca-Cola Beverages Northeast, Inc., which conducts manufacturing and sales business in soft drinks centering on bottling operations for Coca-Cola in the northeastern U.S.

■ Kyowa Hakko Bio Co., Ltd.

In April, the Company acquired a 95% stake in Kyowa Hakko Bio Co., Ltd. from Kyowa Kirin Co., Ltd. in order to maximize the value of Kyowa Hakko Bio Co., Ltd. and to enable Kyowa Kirin Co., Ltd. to focus its management resources on its pharmaceutical business. In the Fine Chemicals business, amino acids for fish feed performed well. On the other hand, overall sales decreased due to a temporary shutdown of the Hofu Plant (renamed Yamaguchi Production Center) in Yamaguchi Prefecture. In the mail-order business, sales of "Citrulline Zn" were strong. Kyowa Hakko Bio Co., Ltd. expanded their product lineup by launching supplements (foods with function claims), and introducing "iMUSE eye L.paracasei KW3110 *18", a new product developed by the Kirin Group.

*18 For the first time in the world, L.paracasei KW3110 has been reported to reduce eyestrain in people who feel eyestrain (Based on information published in PubMed and the Web of JAPAN Medical Abstracts Society, according to a survey by KnowledgeWire Corp. on March 9, 2019.).



In response to recommendations from the U.S. Food and Drug Administration (FDA) in 2018, the Company reviewed and improved its quality assurance systems at the Hofu Plant of Kyowa Hakko Bio Co., Ltd. During the course of this review, it was discovered that certain manufacturing procedures for some products were differed from those used at the time of approval. In September 2019, Kyowa Hakko Bio Co., Ltd. voluntarily stopped manufacturing and shipping certain products and made efforts to confirm their safety. In addition, Kyowa Kirin Co., Ltd. decided to voluntarily recall Mitomycin Injection. 2 mg and 10 mg. In December 2019, Kyowa Hakko Bio Co., Ltd. received an administrative penalty from Yamaguchi Prefecture in Japan.

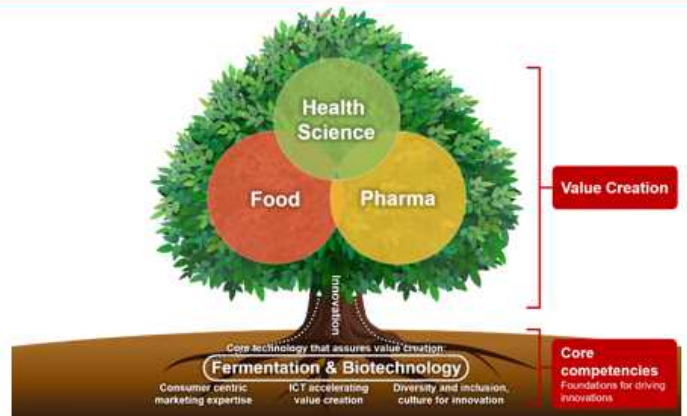
The Kirin Group takes all quality concerns seriously, and promptly assembled an investigative Group committee led by third parties, to objectively and independently scrutinize the facts. The committee submitted a report of their findings for causes and recurrence prevention recommendations to the Company from the objective perspective in January 2020.

Creating Value in Health Science Domain

Since the establishment over a century ago, the Kirin Group has placed fermentation and biotechnology at the core of its research and development. Its major products, such as beer, wine, whiskey, soft drinks, pharmaceuticals and amino acids, are produced based on the fermentation and biotechnology that have been cultivated over the years.

The Kirin Group has also created new values in the Food & Beverages and Pharmaceuticals domains since its establishment and grown with the society.

In the 2019 Medium-term Business Plan, the Kirin Group defined the achievement of growth through the use of strengths of each business in the Food & Beverages domain and Pharmaceuticals domain as well as through the response to needs for healthy life as the "Establishment and fostering of the Health Science domain". We will work together in the areas of the Food & Beverages, Pharmaceuticals, and Health Science domain to create valuable products and services, and change social issues into the growth opportunities.



* Core competence is a company's core strength in providing unique value that other companies cannot offer.



Innovation across Food and Pharma

In fiscal year 2020, "new businesses bridging Pharmaceuticals and Food & Beverages" has been changed to "Health Science domain"

Business alliance with FANCL Corporation

- Kirin and FANCL formed a capital and business alliance in 2019. Kirin acquired shares in FANCL, which were equivalent to approximately 33.0% of the voting rights of FANCL, and made FANCL an equity method affiliate of Kirin.
- FANCL and the Kirin Group do not have overlapping areas of materials and products, as well as customers, sales channels and business operations overseas, whereby two companies can complement each other with their respective strengths. Going forward, the Kirin Group and FANCL will create synergies in wide ranging fields.



FANCL
正直品質。

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 Food & Beverages to Pharmaceuticals			
Outcomes	Creation of economic value (financial targets) and Creation of social value (non-financial targets)			
Strategy framework	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Value creation by solving social issues (health and well-being, community engagement and the environment)</p> </div> <div style="text-align: center;"> <p>Value creation by meeting every consumer's expectations by strengthening the bonds between consumers and the brands</p> </div> <div style="border: 2px solid #f28b82; padding: 5px; text-align: center;"> <p>Corporate Slogan</p> <p>Joy brings us together</p> </div> </div> <div style="display: flex; justify-content: center; margin-top: 10px;"> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr> <td style="padding: 2px;">Organizational capabilities for innovation</td> <td style="padding: 2px;">Consumer centric marketing Diversity and inclusion, culture for innovation</td> <td style="padding: 2px;">Technology creating trusted value ICT accelerating value creation</td> </tr> </table> </div>	Organizational capabilities for innovation	Consumer centric marketing Diversity and inclusion, culture for innovation	Technology creating trusted value ICT accelerating value creation
Organizational capabilities for innovation	Consumer centric marketing Diversity and inclusion, culture for innovation	Technology creating trusted value ICT accelerating value creation		
Values "One KIRIN" Values	"Passion. Integrity. Diversity."			

2019 Medium Term Business Plan — The First Three-year Plan for KV2027—

Basic Policy	Create a foundation for the Kirin Group aimed at achieving new growth	KPIs				
Key Issues	<ol style="list-style-type: none"> 1. <Foundation for growth> Profit growth of existing businesses Food & Beverages: Further strengthen profitability Pharmaceuticals: Achieve outstanding growth 2. <Future growth opportunities> Establish and foster the Health Science domain 3. <Driver of growth> Strengthen organizational capabilities for innovation 	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #003366; color: white; writing-mode: vertical-rl; transform: rotate(180deg);">Financial targets¹</td> <td> Normalized² EPS (earnings per share): CAGR 5%+ ROIC³: Fiscal year 2021 10%+ </td> </tr> <tr> <td style="background-color: #003366; color: white; writing-mode: vertical-rl; transform: rotate(180deg);">Non-financial targets</td> <td> CSV commitment targets Corporate brand value⁴: Fiscal year 2021 2,200 + \$m Employee engagement score: Fiscal year 2021 72%+ </td> </tr> </table>	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 score: Fiscal year 2021 72%+
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Non-financial targets	CSV commitment targets Corporate brand value⁴: Fiscal year 2021 2,200 + \$m Employee engagement score: Fiscal year 2021 72%+					
<p>^{*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.</p> <p>^{*2} Removing other operating income and expenses and other non-recurring items to reflect actual earnings more accurately.</p> <p>^{*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 equity)</p> <p>^{*4} The brand value of KIRIN as evaluated by Interbrand Japan, Inc. in its brand ranking is used for evaluating corporate brand value.</p>						

Kirin's "CSV Purpose" and "CSV Commitment"

- Kirin's "CSV Purpose" is a long-term and non-financial target aimed at achieving KV2027 as well as a guideline to create shared value with society and promote sustainable growth. Our "CSV Purpose" has been formulated with reference to the United Nations Sustainable Development Goals (SDGs).
- The "CSV Commitment" sets activities to be carried out in the medium-to-long term as well as future targets for each Kirin business with the aim of realizing our "CSV Purpose", and is positioned within the 2019 Medium-term Business Plan as a non-financial target.
- The Kirin Group is committed to playing its role as a **responsible alcohol producer** and addressing three key social issues: **"health and well-being"**, **"community engagement"**, and **"the environment"**. By fulfilling these commitments, the Group brings joy to society and contributes to a joyful life for our customers.



CSV Topics for FY2019

Health and well-being

Contributing to health and well-being with "matured hop bitter acids"

The launch of *Kirin KARADA FREE*,¹ which is made using matured hop extract developed over more than 10 years, was met with a favorable reception. The "matured hop bitter acids" in this extract has the effect of reducing body fat. Through innovative R&D, we provide consumers with new value.

¹ A non-alcoholic beer-taste beverage. (food with function claims)



Economic value

Community engagement

Maintenance of Japanese hops production and regional revitalization

The year 2019 marked the 100th anniversary of Kirin's commencing test cultivation of hops in Japan. With the aim of achieving stable procurement of hops and regional revitalization, we are deepening our collaborative efforts with local communities centered on two of Japan's leading hops production areas: Tono City in Iwate Prefecture and Yokote City in Akita Prefecture.

The environment

Initiatives addressing plastics problem

The "Kirin Group Plastic Policy" was formulated with the aim of resolving problems related to plastic waste. In particular, we are working on PET bottles in collaboration with the national government, local communities, and industrial groups to create a system for efficiently collecting and utilizing used PET bottles of good quality. "Kirin Nama-cha Decaf" launched in 2019 is bottled in "R100 PET Bottle" made from 100% recycled PET plastic.

Social value

Role as a responsible alcohol producer

Initiatives for "Slow Drink"

Kirin advocates "Slow Drink"² as a way to enjoy alcohol for the coming age. As a new effort, we have developed advertisements for appropriate drinking etiquette using online video sites and SNS, and short educational programs teaching appropriate drinking etiquette.

² A smart and comfortable drinking style whereby alcohol is enjoyed in moderation at a slow and leisurely pace while chatting and enjoying a meal.



(2) Future challenges

Like most contemporary markets, the markets in which the Kirin Group operates face a mounting number of challenges and changes. Increasingly diversified consumer preferences and price polarization are just two of the material trends observed within the global Food & Beverages domain. Meanwhile, the global Pharmaceutical domain has experienced mounting pressure to reduce drug prices amidst stiffening competition from generic drug suppliers. Stricter controls were also imposed upon alcohol producers by the World Health Organization. In addition, the Kirin Group also faces structural challenges, including a rapidly aging population and declining birth rate. Governments are beginning to impose sugar taxes to reduce obesity levels, and are actively seeking to lower drug prices in an attempt to manage the anticipated increases in medical costs of its super aging population. There are also broader environmental and ecological pressures on businesses and societies as awareness of the impacts of climate change and marine plastics, among other issues, continues to grow. Pressure is also intensifying businesses to be more active in promoting human rights.

The Kirin Group sees opportunities for sustainable business growth within these shared challenges and seeks to realize sustainable growth by working alongside society to resolve these issues. In 2020, we will continue to strengthen the profitability of existing businesses and focus on launching and developing new businesses in order to achieve the Mid-term plan 2019 and the KV 2027.

We will also promote an effective CSV strategy to ensure that each business continues to grow and strengthen its competitiveness. Our commitment to being "A Responsible Alcohol Producer" and to promote the "Health" of consumers are important CSV priorities for the Group. The Company will look to generate new sustainable growth by promoting the new "Health Science business". As for the "Environment", we remain committed to contributing positively to nature and society as a whole. We will revise our "Long-Term Environmental Vision" which currently has four core themes: biological resources, water resources, containers and packaging, and climate change, to create a net positive impact ^{*1}. We will strengthen communication with internal and external stakeholders regarding CSV, create value together, and increase empathy for CSV management.

*1 We intend to go beyond our existing initiatives framework by expanding the scope and increasing the impact our initiatives will have on society at large. Through this revision, we will also aim to build the future together with society, including young people who will lead the future generations.

Results forecast for the next fiscal year

Consolidated revenue
 ¥2,000.0 billion (up 3.0% compared to the previous fiscal year)

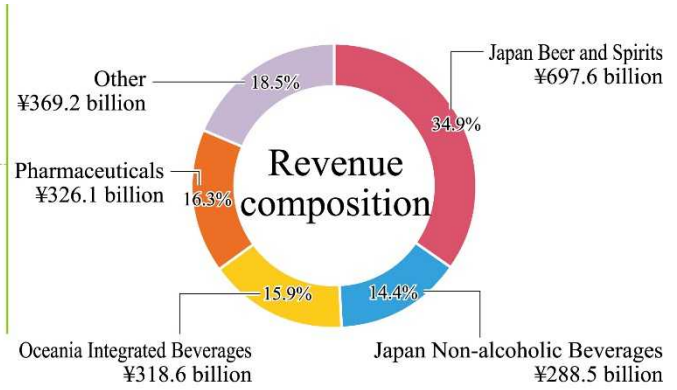
Consolidated normalized operating profit
 ¥191.0 billion (up 0.1% compared to the previous fiscal year)

Consolidated profit before tax
 ¥189.5 billion (up 62.2% compared to the previous fiscal year)

Profit attributable to owners of the Company
 ¥115.5 billion (up 93.7% compared to the previous fiscal year)

Key performance indicators

Financial targets	Normalized EPS
	¥162 (up 2.5% compared to the previous fiscal year)
	ROIC 8.9%



1. Profit growth in existing businesses

In our existing businesses under the "Food & Beverages domain" and "Pharmaceuticals domain", we aim to achieve more sustainable growth by focusing on our core brands and areas where we can leverage our strengths. At the same time, we will work to build a more robust profit base capable of withstanding changes in the external environment. In addition, the Kirin Group will combine its unique R&D and marketing capabilities with strategic investments to generate new value, expand our business domains, and to anticipate the potential needs of customers.

■ "Food & Beverages domain": Further strengthen profitability

In terms of the domestic Alcoholic beverages market, though the beer market continues to gradually recede, the RTD market is steadily expanding. Furthermore, we anticipate staged revisions to the Liquor Tax ^{*2} as early as October 2020. In response to these shifting market conditions, and to emerge from the competition for homogenization, Kirin Brewery Co., Ltd. will focus its attention on core brands capable of enduring the next decade. Specifically, Kirin Brewery Co., Ltd. will develop core product brands such as "Kirin ICHIBAN" and "Honkirin" through a range of targeted marketing activities and by encouraging closer collaboration between our sales teams and head office personnel. To ensure more future growth, Kirin Brewery Co., Ltd. will continue investing time and attention to the expansion of craft beer and continue developing innovative products and services that anticipate evolving customer demands. As we expect raw material and distribution costs to rise, we will seek to reduce SCM costs by establishing production and distribution systems that are more optimal for the entire company.

Mercian Corporation is also working to revitalize the domestic wine market by reforming its earnings structure and expanding its frontage. The "Château Mercian" wine brand is taking advantage of its growing engagement with customers at three wineries, which are still uncommon in Japan. This firmly establishes its position as a representative brand in Japan Wine.

Growth in the domestic non-alcoholic beverages market remained stable, and consideration for health and environmental factors are growing increasingly important. Against this backdrop, Kirin Beverage Company, Limited aims to "Generate profit based on growth centered on CSV Practice". Kirin Beverage Company, Limited will focus its investment on its core brands "Kirin Gogo-no-Kocha" and "Kirin Nama-cha" to make its existing brand portfolio more robust. Kirin Beverage Company, Limited will also continue to encourage growth in its health and well-being business by expanding on its range of sugar-free and low-sugar non-alcoholic beverages, as well as products containing beneficial ingredients such as the Kirin Group's original ingredient "Lactococcus lactis strain Plasma ^{*3}", and foods with function claims. The Kirin Beverage Company, Limited is also employing longer-term thinking and will restructure its SCM system and strengthen its environmental measures, particularly in respect of unrecycled plastic containers. Kirin Beverage Company, Limited intends to promptly respond to these issues by coordinating with the production division to establish a new distribution base and a PET bottle recycling system.

In the Oceania market, Lion Pty Ltd is faced with the challenge of responding to changes in customer preferences, intensifying competition in recent years, and tighter regulations that have led to increases in costs, including but not limited to, the container guarantee deposit system. Lion Pty Ltd aims to achieve brand growth by redoubling efforts to better understand customer demands. Lion Pty Ltd will promote cost structure reforms through improving its operational efficiency,

utilizing more digital technologies, and minimizing the impact of increased costs associated with brand development investments and the introduction of ERP *4 systems in Australia. In addition, Lion Pty Ltd will take a core role for the Kirin Group in establishing a new pillar for sustainable growth by promoting the Group's craft beer strategy on global basis.

The beer market in Myanmar is growing increasingly competitive with the introduction of new players. Myanmar Brewery Limited intends to respond flexibly to changes and capture fast-growing demand by focusing on its core "Myanmar Beer" branded products and the "Andaman Gold" brand in the booming "Economy" category, as well as by taking advantage of its much improved SCM function, and adopting sophisticated marketing methods.

Coca-Cola Beverages Northeast, Inc., based in northeastern U.S., will improve profitability by: increasing unit prices, particularly in non-alcoholic carbonated beverages; increasing operational efficiency; and reducing costs. Coca-Cola Beverages Northeast, Inc. will continue efforts to establish unity under its new brand and name to optimize integration across the legacy and recently acquired human resources and facilities.

- *2 In order to unify the liquor tax on beer (beer, happoshu, new genre) and the liquor tax on sake, wine, and RTD, it is anticipated that the liquor tax will be revised in stages in 2020, 2023, and 2026.
- *3 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.
- *4 Enterprise Resources Planning (enterprise resource planning). A concept and system for improving management efficiency by integrating key information such as sales, production, personnel, and accounting.

■ "Pharmaceuticals domain" — Dramatic Growth

Drug price revisions and generic drug launches in Japan continue to pose risks to our Pharmaceutical business. To counter these risks, Kyowa Kirin Company, Limited seeks to expand sales for its three global strategic products, "Crysvita", "Poteligeo", and "Nourianz", as pillars for growth. Kyowa Kirin Company, Limited will also promote the development of more global product candidates and its drug pipeline. Kyowa Kirin Company, Limited will continue to explore ways to further strengthen and stabilize its global supply system. Internally, the company intends to establish the new "One Kyowa Kirin" system, and foster a corporate culture tailored to nurturing a growing "Global Specialty Pharmaceutical Company".

2. Establishment and development of "Health Science business"

Japan has long been among the top countries in the world when it comes to longest life expectancy. While this is a positive title to hold, when combined with the rapidly aging population and declining birthrate trends, new challenges and opportunities will continue to present themselves for Japanese society and businesses. Within this context, the Kirin Group anticipates that curbing medical spending, and promoting health independence of individuals will be major societal priorities going forward, and not only in Japan. Accordingly, the Kirin Group recognizes health and wellbeing as a core aspect of our CSV strategy. The Kirin Group believes that, by refining its fermentation and

biotechnology expertise and knowledge resources, two of the core competencies from which the Kirin Group is built, it can provide unique solutions to resolve some of these social issues. To help address health related social issues, the Kirin Group will leverage resources across our Food & Beverage and Pharmaceutical domains, to offer new types of products and services across the spectrum of foods and medicines. The Company believes that nurturing this space between our previously standalone core businesses offers keys to new growth which will greatly improve the sustainability of the Kirin Group.

As a first step to growing and expanding our existing business models, the Kirin Group will collaborate with FANCL CORPORATION to share infrastructure and promote product development. Both the Kirin Group and FANCL CORPORATION seek to enhance corporate value by providing products and services that resolve daily problems and afflictions of customers. Using the Kirin Group's assets of highly functional amino acids and functional materials related to immunity systems, brain functions, and intestinal environments, the Company will develop products and services that respond to "unmet customer needs" centered on "Health".

In order to generate new business, the Company will venture into personalized healthcare^{*5}. In February 2020, FANCL CORPORATION launched its personalized supplement platform, "Personal ONE", a promising new innovation which FANCL CORPORATION intends to promote. Meanwhile, the Company will strive to establish a personalized welfare platform business centered around Thorne Corporation, an equity method affiliate based in the United States, targeting gut health and lifestyle diseases.

*5 To provide individual solutions to health problems by providing customized products and services tailored to each individual's concerns.

3. Strengthening Organizational capabilities for innovation

In 2020, the Company will define key themes for the Group before seeking to invest intensively to strengthen its organizational capabilities.

In particular, the Company is determined to improve management efficiency and strengthen our competitiveness by utilizing the latest ICT^{*6}. By promoting Digital Transformation (DX)^{*7} across our entire business, regardless of existing or new businesses, the Company will reduce costs, increase value, and transform its business model. In addition, by introducing the ERP system into its Alcoholic beverages and Non-alcoholic beverages operations in Japan, the Company will work to standardize operations and improve labor productivity. At the same time, the Company will be able to actively utilize information derived from the ERP system to encourage more assertive management.

Furthermore, for the creation of value and innovation, the Company will focus on cultivating an organizational culture that celebrates diverse human resources and perspectives. To achieve this, the Company will establish a system to produce human resources for group management and promote human resource management for cultivation of human resource. The Company will strengthen organizational capabilities by promoting the recruitment and engagement of experienced personnel with abundant knowledge and expertise.

*6 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.

- *7 To make better changes in people's lives through the penetration of advanced digital technologies.

Finally, the Kirin Group is taking the discovery of improper manufacturing and quality control at the Hofu Plant of Kyowa Hakko Bio Co., Ltd. seriously. Based on the report of the Group Research Committee submitted in January 2020, the Kirin Group will make fundamental updates to its organizational culture to ensure better transparency and soundness, and work to bolster the manufacturing control and quality assurance systems of Kyowa Kirin Co., Ltd. and Kyowa Hakko Bio Co., Ltd.

We look forward to your continued understanding and support.

(3) Assets and income

Item	Japanese GAAP
	178 th term (FY2016)
Sales	¥2,075,070 million
Operating income	¥141,889 million
Ordinary income	¥140,676 million
Net income attributable to owners of the Company	¥118,158 million
Net income per share	¥129.49
Net assets	¥946,083 million
Net assets per share	¥745.92
Total assets	¥2,348,166 million

Item	International Financial Reporting Standards (IFRS)			
	178 th term (FY2016)	179 th term (FY2017)	180 th term (FY2018)	181 st term (FY2019)
Revenue	¥1,853,937 million	¥1,863,730 million	¥1,930,522 million	¥1,941,305 million
Normalized operating profit	¥181,982 million	¥194,609 million	¥199,327 million	¥190,754 million
Profit before tax	¥208,151 million	¥233,711 million	¥246,852 million	¥116,823 million
Profit attributable to owners of the Company	¥148,918 million	¥241,991 million	¥164,202 million	¥59,642 million
Basic earnings per share	¥163.19	¥265.17	¥183.57	¥68.00
Total equity	¥948,924 million	¥1,218,473 million	¥1,191,418 million	¥1,146,825 million
Equity per share attributable to owners of the Company	¥762.57	¥1,037.87	¥1,032.55	¥1,043.57
Total assets	¥2,422,825 million	¥2,398,572 million	¥2,303,624 million	¥2,412,874 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 per share and net assets per share) are indicated by omitting fractions.
 3. The Company has retroactively adjusted the tax effects on intangible assets acquired through business combination in the 178th, 179th and 180th terms due to a change in accounting policy in the 181st term.

(4) Plant and equipment investment

Consolidated plant and equipment investment for this fiscal year amounted to ¥62.6 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 ¥530.9 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 ¥70.0 billion.

(6) Description of the major businesses

The Kirin Group's major businesses are the production and sale of alcoholic beverages including beer, happo-shu, new genre, wine, western spirits, etc. and non-alcoholic beverages, pharmaceuticals and health food products, and other products. Major products by business division are as described on Page 37 to 39 of 「(1)Progress and Results of Business」 .

(7) Significant subsidiaries, etc.

1) Significant subsidiaries

Business division	Company name	Location	Capital	Ratio of shareholding	Description of major businesses
Japan Beer and Spirits	Kirin Brewery Company, Limited	Nakano-ku, Tokyo	¥30,000 million	100%	Production and sale of alcoholic beverages
Japan Non-alcoholic Beverage	Kirin Beverage Company, Limited	Chiyoda-ku, Tokyo	¥8,417 million	100%	Production and sale of non-alcoholic beverages

Business division	Company name	Location	Capital	Ratio of shareholding	Description of major businesses
Oceania Integrated Beverage	Lion Pty Limited	New South Wales, Australia	A\$7,531 million	100%	Management of alcoholic beverages and non-alcoholic beverages business in Oceania
Pharmaceuticals	Kyowa Kirin Company, Limited	Chiyoda-ku, Tokyo	¥26,745 million	53.5%	Production and sale of prescription medicine
Others	Mercian Corporation	Nakano-ku, Tokyo	¥3,000 million	100%	Import, production and sale of alcoholic beverages
	Kyowa Hakko Bio Company, Limited	Chiyoda-ku, Tokyo	¥10,000 million	100% (5%)	Production and sale of pharmaceutical materials, various amino acids, health food products
	Myanmar Brewery Limited	Yangon, Myanmar	K16,207 million	51.0% (51.0%)	Production and sale of beer
	Coca-Cola Beverages Northeast, Inc.	New Hampshire, U.S.	U.S. \$930 thousand	100%	Production and sale of non-alcoholic beverages

- (Notes) 1. The number in brackets of the ratio of shareholding means indirect holdings ratio.
2. Kyowa Kirin Company, Limited changed its trade name from Kyowa Hakko Kirin Company, Limited, effective July 1, 2019.
3. Coca-Cola Beverages Northeast, Inc. changed its trade name from The Coca-Cola Bottling Company of Northern New England, Inc. effective Oct 1, 2019.

2) Significant affiliated companies

Business division	Company name	Location	Capital	Ratio of shareholding	Description of major businesses
Others	FANCL CORPORATION	Yokohama	¥10,795 million	30.3%	Production and sale of cosmetics and health food products
	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

Laboratories: 6 Laboratories including Brewing Technology Laboratory (Yokohama)

2) Subsidiaries

Business division	Company name	Major centers		
Japan Beer and Spirits	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)	
Japan Non-alcoholic Beverage	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)	
Oceania Integrated Beverage	Lion Pty Limited	Head Office	New South Wales, Australia	
Pharmaceuticals	Kyowa 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)	
Others	Mercian Corporation	Head Office	Nakano-ku, Tokyo	
		Branch Offices	9 Branches including Metropolitan Regional Sales & Marketing Branch (Chuo-ku, Tokyo)	
		Plants	5 Plants including Fujisawa Plant (Fujisawa)	
	Kyowa Hakko Bio Company, Limited	Head Office	Chiyoda-ku, Tokyo	
		Branch Offices	Tokyo Branch (Chuo-ku, Tokyo), Osaka Branch (Osaka)	
		Plants	Yamaguchi Production Center (Hofu), Healthcare Plant (Ami-machi, Inashiki-gun, Ibaraki)	
		Laboratories	Research & Innovation Center (Tsukuba), Technical Research Laboratory (Hofu)	
	Myanmar Brewery Limited		Head Office	Yangon, Myanmar

Business division	Company name	Major centers	
	Coca-Cola Beverages Northeast, Inc.	Head Office	New Hampshire, U.S.

(9) Employees

Business division	Number of employees (persons)
Japan Beer and Spirits	4,494
Japan Non-alcoholic Beverage	3,660
Oceania Integrated Beverage	5,181
Pharmaceuticals	5,267
Others	11,068
Administration	1,370
Total	31,040

- (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 April 2019, the Company acquired 95.0% (95 shares) of the outstanding shares of Kyowa Hakko Bio Company, Limited.
- 2) In September 2019, the Company acquired 30.3% (39,540,400 shares) of the outstanding shares of FANCL CORPORATION.
- 3) In October 2019, Lion Dairy & Drinks Pty Ltd, a subsidiary of Lion Pty Ltd, transferred the Specialty Cheese business to Saputo Dairy Australia.

(11) Major lenders and the amount of loans

Lender	Outstanding amount of loan
Syndicated loans	¥88,694 million
MUFG Bank, Ltd.	¥56,958 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 November 2019, Kirin Foods Australia Holdings Pty, a subsidiary of Lion Pty Limited, has concluded a share transfer agreement to transfer all of its shares in Lion Dairy & Drinks Pty Ltd to Monday Smoothie Pty Ltd, an Australian subsidiary of China Mengniu Dairy Limited.

2. Shares

(1) Authorized shares

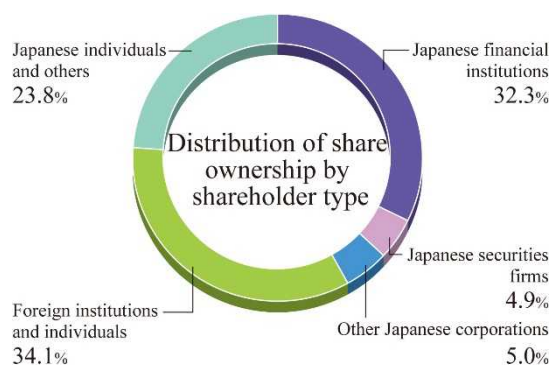
1,732,026,000 shares

(2) Outstanding shares

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

(3) Number of shareholders

172,944 persons
(Increased by 9,958 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)	70,098	8.0
Japan Trustee Services Bank, Ltd. (Trust account)	43,446	5.0
JP MORGAN CHASE BANK 380055	34,786	4.0
Meiji Yasuda Life Insurance Company	32,996	3.7
Japan Trustee Services Bank, Ltd. (Trust account 5)	17,267	1.9
Japan Trustee Services Bank, Ltd. (Trust account 4)	17,022	1.9
Japan Trustee Services Bank, Ltd. (Trust account 7)	16,616	1.9
JP MORGAN CHASE BANK 385632	16,417	1.8
SSBTC CLIENT OMNIBUS ACCOUNT	15,108	1.7
STATE STREET BANK AND TRUST COMPANY 505001	13,414	1.5

- (Notes) 1. The Company holds 45,271,000 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	–	
Representative Director Senior Executive Vice President	Keisuke Nishimura	Responsible for Business Alliance and Investment Strategy; Overseas Business; Global Craft Beer Strategy	Director, Lion Pty Limited Director, San Miguel Brewery Inc. Director, China Resources Kirin Beverages (Greater China) Company, Limited Director & Vice Chairman, Myanmar Brewery Limited
Director of the Board, Senior Executive Officer	Toshiya Miyoshi	Responsible for Personnel & General Affairs Strategy	Director of the Board, Kirin Brewery Company, Limited Director, San Miguel Brewery Inc.
Director of the Board, Senior Executive Officer	Noriya Yokota	Responsible for Financial Strategy; IR Strategy; IT Strategy; Business Process Re-engineering	Director, Kyowa Kirin Co., Ltd. Director, Kirin Business System Company, Limited
Director of the Board*, Senior Executive Officer	Noriaki Kobayashi	Responsible for R&D Strategy; Quality Assurance; Health Strategy	Director, Kyowa Hakko Bio Co., Ltd.
Director of the Board	Shoshi Arakawa	Chairman of the Nomination & Remuneration Advisory Committee	Outside Audit & Supervisory Board Member, Nikkei Inc.
Director of the Board	Katsunori Nagayasu	–	Senior Advisor, MUFG Bank, Ltd.

Title	Name	Responsibilities	Significant positions concurrently held at other companies and organizations
Director of the Board*	Masakatsu Mori	Chairman of the Board	Senior Advisor, International University of Japan Outside Director, STANLEY ELECTRIC CO., LTD. Outside Director, YAMATO HOLDINGS CO., LTD.
Director of the Board*	Hiroyuki Yanagi	-	Chairman and Representative Director, Yamaha Motor Co., Ltd. Outside Director, AGC Inc.
Standing Audit & Supervisory Board Member	Akihiro Ito	-	Audit & Supervisory Board Member, Kyowa Hakko Bio Co., Ltd.
Standing Audit & Supervisory Board Member*	Keiji Kuwata	-	Audit & Supervisory Board Member, Kyowa Kirin 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 Outside Independent Director, Hitachi Chemical Company, Ltd. Outside Independent Director, Foster Electric Company, Limited External Director, SATO HOLDINGS CORPORATION

Title	Name	Responsibilities	Significant positions concurrently held at other companies and organizations
Audit & Supervisory Board Member	Nobuo Nakata	—	Representative Partner, Hibiya-Nakata Outside Audit & Supervisory Board Member, NEC Corporation
Audit & Supervisory Board Member*	Yoshiko Ando	—	Outside Director, Sansei Technologies, Inc.

- (Notes)
1. Director of the Board and Audit & Supervisory Board Member marked with an asterisk (*) newly assumed office as of March 28, 2019.
 2. Mr. Shoshi Arakawa, Mr. Katsunori Nagayasu, Mr. Masakatsu Mori and Mr. Hiroyuki Yanagi are Non-executive Directors.
 3. Ms. Chieko Matsuda, Mr. Nobuo Nakata and Ms. Yoshiko Ando are 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. 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.
 6. 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.
 7. Directors of the Board Mr. Shoshi Arakawa, Mr. Masakatsu Mori and Mr. Hiroyuki Yanagi, and Audit & Supervisory Board Members Ms. Chieko Matsuda, Mr. Nobuo Nakata and Ms. Yoshiko Ando are independent officers as required by the provisions that Tokyo Stock Exchange, Inc., etc. prescribed.
 8. Director of the Board and Audit & Supervisory Board Members listed below resigned as of March 28, 2019.

Director of the Board	Mr. Yasuyuki Ishii
Director of the Board	Mr. Toshio Arima
Director of the Board	Ms. Kimie Iwata
Standing Audit & Supervisory Board Member	Mr. Motoyasu Ishihara
Audit & Supervisory Board Member	Mr. Masakatsu Mori

9. The Company adopts an executive officer based system. Senior Executive Vice President and Senior Executive Officers who are not concurrently assuming the position of Director of the Board are as follows.

Title	Name	Responsibilities, etc.
Senior Executive Vice President	Hiroshi Ogawa	PR Strategy Risk Management Legal Director of the Board, Kirin Brewery Company, Limited
Senior Executive Officer	Ryosuke Mizouchi	CSV Strategy Digital Strategy North America Beer Business Director, Lion Pty Limited Director, Coca-Cola Beverages Northeast, Inc.
Senior Executive Officer	Toru Yoshimura	General Manager of Corporate Strategy Department Director, Kirin Beverage Company, Limited
Senior Executive Officer	Junko Tsuboi	Marketing Strategy Brand Strategy General Manager of Strategic Branding Department
Senior Executive Officer	Masao Maehara	SCM (Production, Logistics and Procurement) Strategy Director, Kirin Beverage Company, Limited
Senior Executive Officer	Takayuki Fuse	President and CEO, Kirin Brewery Company, Limited
Senior Executive Officer	Hideki Horiguchi	President and CEO, Kirin Beverage 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					
		Fixed Remuneration		Performance-Linked Remuneration			
		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 Non-executive Directors)	509	247	6	177	5	85	5
Audit & Supervisory Board Members (excluding Non-standing Audit & Supervisory Board Members)	71	71	3	—	—	—	—
Outside Officers	Non-executive Directors	58	58	6	—	—	—
	Audit & Supervisory Board Members	43	43	4	—	—	—
Total	682	419	19	177	5	85	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 three (3) Director of the Board and two (2) Audit & Supervisory Board Members who resigned from office as of March 28, 2019.
2. Director of the Board Mr. Masakatsu Mori assumed office as Director of the Board after he resigned from Audit & Supervisory Board Member as of March 28, 2019. For the number of persons and the amount, he was included in Non-standing Audit & Supervisory Board Members during his term of office as Audit & Supervisory Board Member and in Non-executive Directors of the Board during his term of office as Director.
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 Non-executive 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 Non-executive Directors as Restricted Stock Compensation in this fiscal year, is the amount calculated by multiplying the number of granted shares by the percentage of shares for which the restriction is lifted for cases where Eligible Directors have maintained certain positions at the Company during the Restriction Period and the amount to be paid per share for the relevant shares.

2) Remuneration policies, etc.

Basic policy on remuneration for officers

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

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

Composition of remuneration and mechanism for linkage to performance

The composition of remuneration and mechanism for linkage to performance for officers for the current fiscal year are as follows. The Company plans to abolish restricted stock compensation system and introduce a trust-type stock-based remuneration system on condition that Proposal No. 4 is approved as originally proposed in Ordinary General Meeting of Shareholders.

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 normalized EPS and ROIC, 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). 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.

- * Non-executive 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, Non-executive 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 Non-executive Directors constitute a majority and an Non-executive 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 (Provided that performance evaluation and payment amount of bonuses for each Director are entirely left to the President & Chief Executive Officer), 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 Non-executive Directors and Non-standing Audit & Supervisory Board Members during this fiscal year

Title	Name	Attendance at Board Meetings	Attendance at Audit & Supervisory Board Meetings	Statements contribution
Director of the Board	Shoshi Arakawa	15 times of 15 meetings	—	He managed the Nomination & Remuneration Advisory Committee as Chairman, and he made instructive statements based on his wealth of experience and broad perspective as a corporate management executive.
	Katsunori Nagayasu	10 times of 15 meetings	—	He made instructive statements based on his wealth of experience and broad perspective as a bank management executive.
	Masakatsu Mori	12 times of 12 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 management executive of a consulting firm.

	Hiroyuki Yanagi	12 times of 12 meetings	—	He made instructive statements based on his wealth of experience and broad perspective as a corporate management executive.
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Title	Name	Attendance at Board Meetings	Attendance at Audit & Supervisory Board Meetings	Statements contribution
Audit & Supervisory Board Member	Chieko Matsuda	14 times of 15 meetings	15 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	15 times of 15 meetings	16 times of 16 meetings	He made instructive statements based on his expertise as well as wealth of experience and broad perspective in corporate legal affairs as an attorney.
	Yoshiko Ando	12 times of 12 meetings	12 times of 12 meetings	She made instructive statements based on her wealth of experience and broad perspective as an administrative officer.

- (Notes) 1. As for the attendance at the Board Meetings of Director of the Board Mr. Masakatsu Mori, the Board Meetings applicable to him are only those held on and after March 28, 2019, the date of his assumption of office. He attended all of three Board Meetings and all of four Audit & Supervisory Board Meetings as Audit & Supervisory Board Member, which were held prior to his resignation from the position of Audit & Supervisory Board Member as of the aforementioned date.
2. As for the attendance at the Board Meetings of Director of the Board Mr. Hiroyuki Yanagi, the Board Meetings applicable to him are only those held on and after March 28, 2019, the date of his assumption of office.
3. As for the attendance at the Board Meetings and the attendance at Audit & Supervisory Board Meetings of Audit & Supervisory Board Member Ms. Yoshiko Ando, the Board Meetings and Audit & Supervisory Board Meetings applicable to her are only those held on and after March 28, 2019, the date of her 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	¥143 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	¥510 million

- (Notes) 1. The Company's Audit & Supervisory Board has made the agreement mentioned in Article 399, Paragraph 1 of the Japanese Companies Act regarding remuneration to the Accounting Auditor. In agreeing to such remuneration, the Company's Audit & Supervisory Board has, in light of the "Guidance on Cooperation with Accounting Auditor" announced by the Japan Audit & Supervisory Board Members Association, deliberated the adequacy of the scheduled audit hours and amount of remuneration proposed for this fiscal year, by comparing the audit plans and the performance of the Accounting Auditor for the previous fiscal year and by confirming the progression of the hours of audits and the amount of remunerations.
2. The audit agreement between the Accounting Auditor and the Company does not separately stipulate audit remuneration for audit under the Japanese Companies Act or audit under the Financial Instruments and Exchange Act. Furthermore, such remuneration is practically indivisible. Hence, the remuneration referred to at 1) above does not separate these two payments.
3. The Company pays the Accounting Auditor for services including support regarding Internal Control Report System (J-SOX), which are beyond the scope of operations stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit operations).
4. Among the significant subsidiaries of the Company, the financial statements of Lion Pty Ltd., Myanmar Brewery Limited and Coca-Cola Beverages Northeast, 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.

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

(Reference)

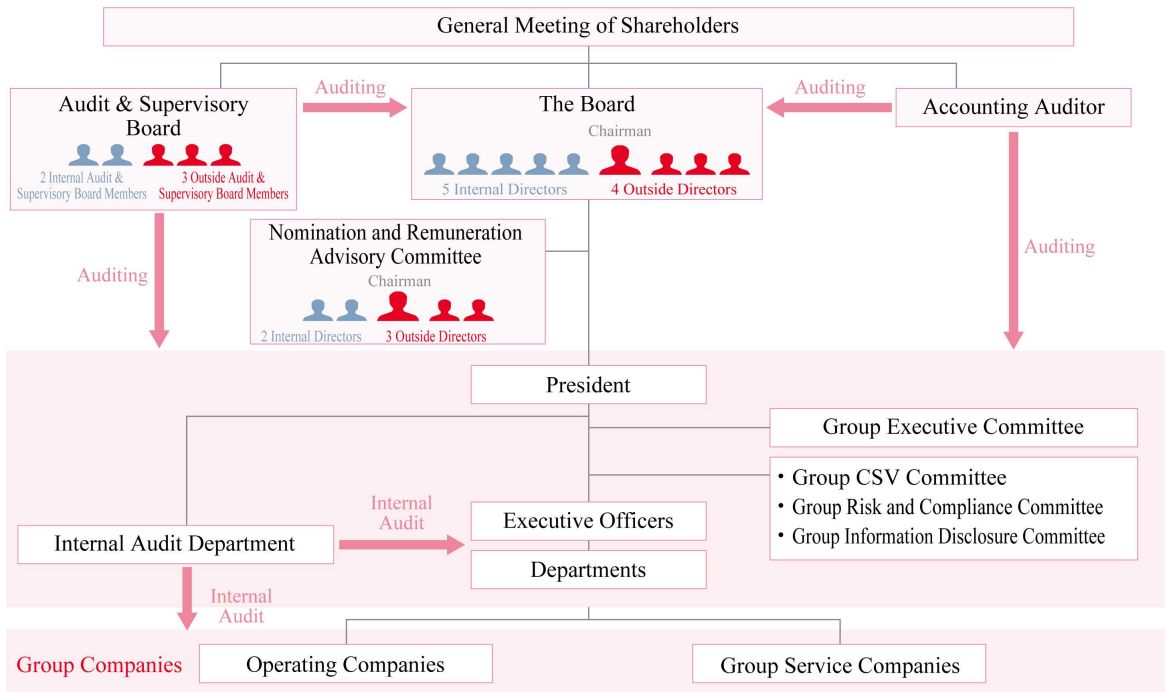
Corporate Governance System

(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 recognizes that achieving "2027 Vision" in Long-Term Management Vision "Kirin Group Vision 2027" will lead to sustainable growth for the Group and improvement of Corporate value over the medium- to long-term, and also develops a corporate governance system that is capable of effectively and efficiently achieving this goal.

The Kirin Group recognizes that collaboration with Group's stakeholders is essential to realize "2027 Vision" based on the Kirin Group's corporate philosophy and management principles, and respect each stakeholder's position. The Kirin Group will promptly disclose information to shareholder and investors based on transparency, fairness and continuity, and will actively engage in constructive dialogue with shareholders and investors to fulfill the accountability in good faith.

<Corporate Governance Structure>



(2) Composition of the Board

Taking into account the knowledge, experience, skills and discernment that are necessary for turning the 2027 Vision into a reality, the Board of the Company is composed of the appropriate number of members, ensuring overall balance and diversity. One-third or more of the appointed directors are independent directors 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 non-executive (outside) directors and a non-executive director serves as Chairman.

The Board of the Company has established the Nomination & Remuneration Advisory Committee composed of a majority of non-executive directors as a voluntarily-established body. Currently the Committee is composed of two internal directors and three non-executive directors and a non-executive 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 among others 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 following 8 evaluation criteria: (1) 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; (7) Composition and operation of the Board; and (8) Strengthening points to improve the effectiveness of the Board. The evaluation results indicated that the Board was functioning properly overall and that the effectiveness of the Board was ensured generally.

While recognizing the importance of efforts regarding ESG (Environment, Society and Governance), such as SDGs, 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 through (1) discussions on the “Composition and operation of the Board”; (2) discussions on the “Disseminating and infiltration of wholesome company ethics”; (3) discussions on the “Risk management”; (4) discussions on the “Non-financial target, such as CSV commitment”; and (5) discussions on the “Functional strategies required to implement the overall company strategy.”

For the details of corporate governance of the Company, please refer to the following “Corporate Governance Policy.”

https://www.kirinholdings.co.jp/irinfo/governance/pdf/governance_policy.pdf

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(At December 31, 2019)

(¥ millions)

<u>ASSETS</u>	
Non-current assets	
Property, plant and equipment	561,253
Goodwill	233,899
Intangible assets	168,905
Equity-accounted investees	384,756
Other financial assets	139,018
Other non-current assets	18,248
Deferred tax assets	94,656
Total non-current assets	1,600,735
Current assets	
Inventories	219,200
Trade and other receivables	395,656
Other financial assets	7,441
Other current assets	24,171
Cash and cash equivalents	165,671
Total current assets	812,139
Total assets	2,412,874

<u>EQUITY</u>	
Share capital	102,046
Share premium	24,853
Retained earnings	958,292
Treasury shares	(124,999)
Reserves	(53,615)
Equity attributable to owners of the Company	<u>906,576</u>
Non-controlling interests	240,249
Total equity	1,146,825
<u>LIABILITIES</u>	
Non-current liabilities	
Bonds and borrowings	291,207
Other financial liabilities	141,058
Defined benefit liability	65,274
Provisions	4,816
Other non-current liabilities	5,538
Deferred tax liabilities	<u>20,786</u>
Total non-current liabilities	528,679
Current liabilities	
Bonds and borrowings	239,644
Trade and other payables	231,051
Other financial liabilities	64,658
Current tax liabilities	23,497
Provisions	5,690
Other current liabilities	<u>172,831</u>
Total current liabilities	737,370
Total liabilities	1,266,049
Total equity and liabilities	2,412,874

*Amounts are rounded to the nearest ¥1 million.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(From January 1, 2019 to December 31, 2019)

(¥ millions)

Revenue	1,941,305
Cost of sales	1,093,743
Gross profit	847,561
Selling, general and administrative expenses	656,807
Other operating income	6,626
Other operating expenses	109,654
Operating profit	87,727
Finance income	4,822
Finance costs	9,448
Share of profit of equity-accounted investees	33,722
Profit before tax	116,823
Income tax expense	35,385
Profit	81,438
Profit attributable to:	
Owners of the Company	59,642
Non-controlling interests	21,796
Profit	81,438

*Amounts are rounded to the nearest ¥1 million.

BALANCE SHEET

(At December 31, 2019)

<u>ASSETS</u>	(¥ millions)
Current assets	<u>220,434</u>
Cash and time deposits	4,239
Short-term loans receivable	188,158
Other	28,036
Non-current assets	<u>1,724,901</u>
Property, plant and equipment	<u>16,687</u>
Buildings	4,900
Structures	88
Machinery and equipment	1,590
Vehicles	1
Tools, furniture and fixtures	2,606
Land	3,307
Leased assets	3,249
Construction in progress	947
Intangible assets	<u>35,542</u>
Software	6,476
Leased assets	3,971
Software in progress	24,895
Other	200
Investments and other assets	<u>1,672,673</u>
Investment securities	17,836
Shares of subsidiaries and affiliates	1,624,553
Deferred tax assets	21,895
Other	9,261
Allowance for doubtful accounts	(872)
<hr/>	
Total assets	1,945,335
<hr/>	

LIABILITIES

Current liabilities	<u>586,565</u>
Short-term loans payable and long-term debt with current maturities	419,999
Commercial paper	127,000
Bonds due within one year	20,000
Lease liabilities	2,216
Non-trade accounts payable	10,903
Accrued expenses	1,874
Income taxes payable	995
Allowance for employees' bonuses	1,884
Allowance for bonuses for directors and corporate auditors	170
Other	1,523
Non-current liabilities	<u>317,058</u>
Bonds	150,000
Long-term debt	147,135
Lease liabilities	6,062
Employees' pension and retirement benefits	10,989
Other	2,872
Total liabilities	<u>903,623</u>

NET ASSETS

Shareholders' equity	<u>1,035,821</u>
Common stock	102,046
Capital surplus	<u>81,478</u>
Additional paid-in capital	81,412
Other capital surplus	65
Retained earnings	<u>977,090</u>
Legal reserve	25,511
Other retained earnings	951,579
Reserve for deferred gain on sale of property	168
General reserve	506,368
Retained earnings carried forward	445,043
Treasury shares	(124,793)
Valuation and translation adjustments	<u>5,891</u>
Net unrealized gains on securities	5,891
Total net assets	<u>1,041,712</u>
Total liabilities and net assets	<u>1,945,335</u>

*Amounts are rounded to the nearest ¥1 million.

STATEMENT OF INCOME

(From January 1, 2019 to December 31, 2019)

(¥ millions)

Operating revenue		
Group management revenue	51,209	
Dividend revenue from subsidiaries and affiliates	84,633	
Other	2,787	138,629
Operating expenses		
General and administrative expenses	58,576	
Other	210	58,786
Operating income		79,843
Non-operating income		
Interest and dividend income	3,203	
Other	920	4,124
Non-operating expenses		
Interest expense	4,834	
Other	1,466	6,301
Ordinary income		77,666
Special income		
Gain on sale of property, plant and equipment and intangible assets	1,901	
Gain on sale of investment securities	19,858	
Gain on extinguishment of tie-in shares	58,526	80,285
Special expenses		
Loss on sale and disposal of property, plant and equipment and intangible assets	316	
Early retirement related expenses	737	
Other	764	1,818
Income before income taxes		156,133
Income taxes – current		(1,372)
Income taxes – deferred		10,279
Net income		147,226

* Amounts are rounded to the nearest ¥1 million.

Independent Auditor's Report

February 13, 2020

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, 2019 and for the year from January 1, 2019 to December 31, 2019 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 misstatement, 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 judgment, 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, 2020

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, 2019 and for the year from January 1, 2019 to December 31, 2019 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.

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 181st business year from January 1, 2019, to December 31, 2019, 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.

As stated in the Business Report, it was discovered that improper manufacturing and quality control were conducted at the Company's consolidated subsidiary. We confirmed that the subsidiary is improving its manufacturing control and quality assurance system based on the report of the Group Investigation Committee, which consists of outside experts, and that the Company is also making efforts to strengthen its group governance system in order to prevent the recurrence of similar incidents. Audit and Supervisory Board will continue to monitor the effectiveness of these initiatives.

- (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, 2020

Audit & Supervisory Board
Kirin Holdings Company, Limited

Keiji Kuwata (Seal)
Standing Audit & Supervisory Board Member

Akihiro Ito (Seal)
Standing Audit & Supervisory Board Member

Chieko Matsuda (Seal)
Audit & Supervisory Board Member

Nobuo Nakata (Seal)
Audit & Supervisory Board Member

Yoshiko Ando (Seal)
Audit & Supervisory Board Member

- END -