

## Message from Top Management

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**Start of the 2022 Medium-Term Business Plan**  
**Creating a new growth track, directed at realizing KV2027**  
**Achieving three years of outstanding growth**

President & CEO  
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## Raising seedlings of "outstanding growth" in the "era of uncertainty"

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When announcing the 2019 Medium-Term Business Plan (2019 MTBP) three years ago, I stated that the world is entering the "VUCA\* era". These words were realized as COVID-19 became a global pandemic in early 2020, severely disrupting the world. Although there had been warnings of increased risk of transmissible diseases caused by global warming, no one was able to foresee such a major impact. Now, as successive variants continue to prolong the pandemic, there is still no end in sight.

\*VUCA: Abbreviation of "Volatility", "Uncertainty", "Complexity" and "Ambiguity". It refers to a social situation with high volatility and uncertainty that is also complex and ambiguous.

Looking at the world today, nationalism has expanded, and there is increased geopolitical risk, including the military coup in Myanmar in February 2021 that has impacted the Kirin Group's operations.

## Executive Message

Due in part to the impact of these social circumstances, unfortunately, we were unable to achieve the numerical targets set forth in the 2019 MTBP. However, I believe that as a result of the rapid changes in the social environment, the society we envisioned 10 years after has arrived much earlier due to the COVID-19 pandemic. Along with accurately grasping the changes in consumer behavior and implementing new initiatives earlier than planned, we made numerous achievements and obtained new awareness even during the recent unprecedented circumstances.



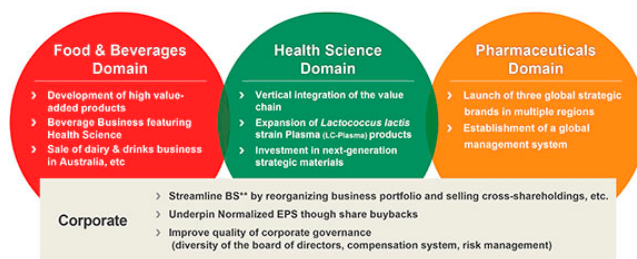
For example, draft beer and craft beer sales focused primarily on the on-premise channel before the pandemic, but after quickly picking up on the increased off-premise demand as people refrained from going out during the pandemic, we shifted channels much earlier than initially planned, including the launch of the *Home Tap* and a can version of *Spring Valley Hojun 496* in the off-premise channel.

Moreover, in September 2020, the Consumer Affairs Agency accepted our notification for *Lactococcus lactis* strain Plasma as Japan's first food with functional claims for immune function. As health awareness increased during the COVID-19 pandemic, we launched a wide variety of new products centered on the *iMUSE* brand and were able to leverage the scientific evidence to greatly expand sales volumes.

From a non-financial perspective, in regards to corporate governance, the majority of the Board members are now non-executive directors, the chairperson included. Our external stakeholders have viewed positively, and in fact, the discussions in the Board meetings are now deeper and more vigorous. Moreover, I have to prepare myself more than ever before the meetings. In addition, we have achieved a certain level of progress in employee engagement and the environmental measures based on Kirin Group Environmental Vision 2050.

However, the business environment is expected to remain challenging, and the world is unlikely to return to its previous form. We need to possess the "determination" to survive within a completely new world. As I mentioned earlier, thankfully, the Kirin Group has steadily planted seeds for achieving further growth. While remaining true to the basic policy set forth in the Long-Term Management Vision "Kirin Group Vision 2027 (KV2027)", we will aim to become a "global leader in CSV".

The 2022 MTBP that began this year will be a three-year period in which we create a new growth track that differs from the track originally envisioned when starting KV2027. As a financial KPI, we will aim to achieve a normalized EPS compound average growth rate of at least 11% and continue to achieve major growth even after the recovery from COVID-19. I believe we were able to successfully create a foundation for realizing this outstanding growth during the 2019 MTBP.



The foundation for growth in the next MTBP (2022-24) is in place

\* Medium-term Business Plan

\*\* Balance Sheet

## Three years for returning to a path to “achieving KV2027”

### Realizing further growth of the existing businesses and creating new value

As part of the 2022 MTBP, we will reform the earnings model by restructuring the existing businesses and exploring new businesses within the Food & Beverages Domain. Many of our markets are mature markets, making it difficult to grow quantitatively, so it will be important to achieve quality growth. While further strengthening the core brands, we will work to grow the top line and improve the product mix by fostering high value-added products and services in Japan and overseas, including craft beer and beverages with high health appeal. In addition, we will improve profitability by 30.0 billion yen over the next three years and achieve growth greatly exceeding pre-COVID levels.

In the Pharmaceuticals Domain, we will bring the three global strategic brands to market in even more countries and regions and work to further expand the indications. Also, by enhancing the pipeline of next-generation pharmaceuticals, we will firmly establish Kyowa Kirin as a Global Specialty Pharmaceutical Company.

In the Health Science Domain, along with expanding *Lactococcus lactis* strain Plasma products both inside and outside the group, given the increasing global health related demand, we are working to establish citicoline and Human Milk Oligosaccharides (HMO) as new pillars of growth. Also, concerning the collaborations with FANCL, by leveraging our individual strengths, we will deliver products and services with high added value unachievable alone to consumers through the mutual use of our channels. We are accelerating the various initiatives, including potential M&A, aimed at quickly establishing the Health Science business as a pillar of the Kirin Group.



### Become more competitive by combining the cultivation and fostering of internal human resources with the acquisition of external talent

Concerning “organizational capabilities for innovation”, fostering personnel who will be responsible for promoting ICT and digital transformation (DX) is an urgent issue. DX is already essential for creating new value. Securing personnel who can collect high quality data and also analyze that data is a major issue for the Kirin Group. However, we will not succeed simply by bringing in external specialists. Regardless of technical expertise and knowledge of data science, unless there is true understanding of the business, it is impossible to achieve deep insight. While welcoming data analysis experts into our group as leaders and trainers, we will focus on identifying personnel with an interest in mathematics and statistics and high aptitude, and develop DX experts in-house through in-depth and recurrent education. In order to achieve the new Medium-Term Business Plan and KV2027 within today’s uncertain social environment, our group’s employees will need to make an even greater contribution to the organization. Given this, I feel we should further invest in our human resources.

### Realizing outstanding growth with CSV as the basis of management



In the current Medium-Term Business Plan, we have set extremely high quantitative targets for the next three years. However, I believe that if we can steadily address each of the issues mentioned earlier, these targets are achievable. We will combine the strength of each business and division that achieved good results even under the challenging circumstances during the previous medium-term business plan and come together as a group to achieve the current targets.

In today's uncertain environment, I believe each company's reason for existing is being questioned. CSV, which I have continued to promote since 2013, will be the answer. We have continued to make steady advances in CSV during this period of disruption, and it is now a core pillar of management at the Kirin Group and provides meaning for our existence. Based on our strengths in fermentation and biotechnology, we are a company that will create social and economic value through solving social issues. By reinvesting the cash obtained from economic growth in the group's core businesses, we will create a cycle of growth in the total value of these two values and contribute to increasing the sustainability of society while continuing to achieve growth.

I ask for your continued understanding and support for our group.