

KIRIN

**Status of Dialogue
with Share Holders
and Investors**

February 14, 2024

Enhancing Corporate Value

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Challenge

Our Price/Book value ratio is well over 1, but there is a gap between the corporate value we are aiming for

Enforce Initiatives to Enhance Corporate Value



Food & Beverages Domain

Improve profitability by promoting the premium strategy and increasing productivity



Pharmaceuticals Domain

Expand the next-generation pipeline



Health Science Domain

Focus on business expansion and profitability in Japan and Asia-Pacific



Business Portfolio

Evolve constantly to the optimal state

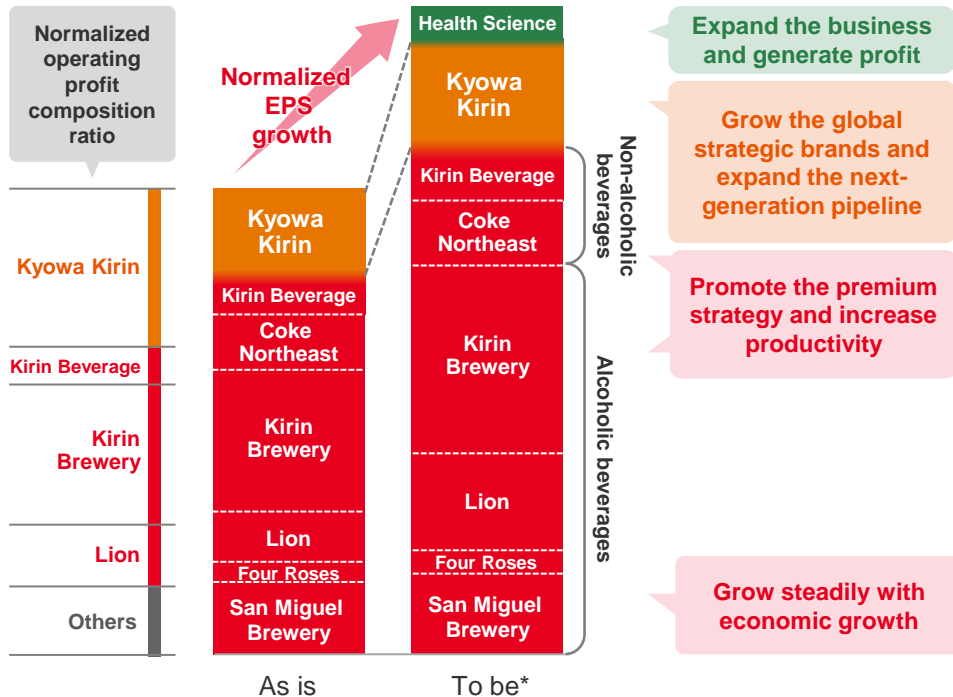


Contributions from growing domains in addition to existing domains are essential for improving corporate value in the medium to long term

Achieve improvement in shareholder value by continuing to evolve into an optimal business portfolio



Image of contribution to Normalized EPS



* Assumes that each company's shareholding ratio will remain the same

As is

- Health Science domain requires advanced investment and is not contributing to Normalized EPS
- Share of profit/loss of equity-accounted investees and the US business, which contribute significantly to the Normalized EPS, are unlikely to be factored into the corporate value assessment

Initiatives for Improvement to achieve the goal

- Achieve and visualize the Normalized EPS contribution of Health Science Domain**
 - Generate profit from the current business and explore further strategic investments
 - Continuous review of the business portfolio
- Create and visualize synergy between business domains**
 - Demonstrate a clearer purpose of the current business portfolio

To Achieve Management with Cost of Capital Consciousness

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Current Status

- Adopted **ROIC** as an indicator for financial targets from the 2019 Medium-Term Business Plan, along with the **Normalized EPS growth rate**.
- In the 2023 results, return on capital (ROIC: 8.0%) exceeded the cost of capital (Group WACC: approx. 6%)
- Analyzed and Evaluated of stock price and market capitalization **during business portfolio discussions at board meetings** multiple times a year
- Operated a **remuneration system for executive officers linked to the medium-term financial targets**

Policies and Objectives

Normalized EPS

- Achieve profitable growth by promoting strategies in each business domain and creating synergies among business domains

ROIC

- Increase the excess of ROIC over the cost of capital (ROIC spread) and continue to aim **above 10%**
- Set medium- to long-term ROIC targets **for each operating company in accordance with its business stage, and work to improve them.**

Optimize the Group's management resources

Corporate's Role



Strengthen cash generation capabilities and improve efficiency in each business

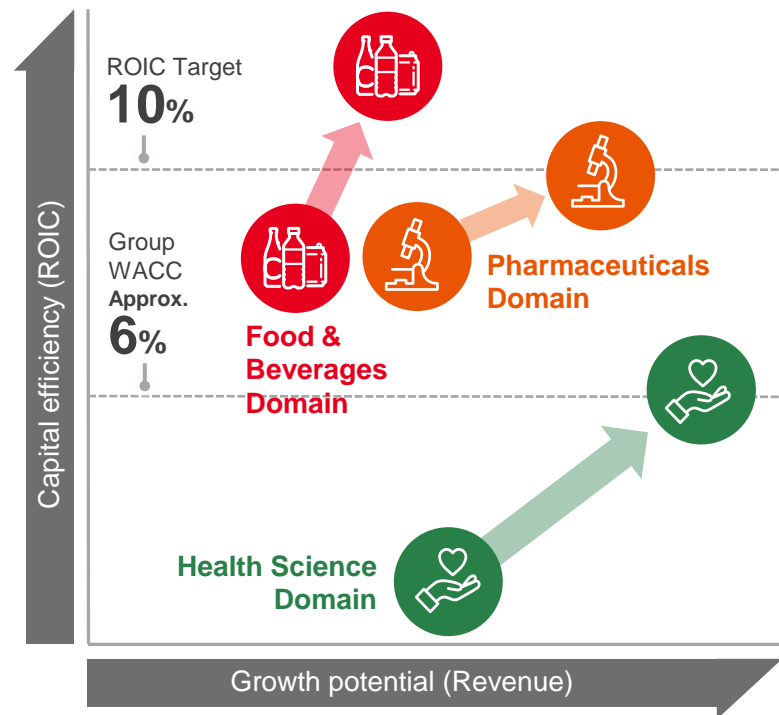
Business's Role



Maximize Corporate Value

Set targets for each business stage and promote improvement measures to continuously improve ROIC

Aimed direction of ROIC and growth potential for each business domain






Future initiatives to improve ROIC

Optimize of the Group's management resources

- Continuous review of the business portfolio
- Disciplined investment decisions based on ROIC
- Improve capital efficiency by global CMS, etc.

Strengthen cash generation capabilities and improve efficiency in each business

-  Improve profitability by promoting a premium strategy and productivity improvement, and pursue management that emphasizes capital efficiency through adequate capital investment, etc.
-  Expand revenue through growth of global strategic brands, and accelerate strategic investments* and development to enhance the development pipeline
-  Earn profit quickly through creating added value with Blackmores and Kyowa Hakko Bio's structural reforms, and explore strategic investment* opportunities

* Temporary decline in ROIC is permissible when strategic investments occur

*Reprinted from Q2 FY2023 presentation materials

FY 2023

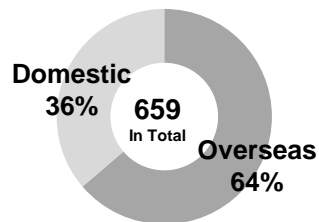
Status of Dialogue with Capital Markets

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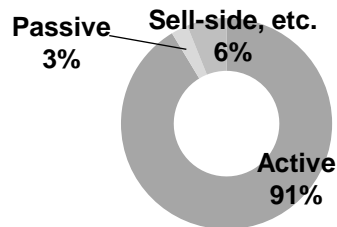
Status of Dialogue with Shareholders and Investors FY2023 -1-

Demographic of Dialogue Counterparts / Kirin's Representative

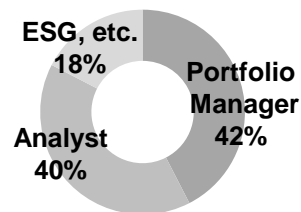
Domestic / Overseas



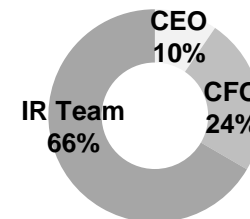
Active / Passive



Buy-side Areas of Responsibility



Kirin's representative



Presentations to Institutional Investors

Period	Event	Detail	Main Speakers
Financial results presentation			
May, November	Financial results presentation (1Q and 3Q)	First and third quarter results	General Manager of Corporate Strategy, General Manager of Financial Strategy
August, February	Financial results presentation (2Q and full-year)	Full-year forecast and initiatives to enhance corporate value	CEO, CFO
IR events such as strategy presentations, etc.			
March	CEO sell-side small meeting	Strategic dialogue between sell-side analysts and the CEO	CEO, CFO, General Manager of Corporate Strategy, General Manager of Financial Strategy
June	Investor Day	Growth strategies in the Food & Beverages domain (Kirin Brewery and Lion)	CEO, President of operating companies
September	CEO sell-side small meeting	Strategic dialogue between sell-side analysts and the CEO	CEO, CFO, General Manager of Corporate Strategy, General Manager of Financial Strategy
September	Health Science Day	Health Science domain and Blackmore's growth strategy	Director of the Board and Senior Executive Officer of Health Science Strategy, President of operating companies
December	CSV Day	CSV strategy update, human rights initiatives, and container and packaging initiatives	Senior Executive Officer of CSV, representatives from the department

Status of Dialogue with Shareholders and Investors FY2023 -2-

Dialogue Topics with Shareholders and Investors

Examples of dialogue topics with shareholders and investors	Our initiatives (including items incorporated in response to the dialogues)
Enhancement of corporate value, growth strategies for each business domain and the Group's business portfolio	<ul style="list-style-type: none"> Delivered a presentation on "Enhancing Corporate Value" at the 2Q financial results announcement. Presented and reported on the progress of each business and its growth strategy at "Investor Day," an IR event. Apart from the above, in 2023, we held the first IR event "Health Science Day" focusing on the health science business. Created and posted on our website an "Investor's Guide," to provide a reference to an overview of the Group for our shareholders and investors. Achieved the disclosure of the Health Science segment by revising the disclosure segments in accordance with the change in the business portfolio.
Effectiveness of corporate governance	<ul style="list-style-type: none"> Conducted a panel discussion on governance with non-executive directors at "Investor Day," an IR event. Conducted a dialogue with non-executive directors on the topic of "Is our governance system 'functioning'?", " and posted on the "Integrated Report. "
Progress on ESG and the relevance of non-financial indicators to corporate value	<ul style="list-style-type: none"> Presented and reported on the progress of CSV management (including ESG) and the economic value created by each initiative at "CSV Day," an IR event.

Feedback System to Management

Information is shared in a timely manner with the Board of Directors, members of the management meeting, presidents of affiliated operating companies, and general managers of each division, etc., and reflected in the management strategy.

Contents	Frequency	Reporting Method
Feedback from investors/analysts (requires immediate attention)	Whenever necessary	Directly or by e-mail, etc.
Feedback from investors/analysts (reaction and evaluation of financial results)	Same day of the announcement	E-mail
Feedback from investors/analysts (comments made during dialogue)	Monthly and quarterly	Monthly by e-mail, quarterly in the board meeting
Report on IR strategy, annual plan and progress	Quarterly	Board meeting

This material is intended for informational purposes only and is not a solicitation or offer to buy or sell securities or related financial instruments.



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