

06

Strategies and Reviews of Operating Companies

Alcoholic and Non-Alcoholic Beverages Businesses

Strengthening highly profitable categories and products to outperform markets

Kirin Brewery



FY2024 Review

External environment

- As the full malt beer and RTD (ready-to-drink) categories grew to prepare for liquor tax revisions in October 2026, each company strengthened strategies to enhance these categories. On the other hand, the economy category (happoshu and new genre beer) shrank more than expected, and the impact of rising costs, including of raw materials, persisted.

FY2024 initiatives and achievements

- To strengthen our full-malt beer portfolio, we launched *Kirin Beer Harekaze*, our first new brand in 17 years. The *Kirin ICHIBAN* brand has further enhanced its quality through a renewal, strengthening its presence in the beer market. In the RTD category, the *Kirin Hyoketsu* brand continued to perform well, particularly driven by the strong sales of its sugar-free series.
- As a result, we outperformed the market in the full malt beer and RTD categories, contributing to the revitalization of both categories.
- This led to achieving a revenue of 662.7 billion yen and a normalized operating profit of 75.1 billion yen, 2.3% and 3.0% more year-on-year, respectively.

FY2025 Plan

External environment

- Each company is predicted to continue strengthening investments to prepare for liquor tax revisions. Additionally, they revised prices in April 2025 due to ongoing cost increases.

FY2025 initiatives

- We aim to continue outperforming the full malt beer and RTD markets by strengthening highly profitable categories and products.
- As the economy category is expected to contract more than initially anticipated, we will implement appropriate strategies to increase our market share within it.
- We aim to enhance profitability by raising unit prices through the price revisions implemented in April.
- Despite continued cost increases, we aim to achieve revenue and profit growth in 2025 through the price revisions and growth in our full malt beer category.

Investing in core brands and raising unit prices

Lion



FY2024 Review

External environment

- In Australia, rising inflation and cost-of-living pressures created a challenging environment throughout the year, with the beer market shrinking much more than expected. Furthermore, the US market was also challenging, with a continued decrease in the consumption of craft beer.

FY2024 initiatives and achievements

- In Australia, we outperformed the beer market due to strong sales of *Stone & Wood*, *Hahn*, and other brands. Despite this, both revenue and normalized operating profit were lower year-on-year, based on the local currency, due to the beer market shrinking beyond expectations.
- In the United States, sales of New Belgium Brewing's *Voodoo Ranger* remained stable. Revenue increased from the previous year due to higher unit prices, but normalized operating profit decreased, based on the local currency, due to the impact of the hurricane damage at the Asheville Brewery.
- As a result, revenue increased by 4.9% year-on-year to 294.7 billion yen and normalized operating profit decreased by 3.2% to 31.4 billion yen.

FY2025 Plan

External environment

- In Australia, with continuing market severity, it is necessary to focus on effects on the consumption environment from interest rate cuts and other factors. Additionally, it is predicted the craft beer category will continue to shrink in the United States.

FY2025 initiatives

- In Australia, we will continue to maintain momentum to outperform the beer market by strengthening RGM* and functional products.
- In the US craft beer market, we will expand the RTD category, including *Voodoo Hard Charged Tea*, to improve profitability.
- Although the future of the markets is uncertain, we aim to improve profitability in the Australian, New Zealand, and US craft beer markets, based on local currencies, by strengthening investments in core brands and raising unit prices.

*Revenue growth management: Selling optimal products to appropriate consumers at a preferred price to maximize sales.

Build immune care habits to further expand the market

Kirin Beverage



FY2024 Review

External environment

- Amid continued surges in raw material and other input costs, each company implemented price revisions in October 2024. Furthermore, the green tea market continued to undergo commoditization, leading to intensified competition among companies.

FY2024 initiatives and achievements

- We strengthened *Kirin Gogo-no-Kocha* and *Kirin Nama-cha* brands in addition to focusing on expanding the lineup of Health Science products. Of these products, sales volume grew for the *Kirin Oishii Immune Care* series, while their unit prices improved through price revisions.
- Revenue increased by 4.3% year-on-year to 268.8 billion yen, and normalized operating profit rose by 8.1% year-on-year to 18.3 billion yen, driven by price revisions and cost control of selling expenses.

FY2025 Plan

External environment

- Competition is expected to intensify further in categories undergoing commoditization, while cost pressures—including rising raw material prices—are predicted to persist. The functional beverages market is anticipated to continue expanding.

FY2025 initiatives

- We will accelerate the growth of highly profitable Health Science products and improve normalized operating profit by increasing unit prices and improving product mix. We will further expand the market by renewing the *Kirin Oishii Immune Care* series and spreading awareness of daily immune care habits.

Maintain high profitability by managing prices and optimizing operations

Coke Northeast



FY2024 Review

External environment

- Consumption in the US non-alcoholic beverage market remained resilient.

FY2024 initiatives and achievements

- Coke Northeast maintained positive momentum due to a resilient consumption environment and effective price management aligned with the market environment. Additionally, revenue increased by 14.7% year-on-year to 286.9 billion yen and normalized operating profit rose significantly by 30.7% to 44.3 billion yen. This was due to expanding the mix of higher-margin products, such as sparkling soft drinks, and continually streamlining operations.

FY2025 Plan

External environment

- Although sales volume remains resilient, we will continue to closely monitor potential impacts on the consumption environment and raw material costs stemming from political transitions and other external factors.

FY2025 initiatives

- We will maintain high profitability and aim to increase it in 2025 by continuing price management considering the consumption environment and optimizing operations to generate stable profits.

Example

Enhancing the beer brand portfolio toward acquiring new consumers

Kirin Beer Harekaze, launched in April 2024, achieved 1.3 times its annual sales target by attracting consumers who previously did not drink beer: It played a key role in revitalizing the beer market. Furthermore, we launched *KIRIN ICHIBAN White Beer* in April 2025. It's a new product with a sophisticated quality and light flavor, allowing it to be enjoyed by those who do not normally drink beer. By further strengthening the *KIRIN ICHIBAN* brand and continuing to nurture *Kirin Beer Harekaze*, we will meet increasingly diverse consumer needs, driven by the growth of the full malt beer category, and achieve growth exceeding that of the overall market in 2025.



Pharmaceuticals Business

Steadily growing global strategy products and expanding the pipeline toward future growth

Kyowa Kirin

FY2024 Review

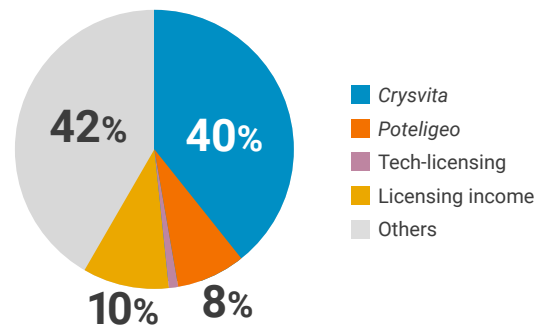
External environment

- Pharmaceutical price revisions in Japan and growing global pressure to control medical costs, along with rising challenges in developing new medicines, are ongoing.

FY2024 initiatives and achievements

- Global strategy products *Crysvita* and *Poteligeo* grew significantly, mainly in North America, due to evidence-based promotion and a focus on strengthening access to high-potential medical facilities for treatment. Furthermore, development of new product KHK4083 steadily progressed in preparation to apply for its approval.
- These initiatives grew revenue by 12.1% year-on-year to 495.6 billion yen. However, the increase in R&D expenses to expand our development pipeline for medium- to long-term growth decreased normalized operating profit by 4.3% year-on-year to 91.9 billion yen.

Revenue breakdown



KYOWA KIRIN



FY2025 Plan

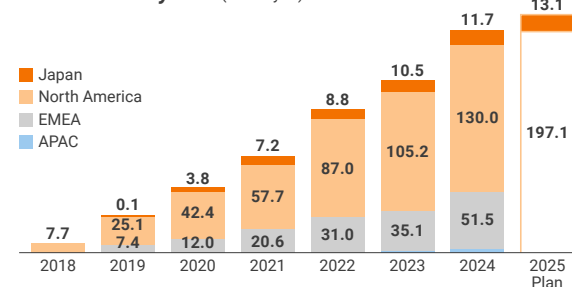
External environment

- Changes in the pharmaceutical industry are accelerating, with increasing economies and political instability as well as escalating and prolonged geopolitical risks. It is essential to remain vigilant against these changes and respond swiftly.

FY2025 initiatives

- In 2025, we will continue to strengthen promotional activities for *Crysvita* and *Poteligeo* to achieve continuous growth. As for the development pipeline's product KHK4083, numerous clinical trials are underway and we aim to file for US approval in 2025–2026 for the treatment of atopic dermatitis.
- In 2025, profits are expected to temporarily decline due to the reversal from last year's gains from brand transfers and increased R&D expenses, but we aim to steadily grow profits in 2026–2027.

Revenue of Crysvita (billion yen)



Revenue from the Early Access Program (EAP) is not included in the revenue until FY2022, but is included in revenue from FY2023 onward because its amount is minimal.

Strengthening initiatives toward expanding the pipeline

Kyowa Kirin is strengthening its efforts to expand its development pipeline and is advancing clinical trials for KHK4083 and *ziftomenib* to establish a foundation for future growth. Among these, KHK4083 is expected to treat atopic dermatitis and Kyowa Kirin aims to apply for its use in the United States. In addition, through strategic investments such as in acquiring Orchard Therapeutics plc and the construction of a biopharmaceutical material manufacturing facility, Kyowa Kirin aims to support the growth of global strategic products and promote sustainable pharmaceutical manufacturing.

Market scale	
Atopic dermatitis	Over 1 trillion yen
Asthma	Over 1 trillion yen
Planned Application: 2025–2026	

Evolving communication methods to accelerate brand growth

FANCL



FY2024 Review

External environment

- Impacted by the decrease in supplement consumption following the red yeast rice issue in Japan and the reputational impact of treated water from the nuclear power plant and the worsening consumption environment in China.

FY2024 initiatives and achievements

- The supplement market was impacted by the red yeast rice problem, but the level of regular consumers has been steadily recovering since October. Meanwhile, local sales in China have been slow due to the deteriorating consumption environment.
- The consolidation of FANCL started in October 2024, resulting in revenue of 34.5 billion yen and normalized operating profit* of 2.0 billion yen.

*Includes amortization of intangible assets and other assets as well as one-time costs (preliminary) due to the PPA (purchase price allocation)

FY2025 Plan

External environment

- While Japan is not expected to grow significantly due to population decline, competition is intensifying and the market environment remains challenging.

FY2025 initiatives

- In Japan, FANCL will accelerate brand growth by evolving communication methods while stimulating consumer demand through new products and promotions for both skincare and supplements.
- In China, we will begin general trade sales of *ATTENIR* products to expand sales channels, aiming to grow profits in 2025.

Accelerating growth of the LC-Plasma business

In the Health Science Business, we are promoting numerous initiatives to become one of the largest health science companies in APAC. In particular, we aim to expand the immune care market and sale of LC-Plasma.

We plan to strengthen our foundation in Japan while expanding our overseas business to one more country a year, starting with Taiwan in 2025. In 2025, we aim to turn the LC-Plasma business profitable, add high value to our materials, and expand the business both in Japan and overseas.



Realizing further growth through initiatives tailored to each country's market characteristics

Blackmores



FY2024 Review

FY2024 initiatives and achievements

- In Australia, Blackmores achieved steady growth through new product innovation, appropriate value pricing, and communication, resulting in a 4% increase in revenue.
- In China, despite facing headwinds from a deteriorating consumption environment, annual revenue grew by 8% due to factors such as price revisions.
- In Southeast Asia, the market continued to expand, and despite some temporary problems in Vietnam, there was overall growth of 5% due to Malaysia and Indonesia achieving double-digit growth.
- These factors grew revenue by 116.1% year-on-year to 69.1 billion yen, and normalized operating profit* was at 6 billion yen.

*Includes amortization of intangible assets and other assets as well as one-time costs (preliminary) due to the PPA (purchase price allocation)

FY2025 Plan

FY2025 initiatives

- Blackmores aims to realize sustainable growth in Australia by executing new product launches and improving the shopping experience in the market leveraging our strong relationships with customers.
- In China, we will expand the Blackmores brand in more channels through local and global innovation.
- In Southeast Asia, we will promote initiatives tailored to each country's market characteristics while defining focus areas. In particular, we will increase the number of consumers accessing our services by expanding our sales channels of operation and introducing new formulations.
- Blackmores aim to grow its overall profit through growth in each market.