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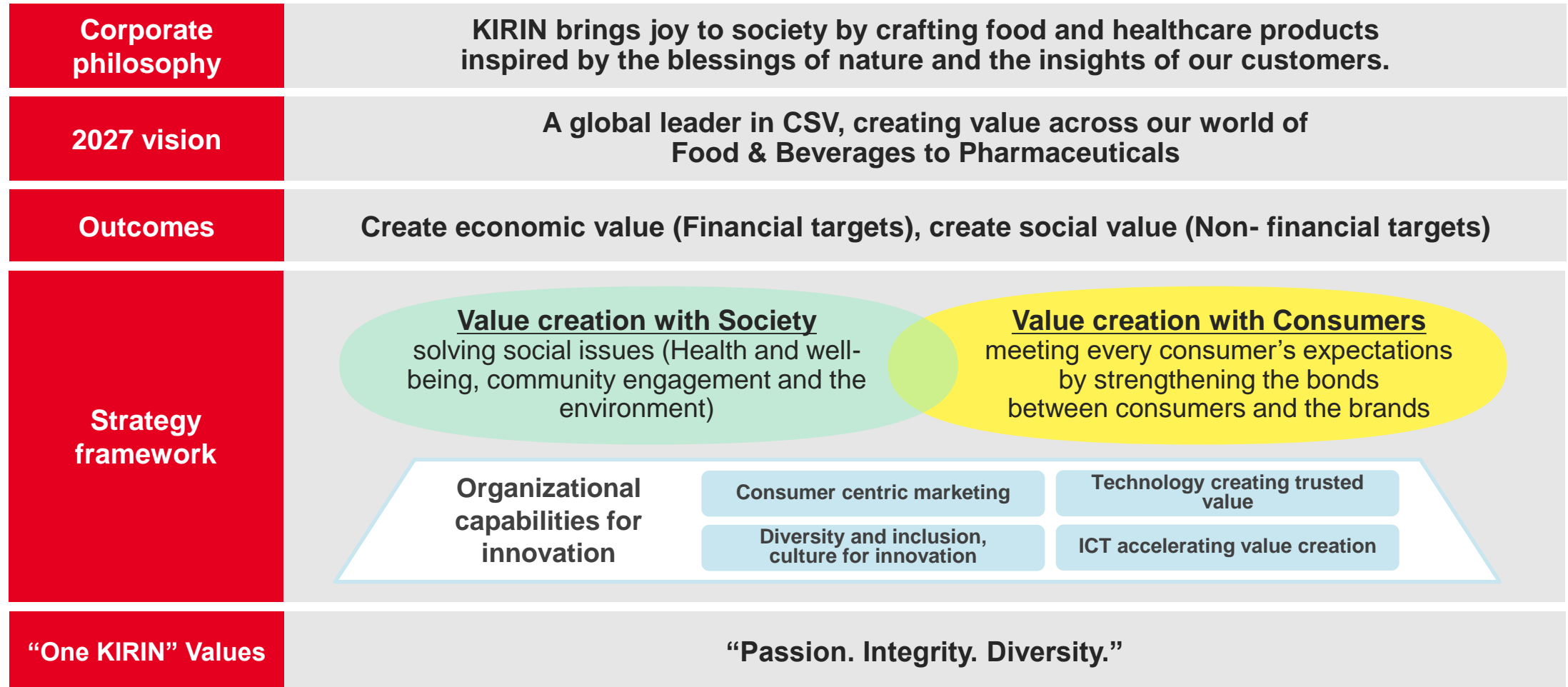
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## A global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals



## Kirin Group Vision 2027 (KV2027)

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

# New growth track

Focusing management resources on three domains



Increase profit in Food & Beverages domain



Scale up business in Health Science domain



Strengthen global base in Pharmaceuticals domain

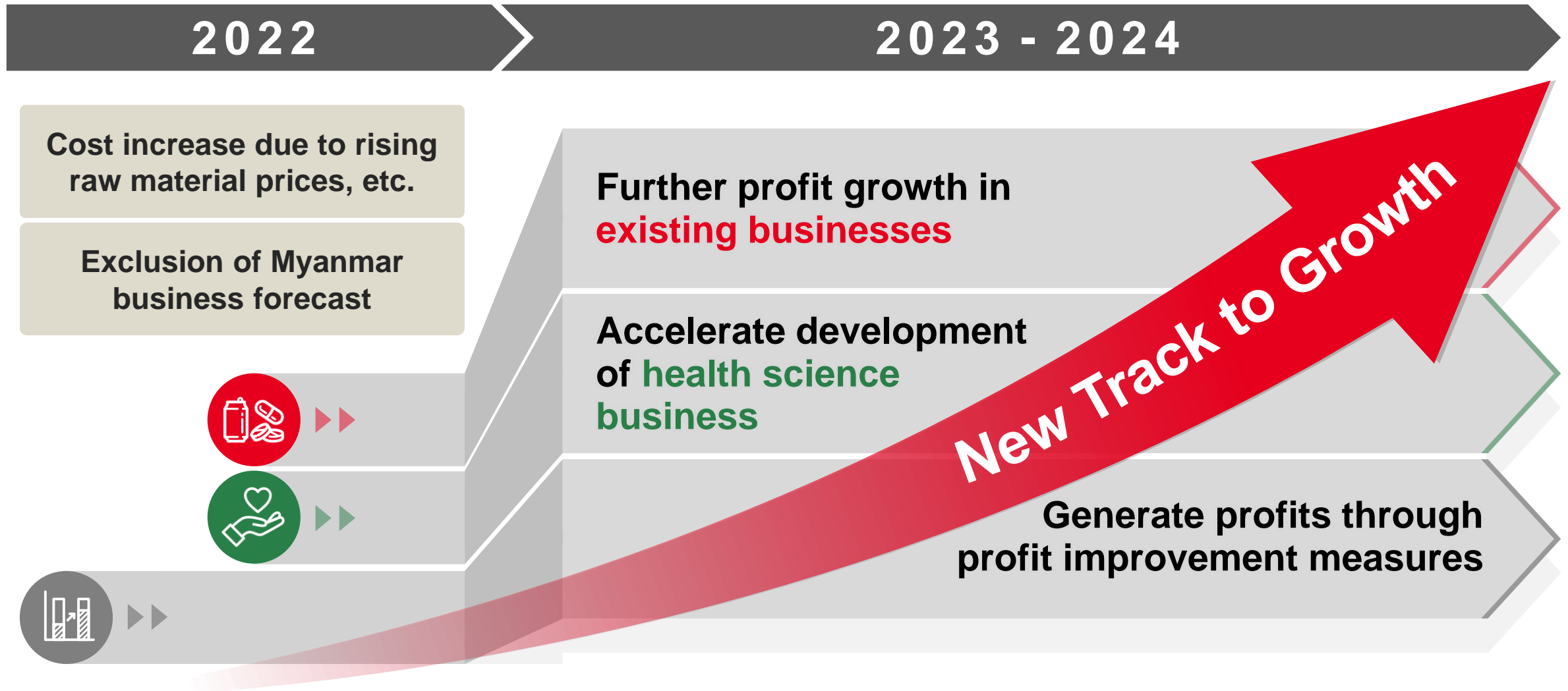
Built the foundation of transformation

2019-2021 MTBP

2022-2024 MTBP

Achieving KV2027

2025-2027 MTBP



# MTBP 2022-24 Non-financial Targets

**Before**

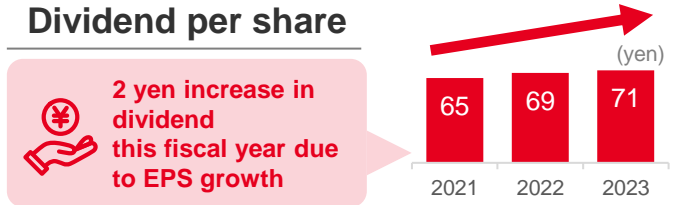
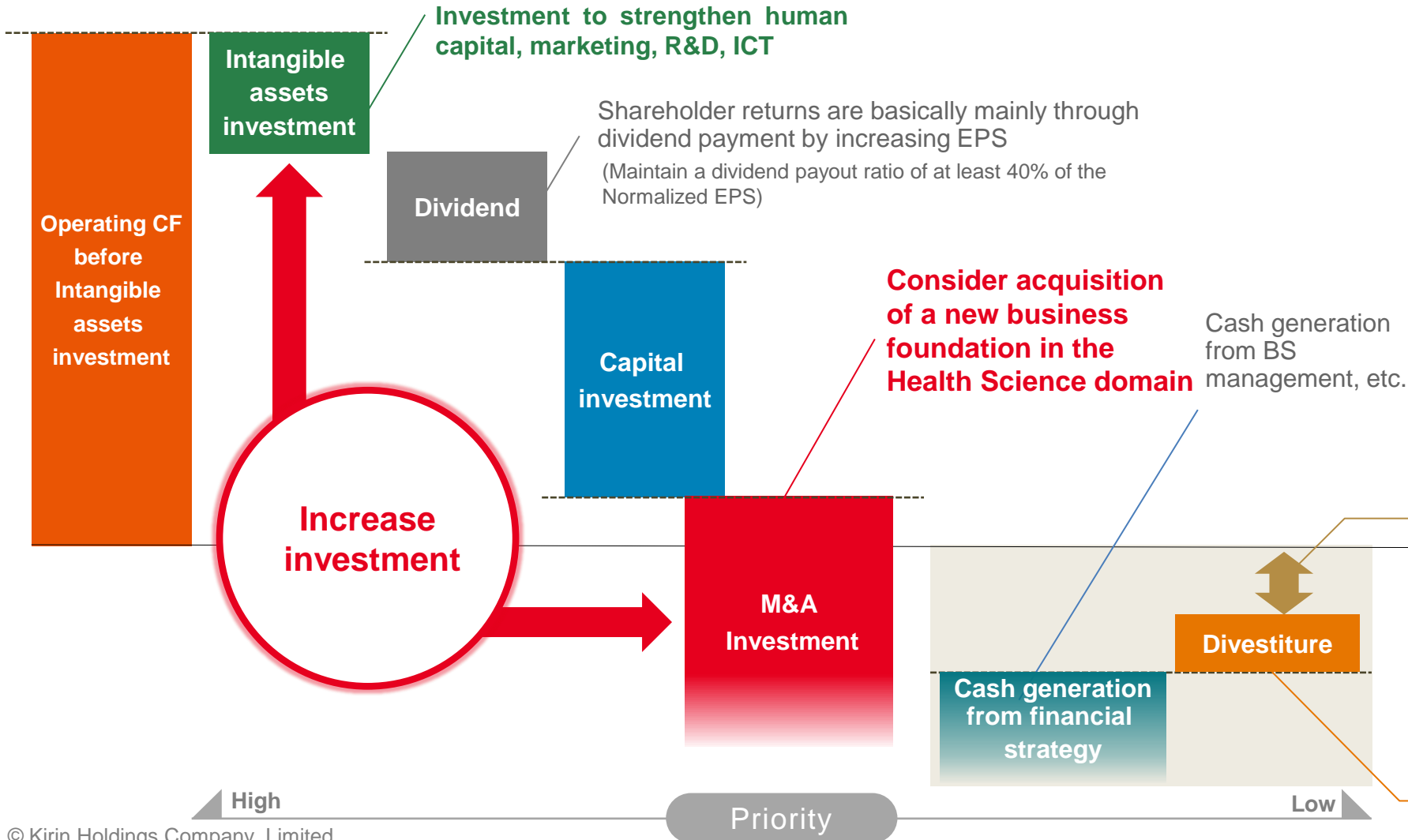
**After**

Before			After			
Items	Themes	Non-financial Targets	Items	Themes	Non-financial Targets <sup>New</sup> ↔ Links to Economic Value	
CSV Commitment	ARP	<b>CSV Commitment</b> Approx. 20 Commitments Approx. 40 Performance Indicators	Environment	Climate Change	<b>GHG</b> Reduction rate of GHG emissions (Scope1+2 vs. 2019)	Reduction of cost increases when introducing carbon tax with energy saving effect
	Health			Containers and Packaging	<b>PET bottles</b> Recycling rate of resin for PET bottles	Profit generation through value creation and stable procurement of PET raw materials
	Community			Water resources	<b>Water</b> Water use intensity at manufacturing sites with high water stress	Reduction of production cost and production risk due to drought
	Environment		Brand	Organizational Capabilities	<b>Corporate Brand Value</b> Scores from nterbrand Japan	
Employees	Organizational Culture	<b>Employee Engagement</b> Employee engagement score				
	Health	Progress of mid-term health science strategy	<b>Support Maintenance of Immune Function</b>		Increase in revenue and operating profit	
		<b>Create new value in three priority areas and synergies with pharma-domain</b>		Profit generation by satisfying unmet needs and creating new health value		
Employees	Organizational Culture	<b>Employee Engagement</b> Employee engagement score		Profit generation through value creation and productivity improvement		
	Diversity	<b>Increasing Diversity</b> Ratio of female managers in Japan Ratio of career hires in Japan		Profit generation through value creation and productivity improvement		
	Occupational health and safety	<b>Occupational Injury</b> Lost time injury frequency rate		Raise motivation and productivity by improving working environment		

**Indicators linked to economic value more directly**

# Allocate cash to intangible assets and future business platform acquisitions

➤ While cash allocation priorities remain unchanged, we will allocate more resources to intangible assets and M&A investments for medium- to long-term growth



**2022 – 2024 Cash generation forecast**

**Cash generation through financial strategy**

- Sales of cross-shareholdings: approx. 15.0 billion yen reduction
- G-CMS\*: Cash generation of approx. 70.0 billion yen
- Improvement of CCC\*\*, etc.: approx. 20.0 billion yen improvement

**Divestiture**

- 2022: China Resources Kirin Beverages
- 2023: Thorne, etc.

\*Global Cash Management System \*\*Cash Conversion Cycle

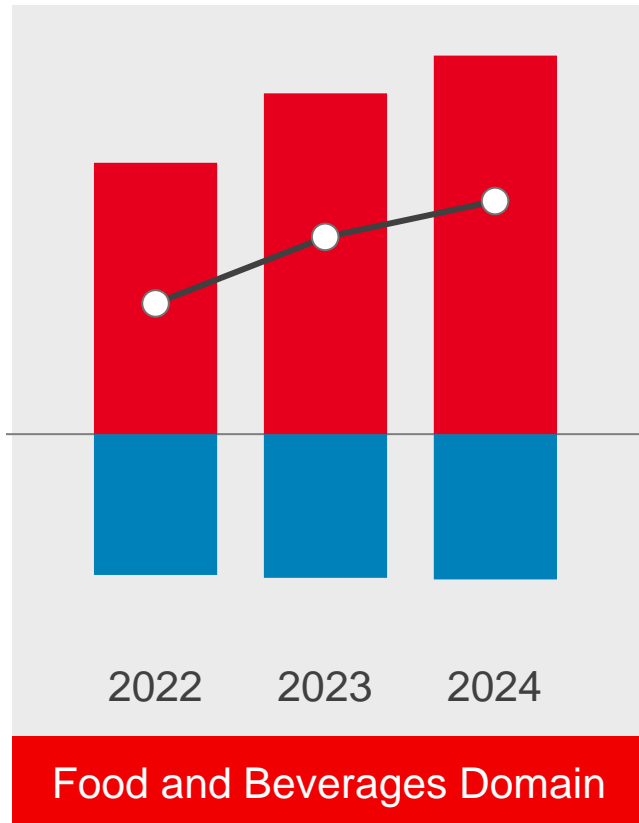
Funding for M&A will be provided through financial strategy and divestitures, but If funds are still insufficient, a temporary deterioration in the D/E ratio is acceptable

**Share Buybacks**

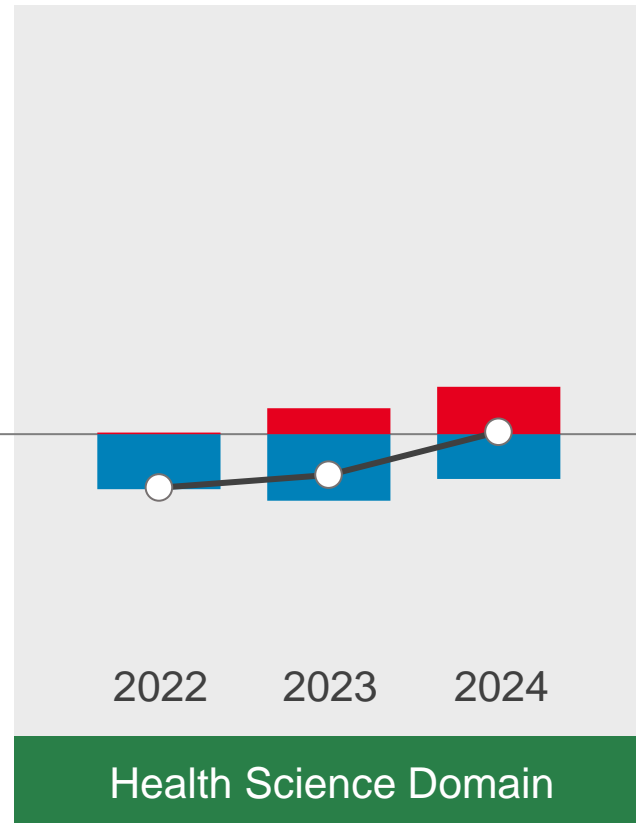
Make decisions with flexibility, taking into account investment opportunities and the balance of cash inflows and outflows generated by the sale of businesses, etc.

Although there currently are no complete non-cores, replacements will be considered from time to time for an optimal business portfolio

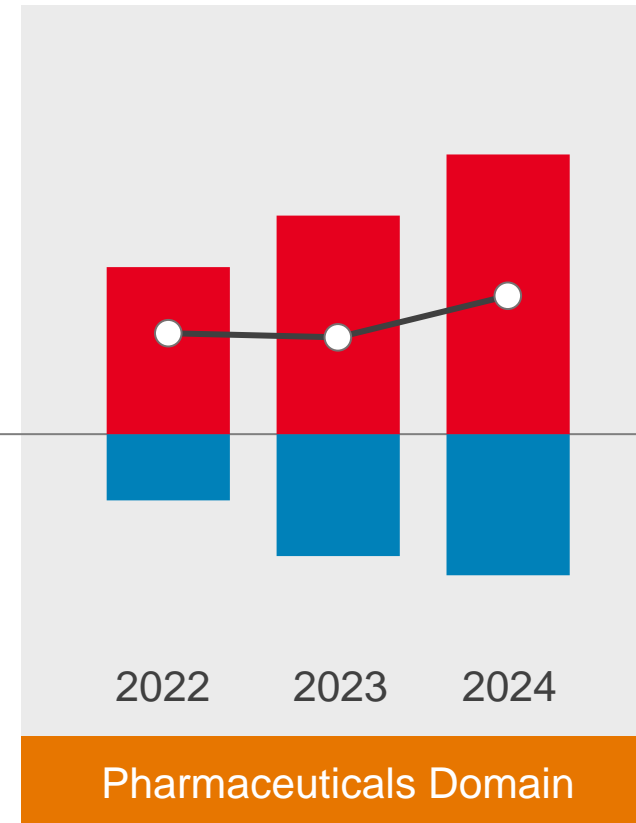
**Three-year cash flow plan by domain (excluding M&A investment)**  
 Secure entire Group's cash balance through investment strategies that match each stage of the business\*



**Steady cash flow generation**



**Invest group management resources to grow operating CF**



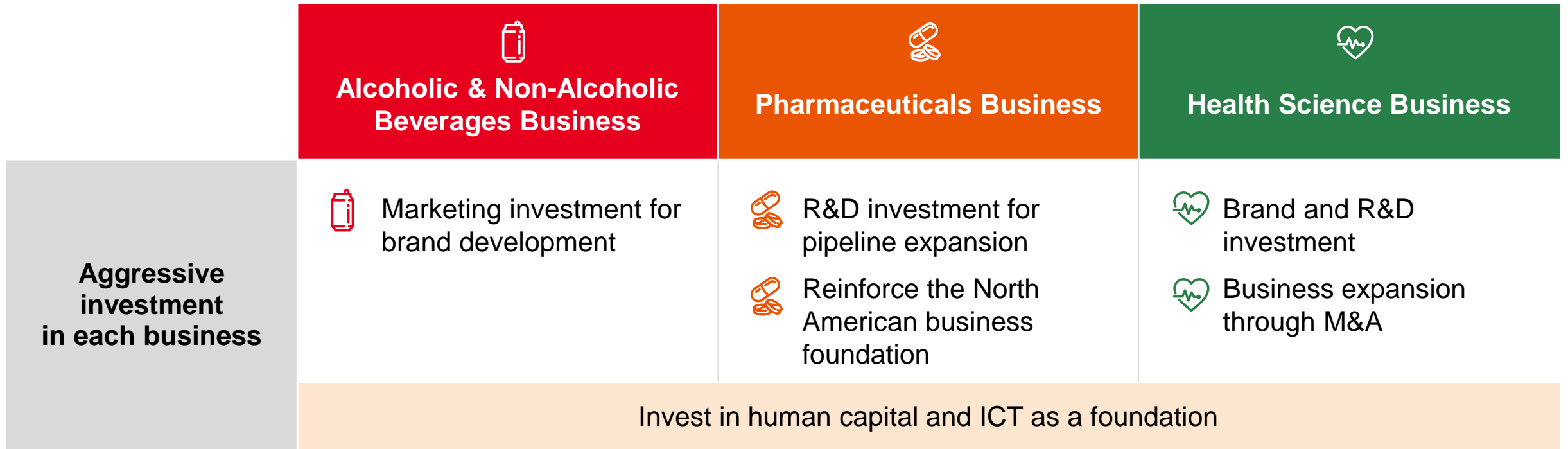
**Make investments with operating CF generated by the Pharmaceuticals Domain**

■ Operating CF  
■ Investing CF  
○— Free CF

\*Investment CF include projects in the planning stage at the time the MTBP was formulated. Plans and timing of implementation may vary.

# Maximize cash generation potential through aggressive investment in each segment

- In addition to the human capital and ICT investments that form the foundation of our business, we will actively invest in areas that need to be strengthened in each business



- Maximize the ability to generate medium- to long-term operating CF from each business
- Flexibly determine the allocation of secured cash in accordance with timing

**Aim to generate cash in each business over the medium to long term, although some businesses are currently in the investment phase**



## Outline of Finance Strategy



### Cash generation through BS / PF\* management

- Asset reduction of 100 bn yen or more (global CMS\*\* implementation, CCC\*\*\* improvement through SCM efficiency improvement, etc.)
- Divest non-core businesses



### Disciplined investment to acquire growth drivers

- Accelerate investment for growth with a focus on health science
- Put a premium on investment efficiency to achieve ROIC target



### Flexible shareholder return policy

- Prioritize investment for growth, but flexibly implement share buybacks

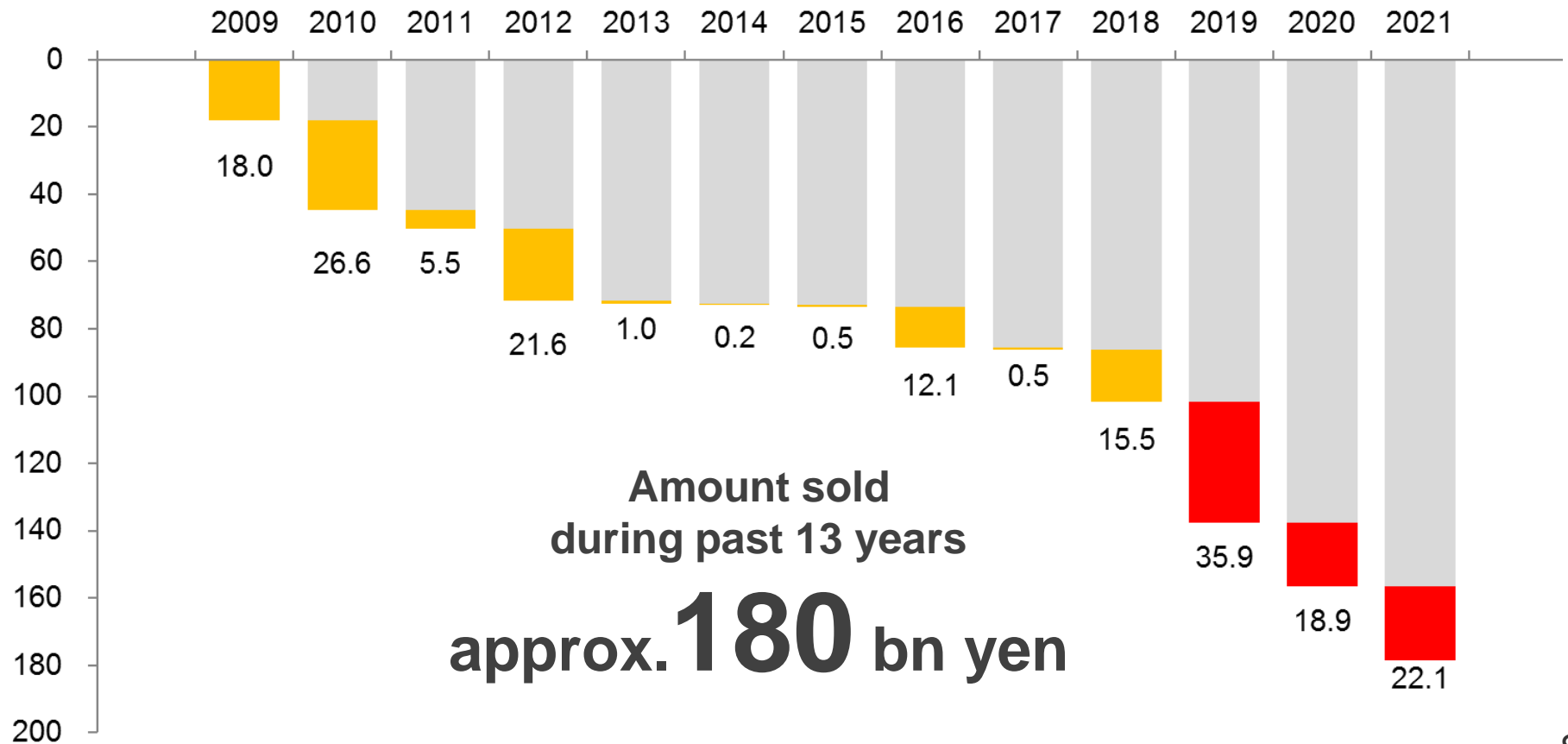


ROIC (Capital Efficiency)	Normalized EPS (Stockholder Value)	OP amount/rate (Profit Growth)
✓		
✓	✓	✓
	✓	

\* BS: Balance Sheet, PF: Portfolio  
 \*\* CMS: Cash Management System  
 \*\*\* CCC: Cash Conversion Cycle

Sale of cross-shareholdings

Sold About 77 bn yen of cross-shareholdings during 2019-2021 MTBP



Amount sold during past 13 years  
**approx. 180 bn yen**

Amount sold during 2009 - 2018  
**101.5 bn yen**

Amount sold during 2019 -2021  
**76.8 bn yen**

Sold in 2022 and 2023  
 Approx. **15.0 bn yen**