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Kirin Brewery Company, Limited



Basic Information

Company Name

Kirin Brewery Company, Limited

Business

Produce and sell domestic beer and spirits

Operating Country

Approximately 40 countries including Japan

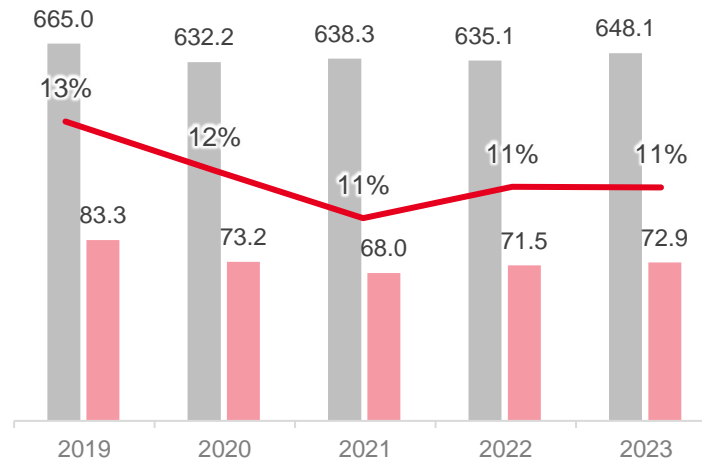
Production Site

9 Breweries nationwide
 (Chitose / Sendai / Toride / Yokohama / Nagoya
 Shiga/Kobe / Okayama / Fukuoka)
 Fuji Gotemba Distillery

Revenue and Normalized Operating Profit (2023)

Revenue: 648.1 billion yen
 Normalized operating profit:
 72.9 billion yen

Revenue (billions of yen):
 Normalized OP (billions of yen):
 NOP margin (excl. liquor tax):



History

1885 Established Japan Brewery Co., Ltd.
 (the forerunner of Kirin Brewery Co, Ltd.)
 1907 Established Kirin Brewery Co, Ltd.
 1990 Launched *KIRIN ICHIBAN*
 2018 Launched *Honkirin*
 2021 Launched *SPRING VALLEY Hojun 496*

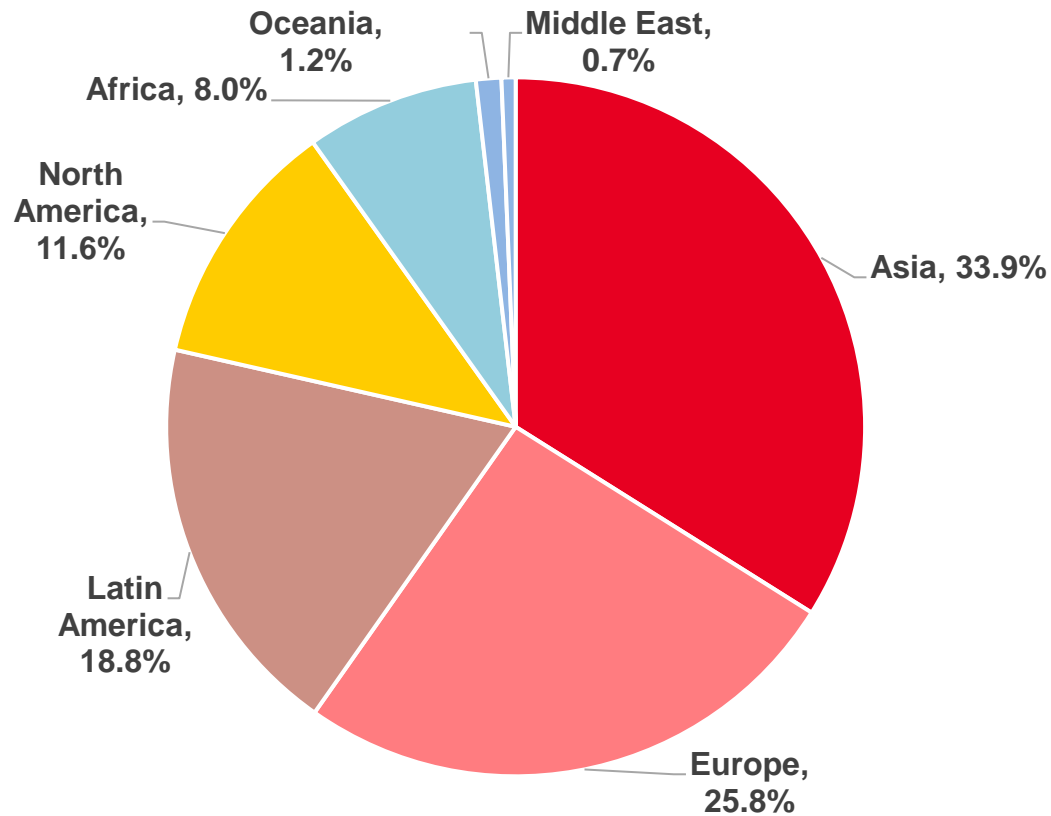
Main Products



Beer Consumption by Country

➤ Japan, Kirin Brewery's main market, ranks 8th in the world in beer consumption.

Japan's beer market ranks 10th in the world. (2022)

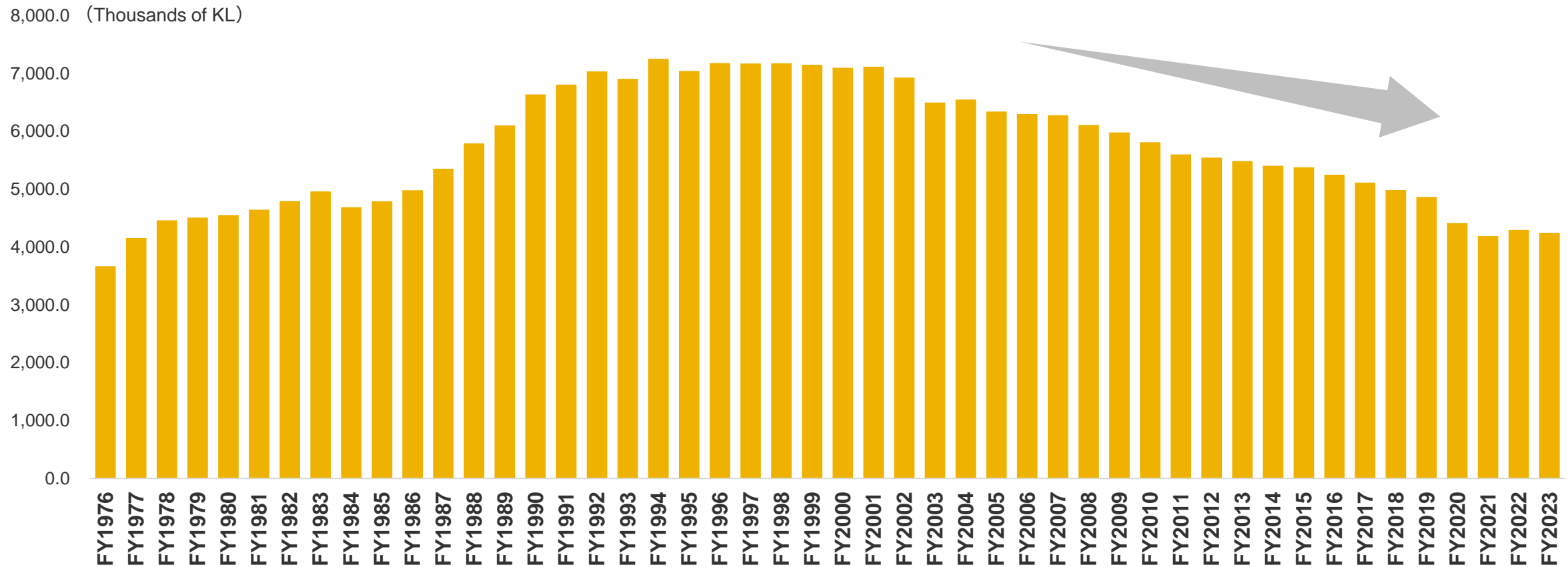


Rank	Country Name	Area	Consumption (KL)	Composition ratio
1	China	Asia	42,035,451	21.9%
2	United States of America	North America	20,377,926	10.6%
3	Brazil	Latin America	14,931,939	7.8%
4	Mexico	Latin America	9,990,318	5.2%
5	Russia	Europe	8,497,000	4.4%
6	Germany	Europe	7,827,427	4.1%
7	Vietnam	Asia	5,280,180	2.7%
8	United Kingdom	Europe	4,586,974	2.4%
9	Spain	Europe	4,440,841	2.3%
10	Japan	Asia	4,294,000	2.2%
11	South Africa	Africa	4,193,643	2.2%
12	Poland	Europe	3,755,526	2.0%
13	India	Asia	2,724,606	1.4%
14	Colombia	Latin America	2,466,362	1.3%
15	South Korea	Asia	2,270,711	1.2%
16	Italy	Europe	2,235,735	1.2%
17	France	Europe	2,205,183	1.1%
18	Czech Republic	Europe	2,016,450	1.0%
19	Argentina	Latin America	1,966,329	1.0%
20	Canada	North America	1,902,455	1.0%

Beer Shipment Volume in Japan

➤ Market peaked in 1994 and has been shrinking since then; sales volume has declined due to the shrinkage of commercial use caused by COVID in 2020.

Beer total shipment volume 1976~2023



Changes in External Environment and Future Market Outlook

➤ The external environment has changed dramatically over the past few years to an unprecedented degree, but we see both risks and opportunities, and **expect the total market for beer and RTD to remain roughly the same size.**

Opportunities

Change in customer lifestyle

Shift between categories due to liquor tax revision

Diversification of tastes and polarization of consumption

Risks

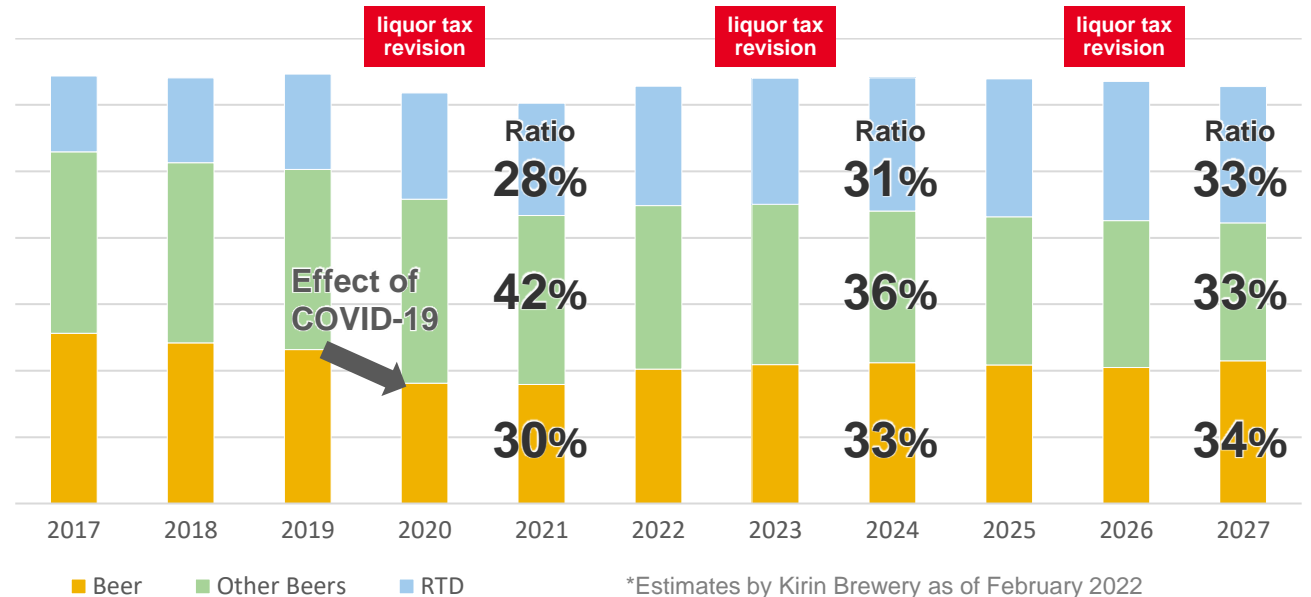
Unprecedented impact in the on-premise channels

Population decline, aging population, decrease in interest in alcohol

Acceleration of retail reformation

Energy, raw material, logistics cost hike

Total Beer and RTD Market Trend Forecast



*Estimates by Kirin Brewery as of February 2022
(The impact of the price revision has not been factored in.)

➤ COVID-19 has impacted the ratio of beer from the previous forecast, but there has been no significant change in the medium to long term megatrend

Change in Liquor Tax on Beer in Japan

- Liquor tax on beer, happoshu, and new genre will consolidate in 2026.
- Liquor tax on RTD will also increase, but a difference in liquor tax between RTDs and beer products will remain.

Beer	<ul style="list-style-type: none"> (1) Fermented with malt, hops, and water (100% malt) (2) Fermented with malt, hops, water and specific secondary ingredients such as wheat, rice, fruits, coriander, flavoring, etc. with malt content of 50% or more.
Happoshu	<ul style="list-style-type: none"> (1) Malt content is less than 50% of the product (2) Made from ingredients not permitted for the production of beer, made from barley as part of the ingredient without using C malt
New Genre	<ul style="list-style-type: none"> (1) Malt content is less than 50% of the product (2) Made from ingredients not permitted for the production of beer; made from barley as part of the ingredient without using C malt <p>New Genre will be classified as a Happoshu from October 1, 2023</p>



Source: Ministry of Finance, "Data on Liquor Taxes"

Kirin Brewery's Policy

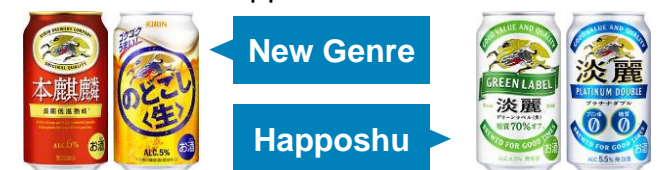
Premium and Standard Beer (Beer, Craft beer)

Increase appeal and expand the sales of beer to secure revenue and acquire new customers



Economy Category (Happoshu, New Genre)

Strengthen revenue foundation by identifying categories and brands with opportunities



- Improve mix and increase productivity in a beer market that is expected to have a negative CAGR of several percent
- Lead Normalized Operating profit growth by pursuing the craft beer business*, which has high marginal profit ratio

Changes in the External Environment

Declining and aging population and shift away from alcohol

Increase in energy, raw materials, and logistics costs

Inflation and wage increase

Category shifts due to liquor tax revisions

Priority Activities Based on the Strategy

Build a strong brand within the existing business



High profitability through the craft beer business, etc.



Profitability improvement through cost reduction and increased productivity

Improving Profitability

- Craft beer cans have **approx. 1.5 times** the marginal profit vs other beer.
- Home Tap, with an even higher marginal profit than craft beer cans, will gain **positive return on investment by maintaining 100K subscribers**.
- The craft beer business **will earn more than 10% of the overall marginal profit** if it increases its share to 8% of KIRIN Brewery's revenue.
- **Drive Normalized operating profit growth** by proactively engaging in high marginal profit businesses such as Japanese whiskey, in addition to craft beer business.



Production and logistics facility layout as of 2023

- The total beer and RTD market is expected to remain flat, and the current number of production and logistics facilities is optimal. Flexible adjustments are needed to accommodate category shifts and logistics challenges.

Ensure sufficient production and logistics systems to withstand change



Production system

- Current canning line utilization rate is adequate
- Need to respond to future growth of RTD and PET products (Home Tap, etc.)



Logistics System

- Logistics challenges such as delivery driver shortages and rising logistics costs
- To resolve these challenges, an excessive consolidation will result in an increased risk



Future Initiatives

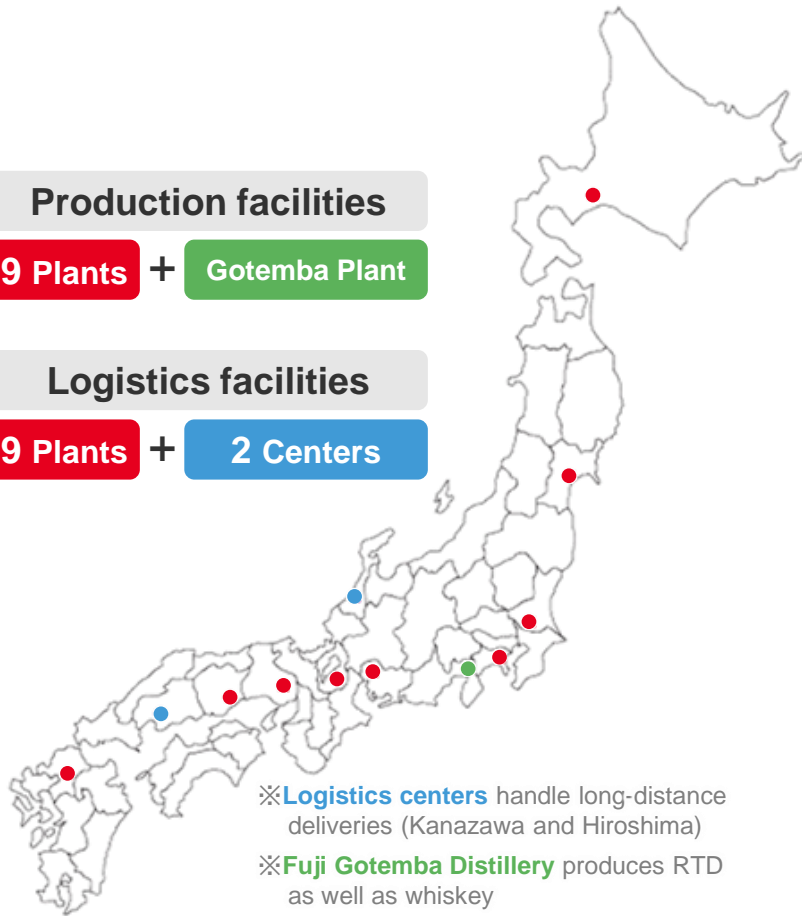
- Require further cost reduction efforts to counter the cost hikes
- Respond to container and category shifts by optimizing production and logistics capacity
- Transform to a logistics structure that enables delivery to be completed with fewer trucks

Production facilities

9 Plants + Gotemba Plant

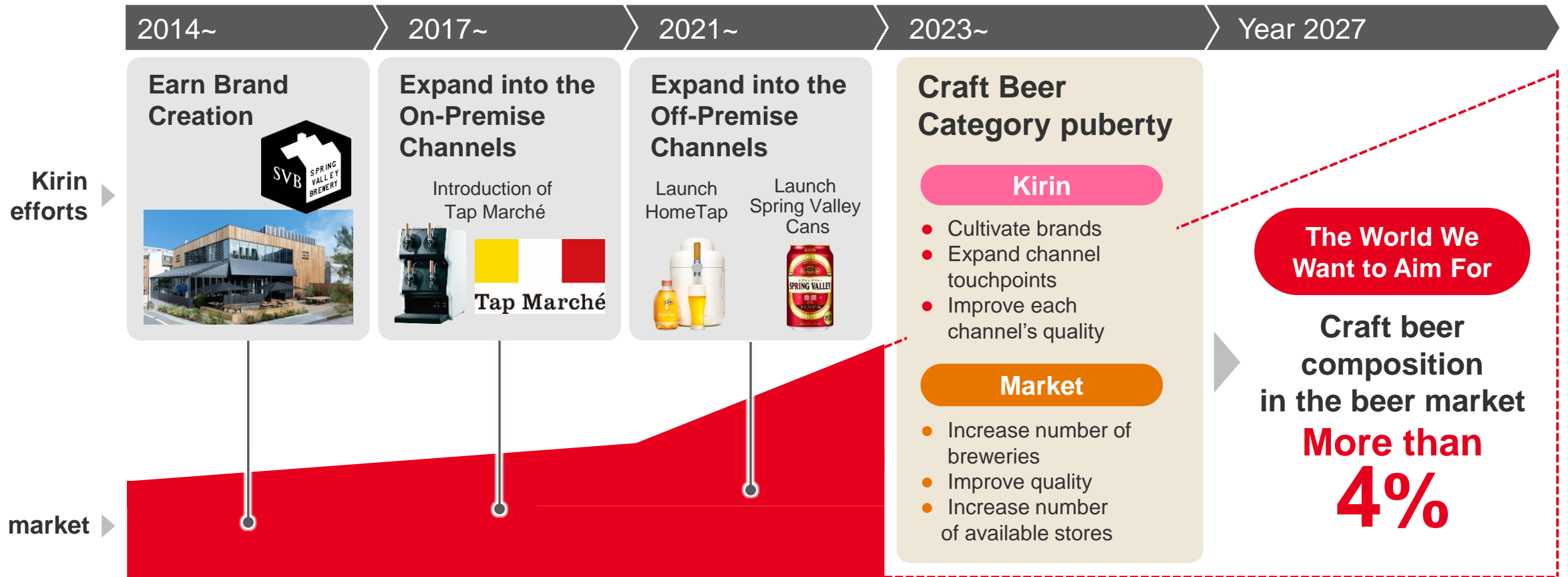
Logistics facilities

9 Plants + 2 Centers



Growth Vision of the Craft Beer Market

- Have achieved growth through brand creation and building channels that enable drinking occasions in the on-premise and off-premise channels
- For further growth, will aim to not only strengthen our own brands, but also expand the craft beer market as a whole

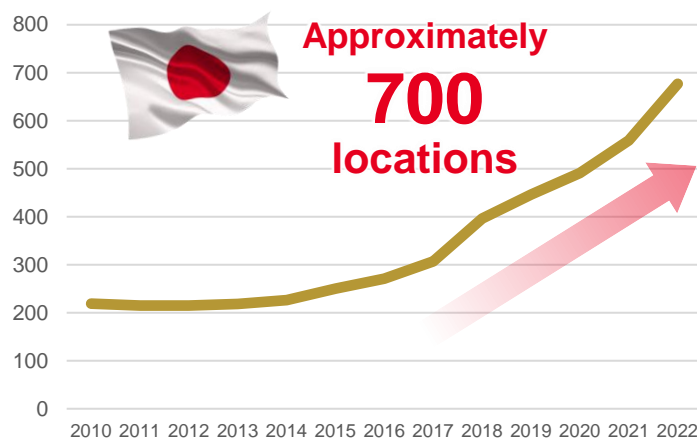


Potential of the Japanese Craft Beer Market

- The number of craft breweries in Japan has grown dramatically over the past few years. Interest in craft beer is also increasing
- On the other hand, the percentage of craft beer in total beer is about 1.5%, which is low compared to overseas markets which means there is potential for growth

Number of craft breweries in Japan increased

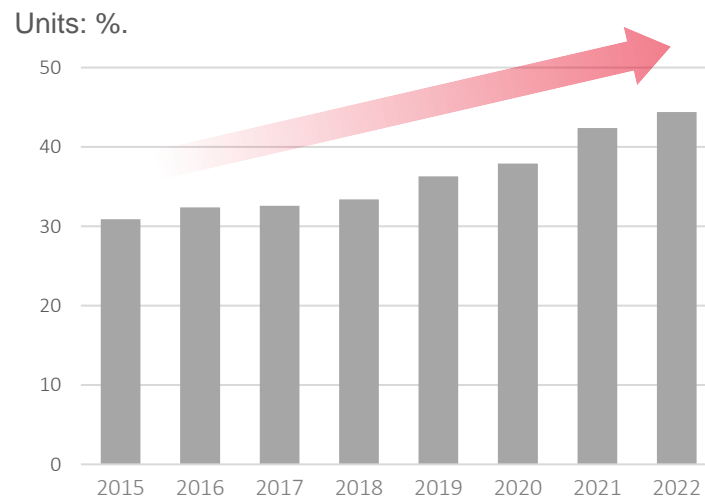
Number of craft breweries



Source: Kita Sangyo Co.

Interest in craft beer has increased over time

Interest in craft beer



Source: Kirin

Greater room for expansion compared to overseas markets

% of Craft Beer Volume in Total Beer in Each Country

	2022
United States of America	13%
Australia	9%
New Zealand	13%
Japan	1.5%

*2021 results for Japan
Source: Kirin

Achieve Growth in the Craft Beer Market with Domestic Breweries

- Contribute to the expansion of the craft beer market not only by strengthening alliances with domestic breweries, but also by building barriers to entry, and leading to the Company's continued growth



Kirin Home Tap (Off-premise craft beer server)

- Service designed with detailed attention to "beer," "delivery," and "beer server" for an authentic draft beer experience at home

01 Beer



- 1 The main beer is KIRIN ICHIBAN Premium, the most top-end line of KIRIN ICHIBAN
- 2 Wide range of Kirin's craft beer selection
- 3 A full lineup to choose 3-4 types of beer each month

02 Delivery



- 1 Adopted coated PET bottles to prevent oxygen permeation
- 2 Deliver tasty and freshly made beer as soon as possible
- 3 Scheduled delivery to your home twice a month
*Skipping and additional orders are possible

03 Beer Server



- 1 Easy to create a silky and creamy foam
- 2 Enjoy cold beer anytime (with cold storage function)
- 3 Compact and easy to clean (Winner of the 2016 Good Design Award)

Basic charge
3,190 yen
/month



Beer delivery
Twice a month
5,060 yen~
/month

Kirin Home Tap (Off-premise craft beer server)

- A small 3L PET bottle container suitable for serving multiple craft beers and a small dispenser that is easy to use and can serve up to four different craft beers in one unit
- We will increase the number of "places" where customers can easily experience the pleasure of choosing craft beer



Tap Marché

Good living is the liberty to enjoy equal measures of good beer, good times and good relationships with good people. Welcome to the marketplace where happy times are always on tap for you.

Wide range of product line-up



3L small PET Bottle Containers

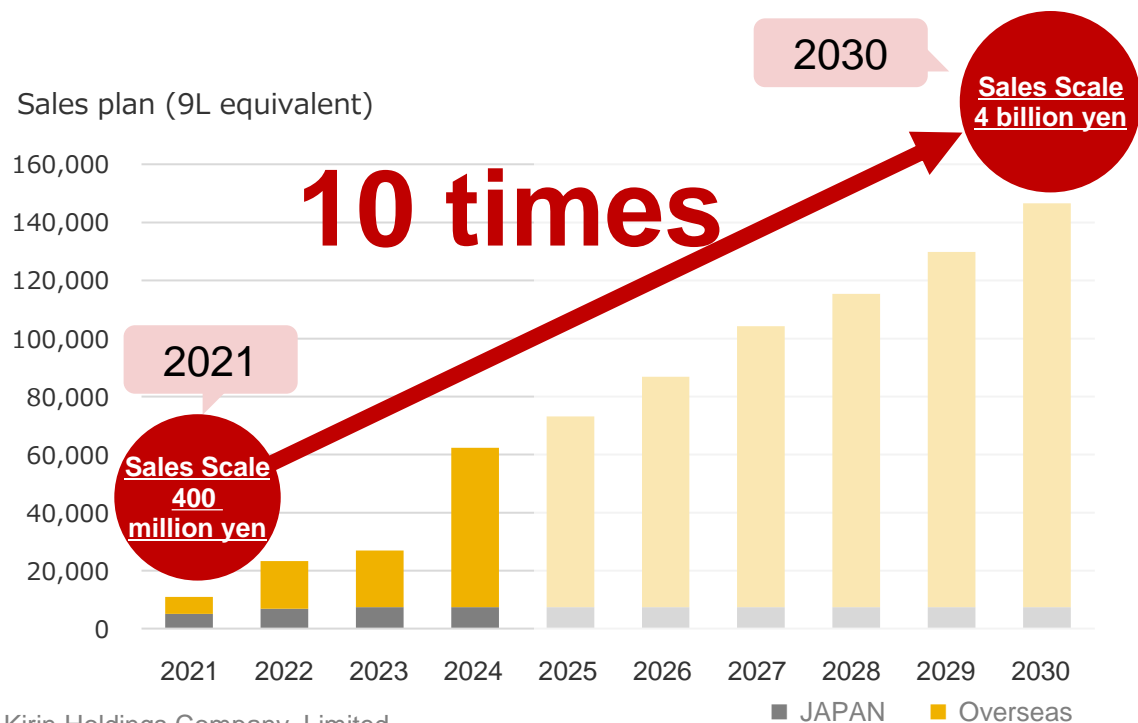
Easy to use, compact multi-product dispenser



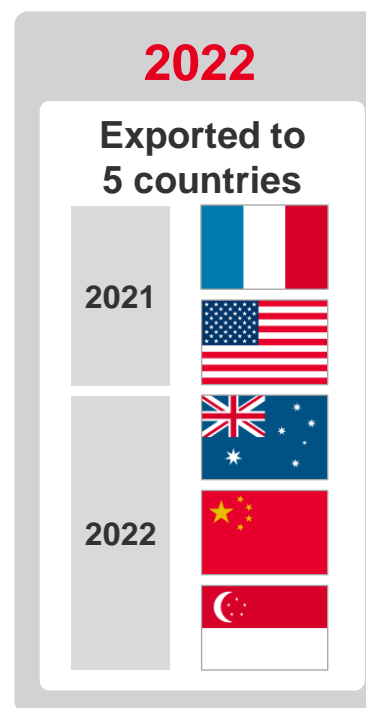
Accelerated Global Expansion of Japanese Whisky Fuji

- In August 2023, we signed a distribution agreement with Pernod Ricard and began sales in 13 countries in Europe.
- We will accelerate the global development of the "Fuji" brand, aiming to achieve 10 times the sales of 2021 in 2030.

Fuji Brand Medium- to Long-Term Sales Plan (Domestic and Overseas Total - Volume)



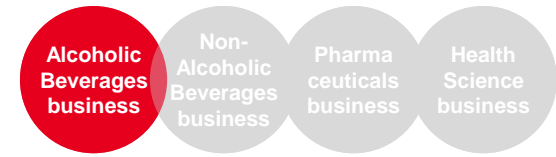
Expand export in the U.S. and Europe



2023
Expanded export to
18 countries



- Expected to be sold at about twice the retail price of Japan in the exported countries.
- Will nurture the business to contribute to Normalized operating profit growth.



Basic Information

Company Name

Lion Pty Ltd

Business

Produce and distribute beer, spirits, and wine.

Operating Country

Australia, New Zealand, United States

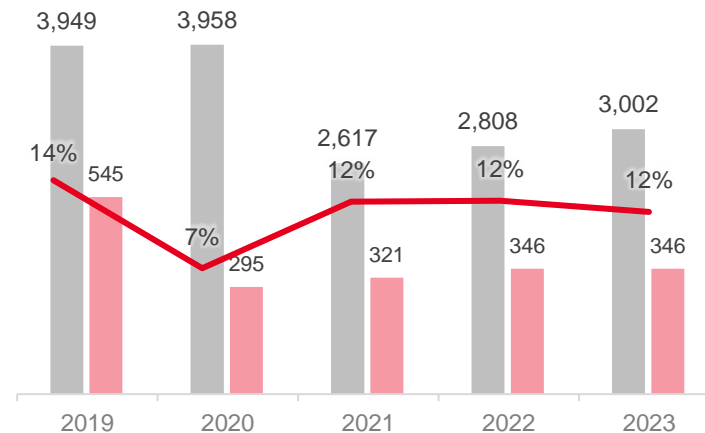
Production Site

5 large-scale factories in Australia and New Zealand

Revenue and Normalized Operating Profit (2023)

Revenue 3,002m AUD
Normalized operating profit 346m AUD

Revenue (million AUD) : ■ NOP margin: —
Normalized operating profit (million AUD) : ■



Financial Period

December Term

History

1861 Established
1998 Kirin acquired stake
*100% in 2009

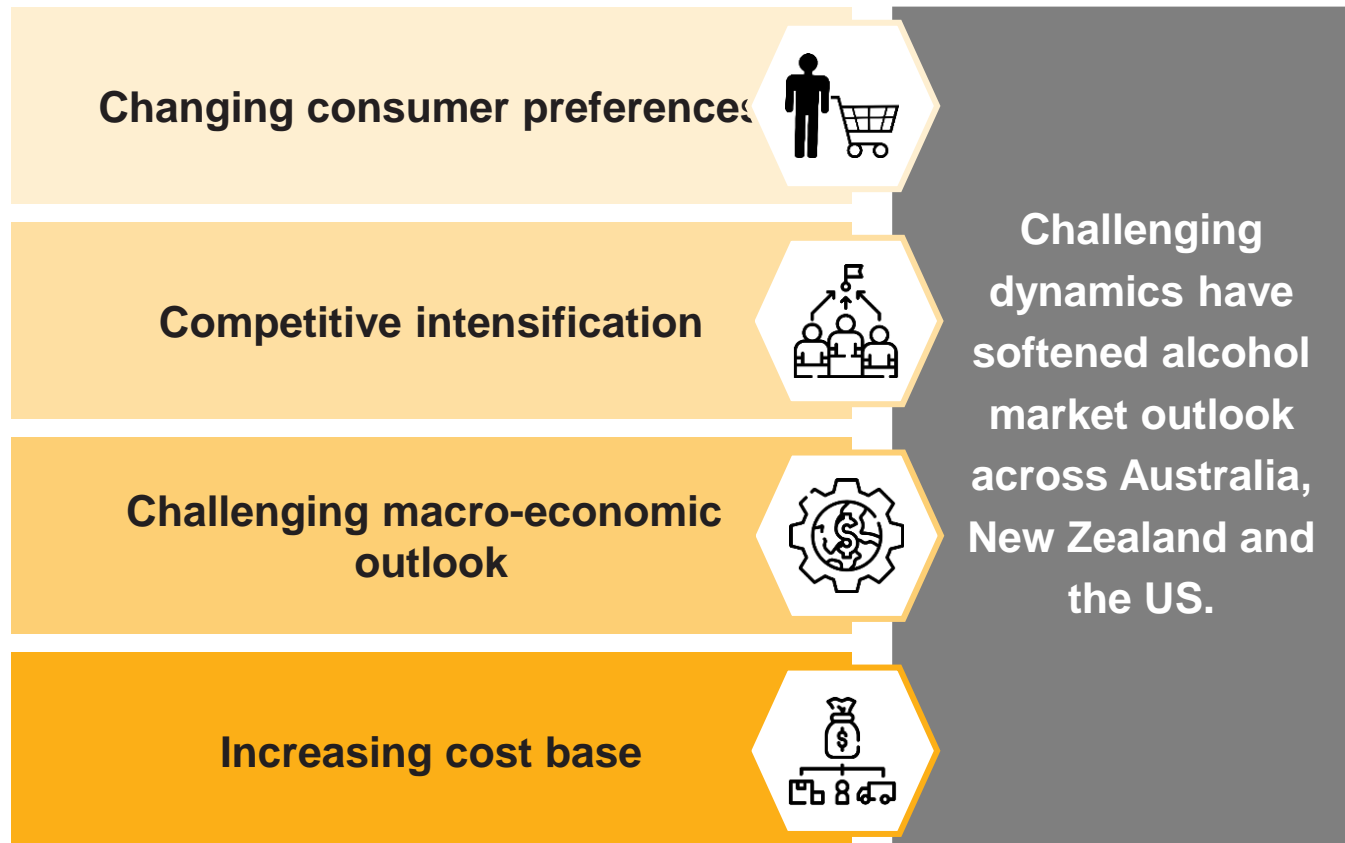
Main Products

Australia NZ U.S.







- The world we operate is rapidly evolving, and these market dynamics presents us with opportunities to maximise our potential, and emerge as a stronger, more agile, and successful organisation.

MARKET DYNAMICS



ALCOHOL MARKET OUTLOOK*

F22-F26 Retail Sales Value CAGR**

	Beer***	(-2)-0%
	Craft Beer	(-2)-0%
	RTDs	3-5%
	Spirits	3-5%

*Total market refers to key Lion Markets: AU, US and NZ, **IWSR and Nielsen, supplemented with IRI 2022 for beer subcategory splits ***Beer includes non-alc beers

Our vision serves as the foundation for our business. Under this vision, we will usher in a new era of growth to drive financial performance and be a Force for Good.



OUR VISION

Ushering in a new era of growth in adult beverages with culturally enduring brands that bring joy to every adult social occasion



FINANCIAL PERFORMANCE

DRIVE:

Top line growth

Margin expansion and profitability

Return on Investment



BE A FORCE FOR GOOD

Environmental leadership: reduce environmental impact and embed sustainability across all parts of our business

Social impact: continue to build a diverse and inclusive organisation, drive equity and gender representation, make a difference in our communities

Governance: strengthen and safeguard, do the right thing long term

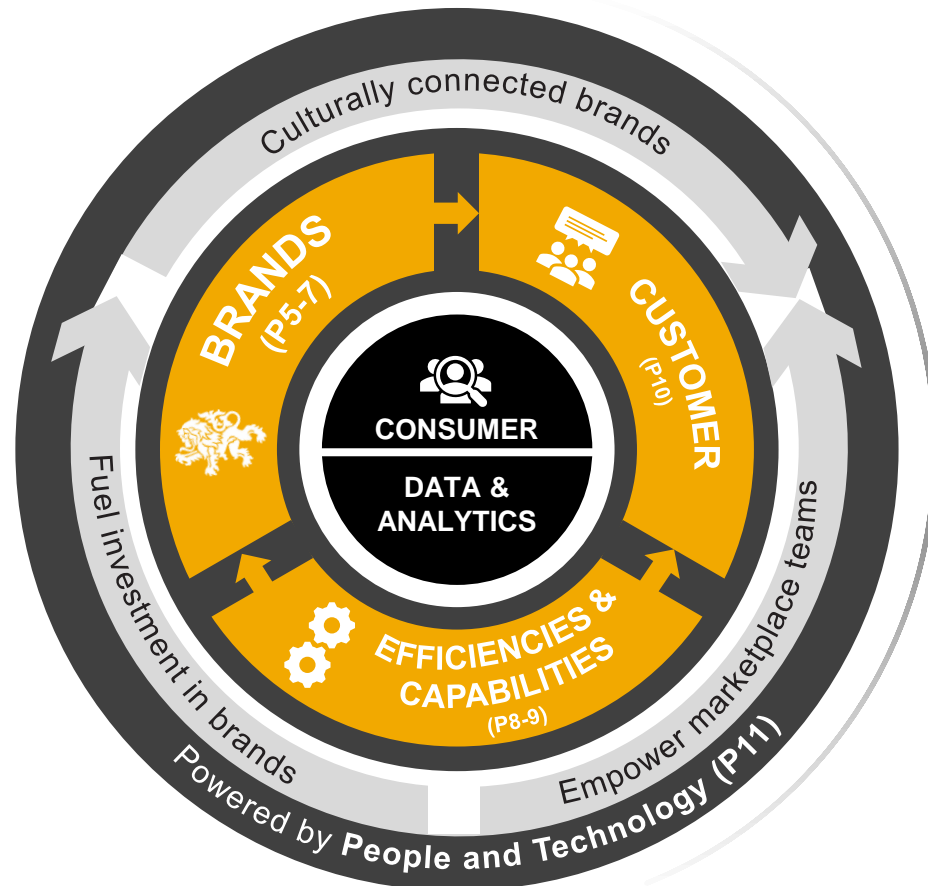
Growth Algorithm

Our growth algorithm serves as the engine for the enterprise, powering our financial performance and Force for Good ambitions (non-financial). Consumer centricity, data & analytics are at its core.



OUR VISION :

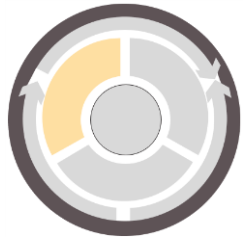
Ushering in a new era of growth in adult beverages with culturally enduring brands that bring joy to every adult social occasion



**DELIVER ON OUR
FINANCIAL AMBITIONS**



BE A FORCE FOR GOOD



Brands: a deeper look



By strategically investing in our brands and embracing innovation, we aim to strengthen our competitive position, further capture market opportunities and deliver sustainable growth and value.

BOLD INVESTMENT BEHIND MARQUEE BRANDS DRIVING MEANING, DIFFERENCE AND SALIENCE

TARGETED INNOVATION AND INVESTMENT IN GROWTH ADJACENCIES



Reclaimed #1 in Brand Power in QLD and growing brand power scores in NSW*



Outperforming its revenue target and growing in brand power nationally



First to market in the ultra low carb category, ranged nationally in all customers and assisting Hahn's growth



Lion leads the NZ beer market with ~42% share of total market**



In RTDs, we are #2 in the market, growing market share by 2.3%**



Achieving 22% value share in Specialty Premix**** & #3 brand in segment 3 months post launch.**



#1 New Product Development(NPD) craft beer launch in F22



New Belgium brands are leading the entire US beer category in growth



Voodoo continues to defy slow growth in the US craft segment, leading growth nationally



Fruit Force is the #1 new brand launch YTD for the entire US beer category

We are expanding further into RTDs with the launch of Wild Nectar Hard Juice



Efficiencies & Capabilities: Operating model

Implementing a game-changing transformation to reset our operating model, improve our cost base, unlock investment, protect and build Lion's legacy.

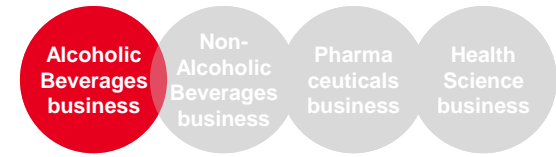
What our new operating model will achieve

- ✓ Remove unnecessary complexity and simplify our organisation
- ✓ Deploy more capital behind growth capabilities
- ✓ Leverage data and digital to drive consumer experience
- ✓ Empower our marketplace teams
- ✓ Increase investment in our brands

How we will achieve this

-  **Reorganised for empowered, end-to-end accountable BUs supported by lean and focused shared functions**
 - › By enabling greater control and autonomy, we're able to move at pace and implement strategies tailored to the unique needs of each market
-  **Eliminating non-value-added processes and right-sizing the organization to achieve cost savings**
 - › We've assessed processes and structures across the business to reduce complexity and cost
-  **Innovation: upweighted capability to act faster and capitalise on market opportunity**
 - › Our growth portfolio creates a global centre of excellence in Innovation, Strategy, Data & Intelligence and Digital, guiding our strategy and supporting our BUs

Targeting a reduction in SG&A to **industry benchmark levels of 18-20% of net sales revenue* in F25**



Basic Information

Company Name

Four Roses Distillery, LLC

Business

Produce and sell "Four Roses" bourbon

Operating Country

Territory expansion in the United States, Japan, and Europe

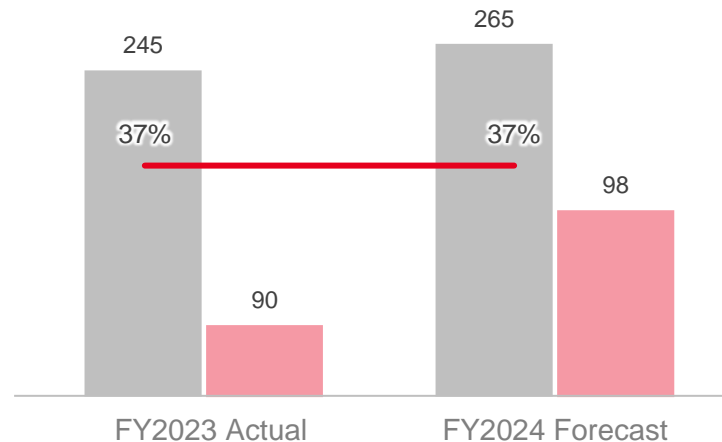
Location

- 2 production sites
 1. Headquarters + distillery (Lawrenceburg)
 2. Aging and bottling factory (Cox's Creek)

Market Size and Growth Forecast

The spirits market and the bourbon and American whiskey market is expected to continue to grow, but at a slightly slower rate

Revenue (million USD) : NOP margin:
 Normalized operating profit (million USD) :



History

1888 Established
 2002 Kirin Group acquired 100%

Main Products





SAN MIGUEL BREWERY INC.

A subsidiary of San Miguel Corporation



Basic Information

Company Name

San Miguel Brewery Inc.

Business

Manufacture and sell beer in the Philippines and other countries. Has a market share of over 90% in the Philippines.

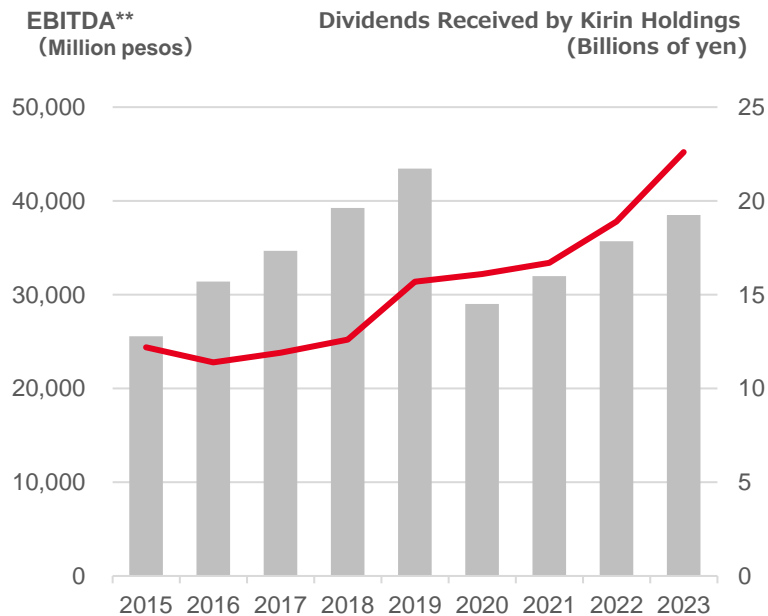
Operating Country

Territory expansion mainly in the Philippines and Southeast Asia

Location

7 production sites

Business Growth Results



EBITDA** (Million pesos) : █
 Dividends Received by Kirin Holdings (Billions of yen): —

Share of equity / Financial Period

Equity-method affiliate/48.4%
Kirin Holdings Annual Incorporation
Period:Oct-Sep

History

1890 Established of San Miguel Corporation
2001 Kirin acquired stake
2007 Established of San Miguel Brewery

Main Products

