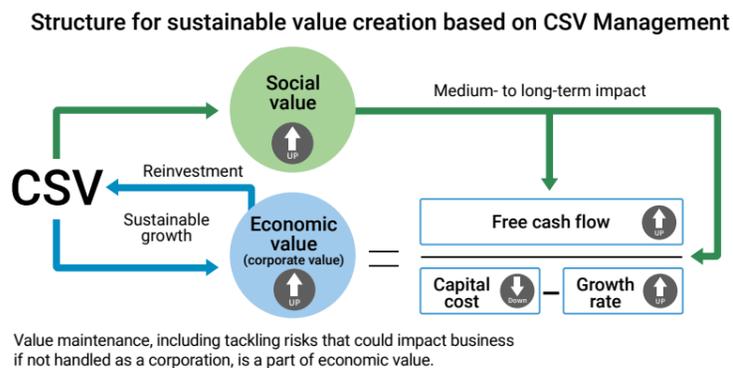


03

Value Creation in the Kirin Group

CSV Management

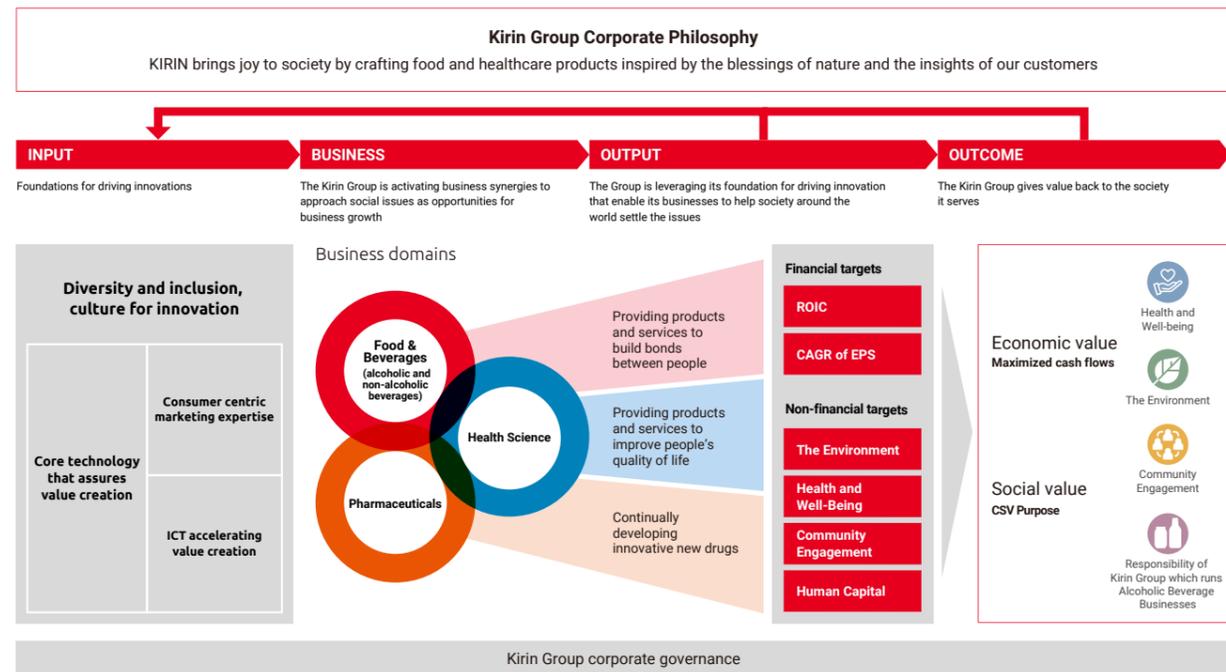
“CSV” stands for “creating shared value,” and is a concept that was proposed by Harvard University Professor Michael E. Porter and Mr. Mark R. Kramer in 2011. CSV is the idea that making efforts in meeting social needs and resolving social issues will create social and economic value that will become the next driving force of growth.



Value Creation Model

In the Kirin Group’s CSV Management, we aim to expand and reproduce solutions to social issues and improve corporate value by using innovation to resolve social issues and reinvesting the profits gained from doing so. The key to realizing this is the Value Creation

Model. With the organizational capabilities (INPUT) necessary for creating innovation as our foundation, we are resolving social issues through business activities (BUSINESS) to create value (OUTPUT / OUTCOME) and realize our CSV Purpose.



The origin of CSV Management

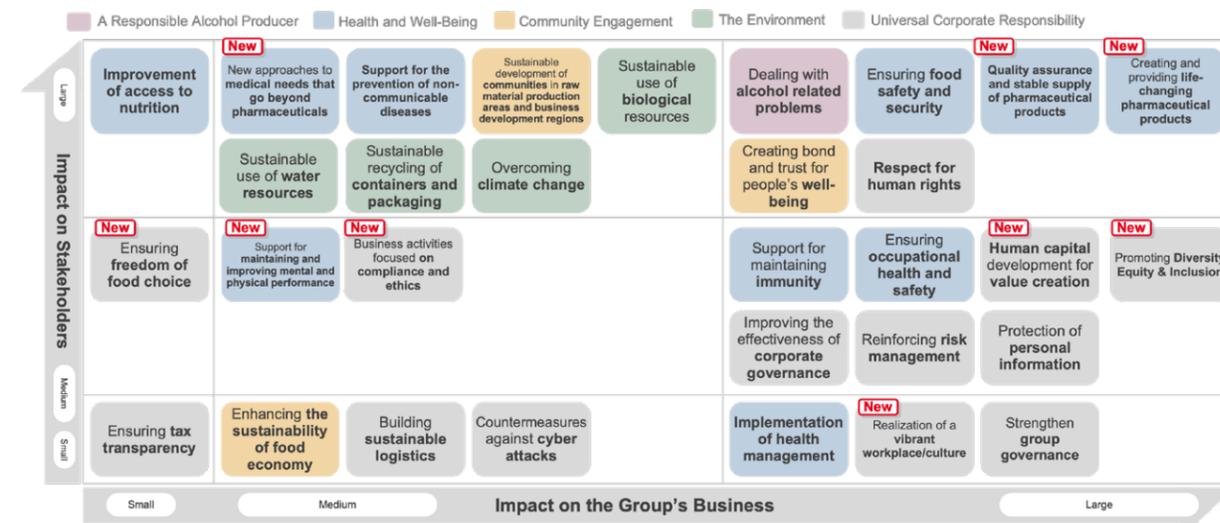
The idea behind the Kirin Group’s CSV Management comes from a concept advocated for by Dr. Albert Schweitzer, winner of the 1952 Nobel Peace Prize: “Reverence for Life (Ehrfurcht vor dem Leben).” This concept suggests that humans are a part of the natural world, and that, in a natural world where everything is interconnected, we cannot hope for a sustainable future if we only pursue personal profit. The idea that inspired the CSV of today has been passed down for generations since before the word “CSV” was coined. The Kirin Group will continue to inherit this DNA, to further develop it, and to aim to be a global leader in CSV.

Management Issues for Sustainable Growth

–Group Materiality Matrix (GMM)

Kirin Holdings has organized its Management Issues for Sustainable Growth (Kirin Holdings Materiality Matrix (GMM)), which outlines the challenges it should address to operate and develop sustainably in partnership with society. The Group evaluates the GMM from the two

perspectives of impact on its business and impact on stakeholders. As the Group considers that the GMM will change over time, it re-evaluates and revises the GMM as necessary.



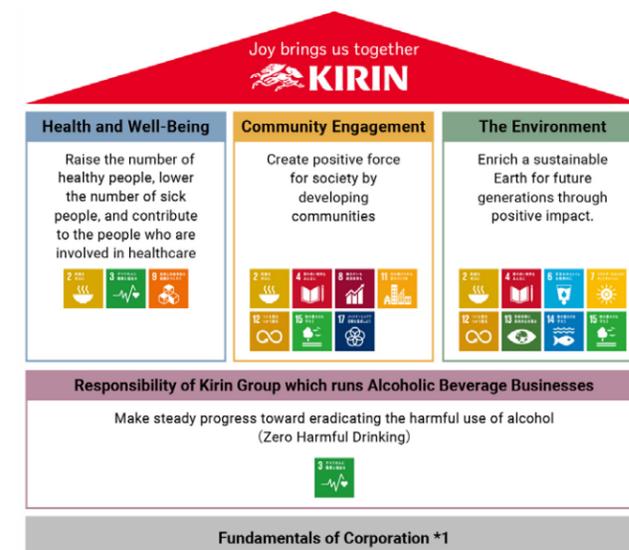
CSV Purpose

The CSV Purpose is based on the GMM and identifies four key issues that must be addressed in order to exist sustainably and develop together with society.

In February 2025, we clearly defined the activities that are prerequisites for CSV management and that we have implemented so far as “Fundamentals of Corporation” and established as the foundation of our business management.

Additionally, in order to clarify the areas that we will focus toward the next 10 years, we changed “Community Engagement” to put more value on connections with society and changed the title of “A Responsible Alcohol Producer” to “Responsibility of Kirin Group which runs Alcoholic Beverage Businesses.” Each operating company and business segment makes efforts toward our CSV Commitment, an action plan to realize these guidelines.

Please refer to pages 88–95 for information on and results of the CSV Commitment.



*1 “Fundamentals of Corporation” is a set of management issues that are not included in CSV Purpose, such as “human rights,” “human resources,” “governance,” and “moral responsibility” etc.

Message from the Senior Executive Officer of CSV Strategy

Transforming Initiatives Toward Becoming a Global Leader in CSV

Hiroshi Fujikawa

Senior Executive Officer,
Kirin Holdings Company, Limited



Updating guidelines toward realizing our vision

—As the senior executive officer in charge of CSV strategy, what is your take on the vision proposed in the Long-Term Management Vision of the Kirin Group Vision 2027 (KV2027): a global leader in CSV?

The year 2024 continued to be scarred by severe environmental issues, including hurricanes, wildfires, and many other natural disasters that resulted from climate change. Additionally, the prices of numerous raw materials skyrocketed due to natural disasters such as droughts. If the Kirin Group cannot obtain raw materials, naturally we will be unable to produce and sell products, which would threaten the Group's sustainability. In other words, even for continuing in business, maintaining the Earth's sustainability is vital.

Through business activities in our Alcoholic Beverages, Non-Alcoholic Beverages, Pharmaceuticals, and Health Science Businesses, our Group contributes to resolving social issues while generating economic value to become a global

leader in CSV, but we have no clear-cut requirements for what constitutes a global leader in CSV. This is because we want to avoid focusing entirely on actions simply aimed at fulfilling set requirements amidst the continuously evolving social issues and then ending our activities as soon as those requirements are met. We believe a global leader in CSV is a company in which all Group members understand and sympathize with CSV management and in which members contribute to CSV management through their daily work: It is a company that has large and small positive impacts on society through innovative initiatives and that is recognized around the world. The year 2027, the target for our long-term management vision, is fast approaching, and I believe that some good examples of value creation that embodies CSV management are emerging.

—How is CSV connected to management strategy and value creation?

Our Group is promoting CSV management through our diverse, solid business portfolio that includes Alcoholic Beverages, Non-Alcoholic Beverages, Pharmaceuticals, and Health Science Businesses, technological capabilities centered on fermentation and biotechnology, and diverse human capital.

In particular, in the Health Science Business, Blackmores Limited, which joined our Group in 2023, identified "People," "Planet," and "Community" as the pillars of sustainable growth, and the management strategy of FANCL Corporation, which joined in 2024, is based on their founding philosophy of "Eliminate the 'negatives' with a Sense of Justice." This illustrates that our Group's CSV management concept is shared throughout the strategies of each Group company.

In 2024, we produced results under each theme of the CSV Purpose. In regard to "Health and Well-Being," *Lactococcus lactis* strain Plasma

(LC-Plasma, a postbiotic) received the Imperial Invention Prize in 2023. In addition, our collaborative research and development of an LC-Plasma medical vaccine with the Japan Institute for Health Security was accepted as a project for research and development into new modalities contributing to vaccine development by the Strategic Center of Biomedical Advanced Research and Development for Preparedness and Response under the Japan Agency for Medical Research and Development, so we are now looking to expand the product into the Pharmaceuticals Domain in the future. We will continue to spread immune care habits throughout the world and will also aim to develop products that act as countermeasures to new infectious diseases of future concern. In addition, as a new business in the Health Science Domain, we launched a tableware device, the Electric Salt Spoon, that enhances the saltiness and umami flavors of low-salt foods by using the power of electricity. It has been well-received by consumers who want to decrease their salt intake.

In the fields of "Community Engagement" and "The Environment," our sale of beer products that contribute to revitalizing local communities, like *Kirin Beer Harekaze*, and products that support food loss reduction and farmers who produce raw materials, such as *KIRIN HYOKETSU mottainai*, have been praised by key customers and consumers. Going forward, we will continue to develop products that help address social and environmental challenges while creating economic value, and to engage in activities that improve the productivity of our value chain.

Our Group's CSV initiatives also strengthen our human capital. In recent years, we have seen an increase in the number of applicants who say they want to work with us because we use CSV management to resolve social issues. This growing interest has become a powerful driver for further promoting CSV management.

Our Group will continue to leverage our strengths in technological capabilities and diverse human capital to make innovations and to strive to enhance our sustainable corporate value.

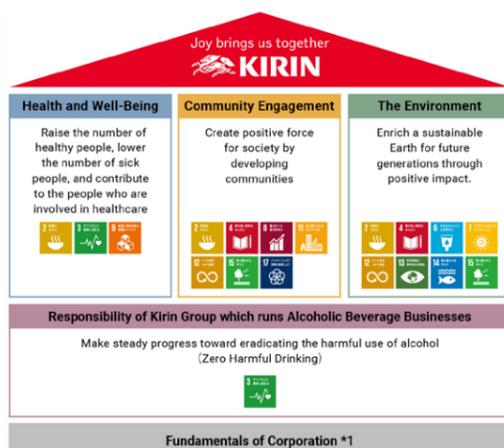
—What will the process be for updating the new Management Issues for Sustainable Growth (the Group Materiality Matrix: GMM) announced in February 2025?

First, the CSV Strategy Department I oversee will identify management issues from a third-party perspective and will carefully examine the degree of impact these issues will have on our Group. This will then be discussed with the Group Executive Committee, the Group CSV Committee, and other organizations, and any final decisions will be made by the Board of Directors.

We had begun to update the GMM even before making FANCL a consolidated subsidiary, and the main elements have not changed significantly since last year. Therefore, we are continuing to examine the GMM for the Health Science Business, which has established its business foundation. In addition, we have received negative comments from investors about our conventional process of reviewing the GMM once every three years when we formulate middle-term management plans. Amidst the rapidly changing environment, we plan to review the GMM in line with our annually rolling three-year goal.

—Can you please tell us why parts of the CSV Purpose have been edited?

One of the major edits was changing "A responsible alcohol producer" to "Responsibility of Kirin Group which runs Alcoholic Beverage Businesses." By doing this, as a Group that operates Alcoholic Beverage Businesses, operating companies throughout all our business areas have further solidified their determination to eliminate the harmful consumption of alcohol.



*1 "Fundamentals of Corporation" is a set of management issues that are not included in CSV Purpose, such as "human rights," "human resources," "governance," and "moral responsibility" etc.



committed to creating biodiversity, procurement, and other guidelines. Biodiversity is a global issue, but because the weather and the quantity of water resources, etc. differ by region, we will address issues individually by considering the characteristics of each region. By accumulating various insights in this way, we will then tailor any useful approaches to other regions. A prime example of this is Mercian Corporation's Mariko Vineyard. This vineyard grows grapes for Mercian's wine, nurtures a rich ecosystem through hedge planting and grass cultivation, and is registered as an Approved Site for the Ministry of the Environment's 30by30 Alliance for Biodiversity. The Château Mercian Mariko Vineyard is in no way large, but we hope to expand the scale of our social contributions by using the knowledge gained in the vineyard to other farmlands. In February 2025, the Château Mercian Jonohira Vineyard in Yamanashi Prefecture was also recognized as a Nationally

Certified Sustainably Managed Natural Site and is considered one of the few examples of a business that leads to Nature Positive. Meanwhile, as we do not own the tea plantations where the leaves for *Kirin Gogo-no-Kocha* are grown, direct control is difficult. In such cases, we work with the Rainforest Alliance to promote environmental conservation and support the local communities surrounding the farms. We will also apply similar support to coffee farms in Vietnam.

Regarding human rights, our Group announced our Human Rights Policy in 2018 in line with the United Nations' Guiding Principles on Business and Human Rights. Following this policy, we swiftly withdrew from our beer business in Myanmar in response to the military coup there in 2021. I feel that the world's awareness of human rights has grown significantly in recent years. We will face this issue responsibly, not just on our own, but together with companies and people that we partner with.

Lastly, regarding human capital, our Group is currently undergoing a business portfolio transformation, expanding its business across new regions and domains. In this context, diversity and expertise will become increasingly important for generating new value and driving innovation. We will steadfastly connect management strategies and human capital to implement these initiatives.

Regarding global alcohol-related problems, we have joined the International Alliance for Responsible Drinking (IARD) to promote responsible drinking and to eliminate the harmful use of alcohol, including underage drinking. IARD global standards include commitments to displaying responsible drinking messages including age-restriction reminders on product labels of alcoholic and non-alcoholic beverages. IARD members work with social media platforms to enhance age assurance and, as members, we apply five key safeguards on our digital channels, achieving an independently audited 98.2% full compliance rate in 2024.

We will continue to engage in responsible marketing for alcoholic and non-alcoholic beverages in our advertisements and sales.

For example, as part of our promotion to raise awareness about responsible drinking, a video on eliminating drunk driving featuring the non-alcoholic beer *Kirin GREENS FREE* received more than 150,000 views. In addition to the traditional awareness activities conducted for many years at beer factories,

the initiative also extended to numerous seminars held at companies and universities, leading to a deeper understanding of responsible drinking.

In February 2024, Japan's Ministry of Health, Labour and Welfare released "Guidelines for Health-Conscious Drinking" to contribute to helping people living in Japan determine appropriate alcohol consumption and behaviors based on their individual situations. Meanwhile, alcohol also plays a role in bringing people together. We will remain committed to eliminating the harmful consumption of alcohol while cultivating an alcohol culture that contributes to bringing joy to society through its appropriate consumption.

Another alteration is the relabeling of key economic issues in the GMM that apply to all corporations as "The Fundamentals of Corporation." Included in this section are "Human Rights," "Governance," and "Human Resources." We have determined the fundamentals of a corporation to be fulfilling its role as a member of society, considering the needs of stakeholders, and acting ethically.

Becoming a global leader in CSV through practical initiatives and advanced information disclosures

—To what degree does the Kirin Group aim to disclose non-financial information?

We are preparing to comply with the sustainability disclosure standards published by the Sustainability Standards Board of Japan (SSBJ) in March 2025. Information disclosures are important for stakeholder engagement, increased company transparency, and stronger trust. As a Group, we started preparing early so as to quickly realize efficient gathering of internal data for disclosures that benefit our various stakeholders so we can integrate their opinions in our management. Thus, we aim to make easy-to-understand disclosures that lead to corporate value.

—How is the progress of initiatives in the non-financial domain?

Collecting non-financial data is extremely difficult, and there are many issues concerning their disclosure that we need to resolve, such as the fact that detailed rules can change rapidly, although framework of the rules itself is transparent, and the need to simultaneously release Japanese and

English versions as quickly as possible. At present, we are at the forefront of disclosure in the area of the environment, even on a global scale. Our efforts include our responses to the Task Force on Climate-related Financial Disclosures' and the Taskforce on Nature-related Financial Disclosures' frameworks and the formulation of the Roadmap to net zero. Additionally, our efforts to reduce greenhouse gas emissions are going smoothly and have been praised internationally. On the other hand, since we have been focusing on areas where reductions could be achieved relatively quickly with high effectiveness, future initiatives will likely be more complex and expensive. Therefore, we want to enhance the quality of our initiatives. For example, in the containers and packaging domain, we will try our hands at chemical recycling and build a system for recycling materials for plastic bottles. Such initiatives are rare on a worldwide basis, so we will show ourselves to be a global leader in CSV through such innovations.

In the biodiversity area, since the 10th Conference of the Parties to the Convention on Biological Diversity in 2010, our Group has

Building a future through dialogues with stakeholders

—Please tell us about recent initiatives in engagement with the six stakeholders.*

Our leading initiative in 2024 was an investigation into the awareness and purchasing habits of consumers with high interest in sustainability, as a form of engagement with consumers.

As a result, we are starting to see new signs of consumers' growing interests in sustainability. For example, *Kirin Beer Harekaze* and *KIRIN HYOKETSU mottainai*, both launched in 2024, give a portion of their sales to local communities and farmers in their regions of origin. These products enable consumers to indirectly help address social and environmental challenges in those communities. These products are seeing success, such as in receiving endorsement from the younger consumers and retailers and being placed at store fronts for longer than conventional products. Through dialogues with stakeholders, we

have realized there is a necessity to take on more forward-looking initiatives.

It has been more than ten years since we started CSV management in 2013, and the understanding and sympathy of employees has grown, but we recognize we must further improve its execution going forward. Toward becoming a global leader in CSV, we hope to create a system in which it is easy for every employee to take action to create a future where our Group's products and services can support consumers throughout their lives. Please stay tuned to see what new value is produced by our Group's CSV management!

*Customers, shareholders and investors, the environment, business partners, communities, and employees common to all Kirin Group companies. To realize the Kirin Group's CSV, we treasure these relationships with stakeholders and aim to co-create new value with them.

Kirin Group's Foundations for Driving Innovations

Human Capital

Diversity and Inclusion, Culture for Innovation

Kirin Group's Human Capital Strategy

The link between the Management and Human Capital Strategies

The Kirin Group's Basic Philosophy, "Respect for Humanity," is based on a belief in the endless possibilities of people. We provide an environment in which each and every employee can challenge themselves to create new value, work with energy, and continue to grow through their work. By viewing human capital as the source of value creation and our competitive edge, and investing in them, we aim to be "a company where human capital grows and wins through human capital." While the Human Capital Strategy enhances the execution of the current strategy, the capabilities of our human capital are also an essential element for raising our future corporate value and increasing the potential of the Management Strategy. The keys to this will be expertise and diversity. As every employee grows their expertise, we will provide an environment for cultivating diverse experiences and perspectives with our diverse, strong portfolio, extending from Foods & Beverages (Alcoholic and Non-Alcoholic) to Health Science and Pharmaceuticals, and foster expert and diverse human capital.

Additionally, we will promote CSV management, realize the sustainable growth of our Group, and improve our corporate value by creating an organizational culture accepting of diverse values and engaging in co-creation across the organization and teams.

Issues and initiatives

The P&C Story linking human capital strategy to value creation

While issues and high-priority initiatives may differ between countries, regions, and businesses, they are similar in that they connect the Human Capital Strategy to value creation. In order to promote a Human Capital Strategy representative of the Kirin Group, we established a Group-wide P&C Story that connects human capital (diversity and inclusion, culture for innovation) to value creation based on the Group's Value Creation Model. The P&C Story comprises four key factors: Well-Being, Growth, DE&I, and KABEGOE. Through the P&C Story, we will cultivate human capital and an organizational culture that balance expertise and diversity and engage in KABEGOE.

Kirin Group P&C Story

Well-being

Work healthy and to the fullest, and create job satisfaction through sympathy for CSV management

Growth

Proactively hone expertise toward self-reliant career development and enrich values through diverse experiences

DE&I

Accept diverse values that differ from their own, and have a mindset of co-creation with peers

KABEGOE

Act with curiosity in everything, turn failures into learning opportunities, and proactively practice creativity and value creation.

Issues and initiatives

In order to realize Kirin Group Vision 2027 (KV2027) and sustainable growth of the Group beyond KV2027, we believe it is important to foster an organizational culture in which each and every employee understands how their job is related to CSV management and proactively practices creativity and value creation. Therefore, looking at the gap between the current situation and our outlook on future environmental changes and management strategies, we established a vision and identified key issues based on the P&C Story to improve strategy execution abilities (short-term perspective) and to continuously adjust our human capital strategy so as to not limit future management strategies (medium- to long-term perspective).

Key issues

1. Well-Being: Foster employees who are healthy and energetically engage in their work with motivation
2. Growth : Enhance human capital and leaders with expertise and diversity
3. Growth : Group management human capital = Foster and acquire human capital capable of working overseas
4. DE&I : Be an organization that accepts diversity
5. KABEGOE : Create an organizational culture that encourages learning from failures and successful KABEGOE

2024 results and future initiatives

Disclosure indicators and unique items

We set indicators for each key issue based on the P&C Story, which includes Well-Being, Growth, DE&I, and KABEGOE, and disclose them as unique items.

With internal and external environments rapidly changing, we added "Increased investments in fostering Group management human capital" to our unique items in 2024. It serves as an indicator for fostering Group management human capital that can play active roles overseas, based on new management issues such as accelerating the growth of the Health Science domain and leveraging strengths in business development across domains. In order to connect the Human Capital Strategy to value creation, we will continue to sustainably promote human capital management through dialogues with stakeholders.



Key factors	P&C Story *Key factor positioning	Key issues of the Human Capital Strategy	Initiatives addressing key issues	KPIs (unique indicators) for measuring initiatives
Well-Being	Well-Being *Mental and physical well-being and sympathy with CSV management Work healthy and to the fullest, and create job satisfaction through sympathy for CSV management	1. Foster employees who energetically engage in their work with motivation	Initiatives to promote understanding, sympathizing, and implementation of occupational safety, health management policies, and CSV	Employee Engagement Score 2021: 72 → 2022: 70 → 2023: 70 → 2024: 71
Growth	Growth *Diverse individuals and growth Proactively hone expertise toward self-reliant career development and enrich values through diverse experiences	2. Enhance human capital and leaders with expertise and diversity 3. Group management human capital = Foster and acquire human capital capable of working overseas (KH employees)	Enhancing ability to encourage proactive creativity and taking on challenges, strengthening leadership, fostering management human capital, and visualizing, allocating, and externally acquiring human capital necessary for business growth	Percentage of employees with experience in multiple business areas*1 2023: 43.3% → 2024: 47.8% Rate of investments in fostering Group management human capital*2 2022: 100% → 2023: 142% → 2024: 156%
DE&I	DE&I *An organization accepting of diversity Accept diverse values that differ from their own, and have a mindset of co-creation with peers	4. Be an organization that accepts diversity	Identify and eliminate barriers that prevent diverse employees to work respectively	Diversity Index of Engagement Survey 2022: 68 → 2023: 69 → 2024: 69
KABEGOE	KABEGOE *Creation through diversity Act with curiosity in everything, turn failures into learning opportunities, and proactively practice creativity and value creation.	5. Create an organizational culture that awards learning failures and successful KABEGOE	Structure a system for CSV practices that go beyond organizations, businesses, and international borders to receive recognition at the Kirin Group Award	Total number of applicants for Kirin Group Award*3 2021: 12.6% → 2022: 23.1% → 2023: 36.1% → 2024: 94.2%

*1 The number of employees who have worked in one of the four domains (Food & Beverages, Health Science, Pharmaceuticals, Others), overseas, or outside the Group is counted as one, and the number of employees who had two or more counts of experience is calculated.

*2 The amount invested in fostering Group management human capital (investments required for fostering global human capital, programs for management human capital, etc.) was calculated based on the difference compared to 2022.

*3 The total number of applications for Kirin Group Award among all Group employees was calculated.

Example

Accelerating strengthening of human capital toward realizing the Health Science Business Strategy

To realize the vision of our Health Science Business Strategy—Be one of Asia-Pacific's Largest health Science Companies—we hired 38 employees with experience with specialized functions in the Health Science Domain,* including corporate planning, marketing, basic research, quality assurance, and intellectual property, and plan to hire 29 more before the end of 2025. In particular, we believe that our hiring of a general manager with extensive experience in global business will accelerate the future global expansion of our business. By assigning human capital across the Group, we are generating synergy between organizational capabilities through exchanges. Toward creating synergy with FANCL Corporation, we are increasing talent exchanges between the Kirin Group and FANCL to around 30 people, mainly in corporate planning, overseas business, marketing, sales, and quality assurance. Additionally, in order to improve our compliance with laws and regulations in various countries and improve customer understanding, which will be necessary to expand our business globally, we will be collaborating with Blackmores' experts to make the most of their knowledge.

*We will improve corporate value in areas such as marketing, sales, supply chain management, finances, human resources, and R&D.

Year	General staff	Section manager	General manager	Total
2022	5	0	0	5
2023	13	0	0	13
2024	14	0	0	14
2025	29	0	6	35

Kirin Group's Foundations for Driving Innovations

R&D

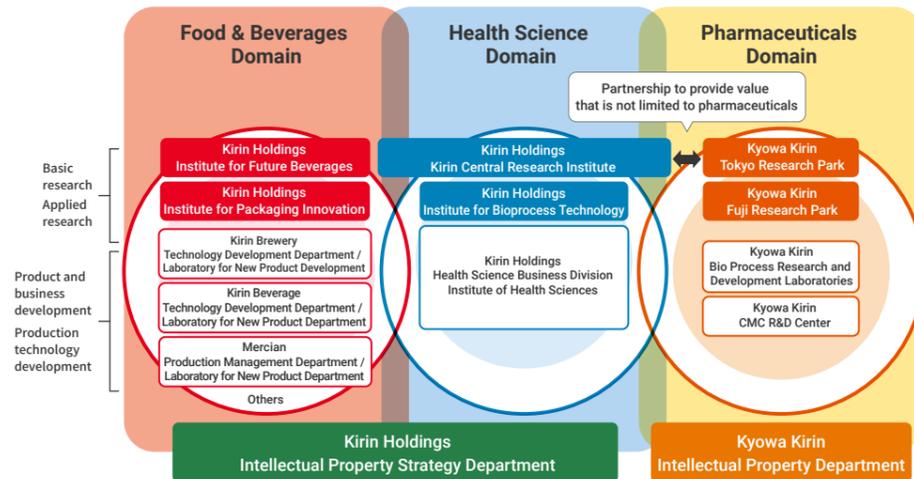
Core Technology That Assures Value Creation

Core competencies of fermentation and biotechnology

We at the Kirin Group expanded our businesses, ranging from the Food & Beverages Domain to the Pharmaceuticals Domain. This expansion was based on our knowledge of raw material selection and processing and the fermentation and biotechnology we developed through beer production. In the Food & Beverages Domain, in order to create new value in the beer category toward the integration of alcohol tax on beer, we developed *KIRIN ICHIBAN Zero Sugar*. As for the Health Science Domain, we discovered *Lactococcus lactis* strain Plasma (LC-Plasma, a postbiotic) as a unique strain that supports the maintenance of immunity in healthy people and then developed the *iMUSE* brand (soft drinks, supplements, and more), a functional food with immune function. In regard to the Pharmaceuticals Domain, we commercialized unique therapeutic antibodies based on antibody creation technology.

An R&D system that supports technological capabilities

In the Food & Beverages and Health Science Domains, Kirin Holdings' research institutes are responsible for basic and applied research through the combination of human assets and technology. The R&D organizations for our operating companies are responsible for the practical application of products and services based on the results generated by research. In the Pharmaceuticals Domain, Kirin Holdings, Kyowa Kirin Co., Ltd., is at the center of R&D.



Issues and progress since last year

Until now, the results generated at Kirin Holdings' research institutes have been passed on to our operating companies, and various products and services have been put to practical use at the companies. In this process, there were issues regarding initiatives in medium- to long-term business contributions. Therefore, from 2023, especially toward creating medium- to long-term innovation, our operating companies and Kirin Holdings' research institutes have been working together to formulate strategies and harmonize business and R&D strategies. In 2024, we created many opportunities for business and R&D divisions to engage in dialogues. As a result, we have set R&D themes with medium- and long-term outlooks on the businesses, reflected the themes in our strategies, and are promoting new initiatives toward creating added value in collaboration with our globally expanding operating companies.

Regarding intellectual property activities, through dialogues with the top management of business and R&D divisions, we are creating intellectual property for making medium- and long-term contributions to the businesses. Additionally, we are contributing to business development and strengthening our competitive position, such as by licensing intellectual property related to LC-Plasma to partner companies, thereby supporting the expansion of a new market for immune care. These activities are being recognized externally, and we received the Good-Standing Company Utilizing the Intellectual Property Rights System (Patent Exploitation) at the FY2025 Intellectual Property Achievement Awards, Awards from the Commissioner of the Japan Patent Office.



Pillars of strategy and initiatives

Advancing our initiatives with the collaboration of business, R&D, and intellectual property, we will simultaneously achieve R&D results and establish a competitively superior intellectual property portfolio.

In the medium- and long-term, we will identify necessary technologies based on consumer and social issues and business strategies and focus on R&D for maintaining and expanding those technologies. Furthermore, by protecting the results of this R&D as intellectual property rights and making them part of our intellectual property portfolio, we will establish a competitive technological edge against competitors to accelerate our businesses' growth. On top of that, we will combine external technologies, including digital solutions, with our own in pursuit of creating new value.

In order to expand our Health Science Business, we will simultaneously focus on R&D to enhance the profitability of LC-Plasma and citicoline, as well as on R&D activities aimed at generating new seeds for future innovation. In particular, in collaboration with FANCL Corporation, with their becoming a consolidated subsidiary, we will build an R&D foundation while engaging in joint research with Kirin Holdings' research institutes on various subjects, including skin. Together with the overseas company Blackmores Limited, we are also developing supplements and non-alcoholic beverages that use our Group's beverage development technology, packaging container development technology, and ingredients.

In October 2024, we established the joint venture Cowellnex Corporation with Kyowa Kirin Co., Ltd. We will combine our assets and collaborate to continue to identify and create new themes to "provide value that is not limited to pharmaceuticals."



Example

Creating new, world-class technologies and products

- Creating a 3D model of cultured human skin**

Toward creating business value with a medium- to long-term outlook on creative business value, Kirin Holdings' Kirin Central Research Institute created the world's first* 3D reconstructed human skin model with macrophages made from induced pluripotent stem (iPS) cells in collaboration with FANCL and the Graduate School of Medicine at Juntendo University. Using this model, we expect to find more effective methods of treating symptoms related to inflammation, such as from aging or allergies.

*Based on papers posted on Medline, Embase, BIOSIS, and Ichushi-Web (investigated by KnowledgeWire Corp. on August 30, 2024 (Fri.))

[H&E stained image] The skin's structure remains intact even when macrophages are incorporated

[Antibody stained image] The cultured skin with macrophages incorporated
- Developing new KIRIN HYOKETSU lineup for Australia**

As a way to create synergy with overseas companies, we are leveraging the RTD (ready-to-drink) formula development technologies of Kirin Holdings and Kirin Brewery Company, Limited, at Lion Pty Ltd to develop new products for the Australia and New Zealand markets. We blended the characteristics of *KIRIN HYOKETSU* with Australia's needs to develop and launch *KIRIN HYOKETSU LEMON* in 2023. In 2024, we continued to develop and launch new products.
- Forums for dialogues on business and R&D**

We held our internal exhibition (Seeds & Needs Forum) as a forum for dialogues on business and R&D at Nakano Head Office. More than 1,000 employees from Group companies around the world, including FANCL and Blackmores, participated, and the event has inspired us to continue dialogues on business and R&D that lead to innovation. Going forward, we will continue to create new themes through these dialogues.

Kirin Group's Foundations for Driving Innovations

Marketing

Consumer-Centric Marketing

The strengths, characteristics, and overall policies of the Kirin Group's marketing

Within the Kirin Group, the marketing divisions of each operating company and the marketing central functions^{*1} of Kirin Holdings Company, Limited, collaborated to improve the capabilities of the Group's marketing divisions with quick decision-making and execution skills for responding to environmental changes. The Kirin Group has identified the below opportunities for improving the Group's consumer-centric marketing skills and is promoting relative initiatives.

^{*1} Functions that lead the Group on its mission to (1) generate results with enhanced Group marketing capabilities, (2) improve Kirin's brand value, and (3) realize marketing human capital management

- ▶ Raise our "ability to understand consumers," which is the foundation of CSV management, to an even higher level throughout the Group in the Foods & Beverages and Health Science Domains
- ▶ Embody the CSV-driven approach of "partnering with society in addressing social issues and achieving mutual growth" in both company and product brands
- ▶ Promote the development and utilization of human capital and exchange of knowledge across the Group for the future
- ▶ Provide support in resolving the challenges operating companies are facing and create collaboration across the Group, using marketing central functions

Enhance Corporate Value by further evolving consumer-centric marketing



Issues and progress since last year

We launched the marketing central functions in 2022 and have identified three issues.

First is the generation of business results through improving our "ability to understand consumers." We do not promote the conventional company-centric marketing that prioritizes the desires of corporations and will continue to change to a marketing system that places consumers at the center of all decisions and prioritizes meeting their actual needs.

The second is changing the image of our company. In order to contribute to the growth of the Health Science Domain, our Group strove to gain a more wide-spread image as "A Group that contributes to consumers' health."

The third is embodying our Group's CSV-driven approach of "partnering with society in addressing social issues and achieving mutual growth" in our product and company brands. Our Group's operating companies in the Food & Beverages Domain remained committed to various CSV initiatives, such as through the sale of *KIRIN ICHIBAN Toretate Hop*, made with Japanese hops, by Kirin Brewery Company, Limited. However, we realized there was still room to grow the CSV image throughout the Group and strove to further enhance this image.

Strategies, pillars of initiatives, and results

To address the first issue of improving our "ability to understand consumers," we are fostering human capital through systematic marketing training that is led by the marketing central functions and transcends the boundaries of operating companies.^{*2} At the same time, marketing central functions are having marketing personnel socialize and share their knowledge with the marketing departments of operating companies. We are building a system for fostering brands and establishing strategies at all operating companies that is centered on human capital with a deep understanding of consumers that have been fostered and dispatched in this way. Based on their understanding of consumers, Lion Pty Ltd launched the *KIRIN HYOKETSU* brand in Australia and New Zealand.

In regard to the second issue of shifting the Kirin Group's image, we are enhancing the company's brand communication that we started in 2023. In the third pediatrician version of "KIRIN Joy brings us together," we share scenes of pediatricians being explained the importance of immunity, which our Group has researched over many years, at our immune-care system seminars through videos and owned media. In the fourth kindergarten version, we launched commercials for TV to explain the importance of immune care habits to children and their guardians and show people creating opportunities to practice immune care. According to surveys, these activities are gradually improving our Group's health image year over year and promoting the shift in our image

Going forward, to address the third issue of embodying the Group's CSV-driven approach, we will strengthen our commitment to social resolution activities using our representative brands (*KIRIN ICHIBAN*, *Kirin Beer Harekaze*, *KIRIN HYOKETSU*, *Kirin Gogo-no-Kocha*, and *iMUSE*) and soccer. In addition, based on "Responsibility of Kirin Group which runs Alcoholic Beverage Businesses," we will bring joy to society and contribute to building a joyful future for consumers by addressing the social issues of "health and well-being," "community engagement," and "the environment" in terms of corporate and product brands.

^{*2} Currently targets the marketing staff at Kirin Holdings; Kirin Brewery; Kirin Beverage Company, Limited; Mercian Corporation; and Koiwai Dairy Products Company, Limited

Example

Embodying our CSV-driven approach in product and company brands

• **Donating some sales from Kirin Beer Harekaze**

In April 2024, Kirin Brewery launched *Kirin Beer Harekaze* as a brand that embodies our Group's CSV-driven approach. Based on our desire to preserve Japanese seasonal traditions and to ensure a future where people continue to enjoy them, we started Harekaze ACTION to make donations from a portion of sales to support cherry blossom conservation activities, fireworks festivals, and more. More than 190 million people^{*3} have joined this initiative, and donations collected for municipal governments have exceeded 130 million yen.^{*4} As our first new standard beer product in 17 years, we managed to acquire new consumers who do not normally drink beer and achieved our year's target sales volume of 130%.

^{*3} Each sold can of *Kirin Beer Harekaze* was counted as one person. The total also includes the number of donated Harekaze coins.
^{*4} As of December 31, 2024

• **A partnership with the Japan Football Association**

Our partnership with the Japan Football Association started in 1978 and is more than 45 years old. In addition to the conventional support of the athletes representing Japan, since 1978, we have collaborated on activities to support healthy minds and bodies and contribute to a society where people socialize with each other and find joy. As activities aligned with our CSV Commitment of "creating bonds and trust for people's well-being," we started the "Kirin Family Challenge Cup" to deepen the bonds between family and friends through soccer and "Big Smile Field" to support recovery after the Noto Peninsula Earthquake, and by striving to resolve social issues in community engagement, we have strengthened our image as a company that grows together with society.



Kirin Group's Foundations for Driving Innovations

Digital Transformation

ICT Accelerating Value Creation

The strengths, characteristics, and overall policies for the Kirin Group's digital ICT

With the rapid evolution of digital technology and significant changes in consumers' daily lives and behaviors, it is crucial to respond swiftly and flexibly. Recognizing these changes, the Kirin Group identified ICT as a driver for accelerating value creation and digital technology as a growth driver for innovation in the Long-Term Management Vision, Kirin Group Vision 2027. Last year, in light of the rapidly growing importance of digital technology due to the accelerated advancement of generative AI in recent years, we established the Long-Term Digital Vision, KIRIN Digital Vision 2035, and we plan to promote reform utilizing digital technology.

Our Group's strength lies in leveraging the unique data gained via various consumer touchpoints through our solid business portfolio comprising Food & Beverages, Pharmaceuticals, and Health Science Businesses. By utilizing data from diverse consumers at various life stages and with different health conditions, we can create products and services tailored to their specific needs. Additionally, by implementing cross-domain digital technology, we will generate synergy and provide new value.

On the other hand, the evolution of generative AI also necessitates countermeasures for hallucinations, or false information generated by AI, and security risks such as cyber-attacks. While properly managing these risks, our Group will accelerate the use of digital technology to become a global leader in CSV, creating value across our world of Food & Beverages and Pharmaceuticals domains.



Issues and progress since last year

With consumer preferences diversifying and the variety of available products and services expanding, companies are expected to deliver value tailored to each individual. This trend is only accelerating with the evolution of digital technology. The importance of creating good products and delivering them to as many consumers as possible will not change, but the advancement of data and digital technology has allowed for a flexible approach based on individual consumers' needs. In line with these changes, our Group is promoting the use of consumer data and digital technology to provide personalized services optimized for individuals and create new product and business models. Through this, we aim to deliver value to as many consumers as possible, thereby expanding the market, improving the consumer experience, and realizing more sustainable value creation.

Given that in this era, a company's productivity and competitiveness are influenced by how skillfully they use AI technology, we are introducing new AI tools, but some worksites are struggling to maximize their effectiveness. To address this, we defined the roles of digital technology as "eliminating tasks that do not need to be done by people (productivity)" and "accelerating the creation of value together with people (value creation)." This serves to create an environment in which employees can focus on creative work by using generative AI like BuddyAI (based on ChatGPT developed by OpenAI) and Microsoft's Copilot. Through the introduction of these tools, we would like to clearly separate jobs that should be done by people and those that can be left to AI and digital technology, optimize resources for work directly linked to value creation, and improve productivity of the organization as a whole.

In addition, establishing an infrastructure for Group-wide usage of AI and data and improving the digital literacy of users is becoming increasingly important as a foundation for supporting corporate competitiveness. Especially given the shrinking work force and the intensifying competition for human capital, fostering digital human capital is an unavoidable issue. From 2021, our company has been implementing the DX Dojo, a training program for digital human capital, and around 3,800 people have already attended lectures. The DX Dojo's contents are continually updated, including the addition of a new program for maximizing the effective use of generative AI. Going forward, we will continue to enhance our sustainable corporate value and strengthen our competitiveness by fostering digital human capital.

Strategies, pillars of initiatives, and results

Based on "KIRIN Digital Vision 2035," which integrates management and digital strategies, Kirin Holdings is addressing three issues: value creation, improving productivity, and fostering digital human capital. Through these efforts, we aim to create new products and services that resolve social situations by promoting the company-wide utilization of data and digital technology.

Specifically, as I mentioned earlier, we are establishing a system for each operating company to autonomously utilize consumer data and digital technology and promote personally optimized value creation. To support this initiative, we are developing a company-wide generative AI and data platform to improve productivity while fostering digital human capital with the DX Dojo.

Through initiatives like these, we aim to enhance the digital literacy of every employee, not just those in the digital division at headquarters but also those at operating companies. We will strive to establish a culture of continuously challenging ourselves by encouraging each employee to repeatedly try and learn new things. Each initiative is steadily progressing and entering the next phase. In the future, by collaborating across worksites and organizations, we will increase the breadth and depth of our knowledge, enhancing our ability to provide better value to consumers in a speedy manner. Furthermore, we will aim to become a global leader in CSV, creating value across our world of Food & Beverages and Pharmaceuticals Domains.



Example

Streamlining operations With BuddyAI

The "KIRIN BuddyAI Project" is a symbolic initiative toward achieving "KIRIN Digital Vision 2035" by promoting the utilization of digital technology from the perspectives of value creation and improving productivity. As employees' "buddy," generative AI will not only take over routine tasks but also collaborate in creative work, drawing out their strengths.

In phase one of the implementation, BuddyAI will help to streamline routine operations. In phase two, we will apply BuddyAI to initiatives using the Group's unique data and creative domains with high technical barriers, aiming for collaboration between people and AI in creative operations.

In November 2024, BuddyAI was initially released for around 400 employees in the marketing domain before being expanded to 15,000 employees in Japanese Group companies in May 2025. The marketing domain has already entered phase 2, with AI being naturally incorporated into daily operational processes. We predict AI will reduce workload by 39 thousand hours annually. For other Group companies in phase 1, AI is expected to reduce workload by approximately 310 thousand hours annually, enabling sustainable and quick value creation.