

Applying our management philosophy system as we aim to become a global leader in CSV

The Kirin Group's Corporate Philosophy

KIRIN brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers

2027 Vision

A global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals

"One KIRIN" Values

Passion

Our determination to continuously provide our customers and society with new value propositions based on innovative ideas, and our enthusiasm to meet goals with pride in the companies we work for and the brands we offer.

Integrity

Our gratitude to our stakeholders for always helping us move forward, and our promise to remain honest and humble in every business activity to serve them better.

Diversity

Our respect for different perspectives and values that enable constructive discussions, and our belief that the "differences" have the power to change the world and create better solutions.

Joy brings us together



Educating employees about the Kirin Group's approach to business

In February 2019, the Group formulated the Kirin Group Vision 2027 as a long-term management vision with the goal of being a global leader in creating shared value (CSV). It also created a new mission statement to express its basic management concept of creating new value for stakeholders in and outside the Group. Finally, the Group created a new corporate slogan, "Joy brings us together," to simply convey its fundamental business approach to customers and the public.

On the momentum of these initiatives, all members of the Kirin Group—numbering 31,040 worldwide—are set to put the concept of CSV into practice while striving for sustainable growth.

2020 schedule of each category of activities

	Main initiatives	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1. Top management-led initiatives	Group-wide newsletter												
	Distribution of management messages	★											
	Executive management inspections												
2. Job-based initiatives	Group workshops for top management												
	Management by objectives and self-control system, principles of CSV Performance evaluations												
3. Measures for providing education and hands-on training	Workplace and departmental forums												
	Position-based training												
4. Measures for providing awards and promotional activities	CSV Experience												
	Awards												
	Promotional channels												

* Schedules may change.

Workplace and departmental forums raises employee awareness and encourages proactive application of CSV

The Kirin Group adopted the current management philosophy system in 2019, and in July and August 2019 held workplace and departmental forums presented by the business and department leaders at its domestic business companies and functional companies to deepen employee understanding of the system. Surveys of the forum participants found that 91% felt they had a "better understanding" of the connection between their work and CSV. The Group also presented a program for leaders of the new direct subsidiary Kyowa Hakko Bio to introduce the history and DNA of the Kirin Group to reinforce their awareness that they are the cores of the Group's Health Science domain.

In 2020 and coming years, we will continue implementing measures necessary to continue deepening understanding of the

management philosophy system at all of our business sites and departments while focusing on specific groups, such as younger leaders, for initiatives aimed at raising awareness of the system and encouraging change.



CSV Experience helps employees make CSV their own

Kirin Holdings presents the CSV Experience for employees of domestic operating companies to further deepen employee understanding of CSV so they can implement it in their business departments.

Program participants visit the production sites for raw materials used in Kirin Group products, join in the cultivation work, and visit regional resource facilities. Afterward, they participate in workshops with local governments and people involved in local revitalization activities to directly experience the processes for resolving issues and creating shared value. Employees that have participated in the program become active



promoters of CSV and have introduced other activities to deepen the understanding in their departments. In 2020, we plan to start offering the program at all of our business companies to generate an even stronger link to our business performance.

Building a unique business portfolio starting from beer and spanning Food & Beverages to Pharmaceuticals

Kirin Group History

- Food & Beverages ● Pharmaceuticals ● Health Science
- 2019 ● Investment in FANCL
- 2017 ● iMUSE introduced
- 2015 ● Capital stake in Myanmar Brewery Ltd.
- 2014 ● Kirin Yasashisa Namacha Caffeine Zero introduced
- 2009 ● Kirin Free introduced
- 2008 ● Establishment of Kyowa Hakko Kirin Co., Ltd. (currently Kyowa Kirin)
- 2006 ● Capital stake in Mercian Corporation
- 2002 ● Tanrei Green Label introduced
- 1998 ● Capital stake in Lion Nathan Limited (currently Lion Pty Ltd)
- 1991 ● Establishment of Kirin Beverage Co., Ltd.
- 1990 ● KIRIN ICHIBAN introduced
 - ESPO® released, Kirin Brewery's first pharmaceutical product
- 1983 ● Health Food Team created in the Kirin Brewery Business Development Department
- 1982 ● R&D division established
- 1928 ● Kirin Lemon introduced
 - Non-alcoholic beverage business expanded
- 1907 ● Establishment of Kirin Brewery Company
- 1885 ● Establishment of Japan Brewery Co., Ltd.

■ Beginning of the Health Science Domain

The business diversification strategy led the Group to apply its fermentation and production technology to the health products field

The Group created a special team to examine potential uses for its yeast production and other technologies for health food products and to apply its technologies and expertise in the beer brewing and beverage businesses to the health domain. R&D led to the discovery in 2011 of *Lactococcus lactis* strain Plasma that was commercialized as iMUSE brand products.



iMUSE products with *Lactococcus lactis* strain Plasma

■ Beginning of the Pharmaceuticals Domain

Research in the pharmaceuticals domain began by advancing biotechnology developed from beer fermentation technology

R&D in the pharmaceuticals domain began with a Kirin Brewery idea to develop its technologies into biotechnology. Supported by Group's highly sophisticated production technology, the business has been rapidly growing since it released its first pharmaceutical product, ESPO®, in 1990.



ESPO®, released in 1990

Expanding our business horizons with our fermentation and biotechnology

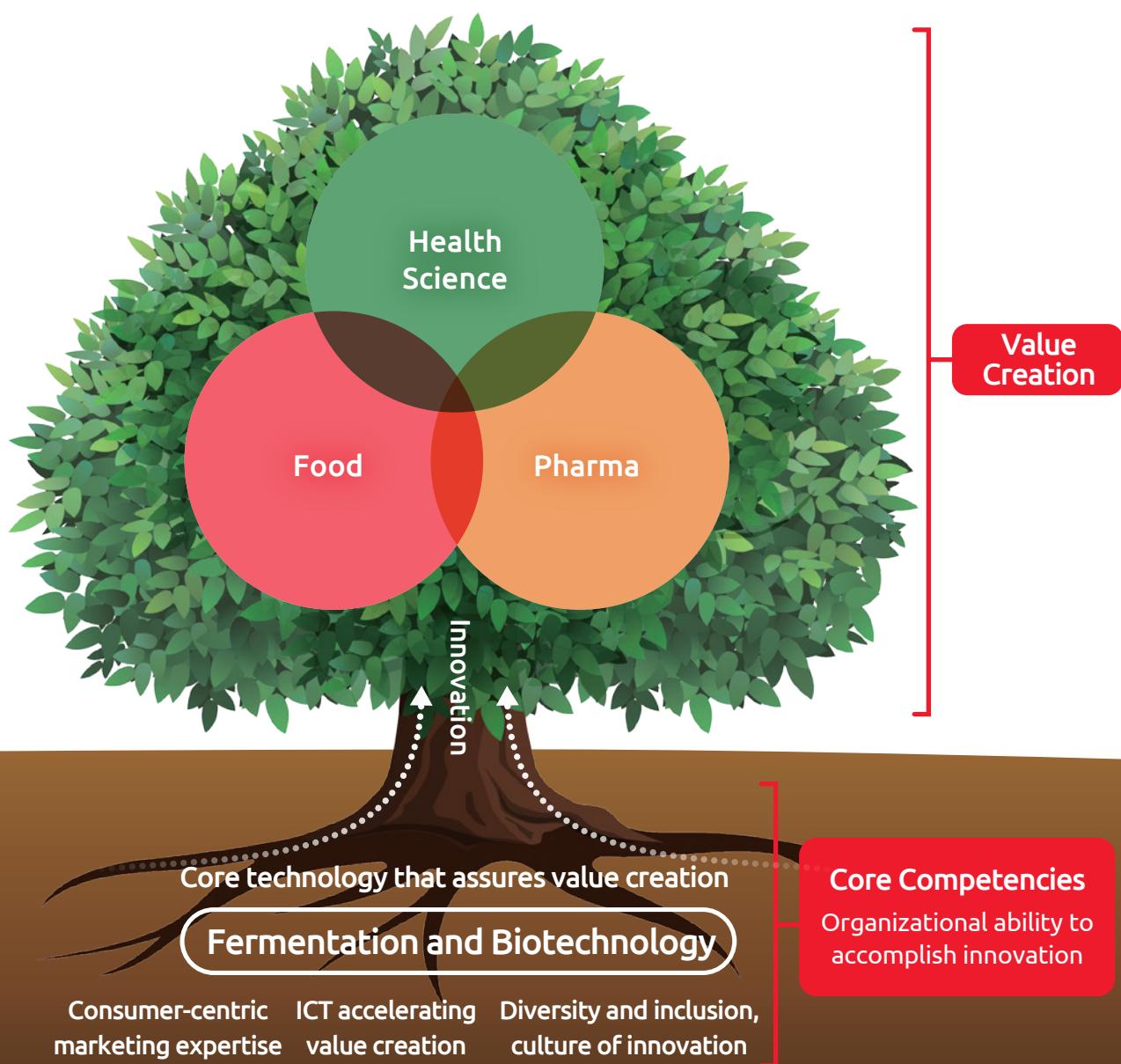
The establishment of Japan Brewery in 1885 marked the start of over 100 years of innovation and growth for the Kirin Group. In that time, our business domain has grown and extended beyond the beer business and into the Pharmaceuticals and Health Science domains. We offer products and services that improve the quality of life of customers at various stages of their lives.

The Group's powerful fermentation and biotechnologies are the key elements in our ability to innovate and broaden our business range. The culture technology and research cultivated in our founding business enabled us to develop products in the Health Science and Pharmaceuticals fields as we organically expanded our business domain.

The fermentation and biotechnology that are the source of our innovation join with our human resources, ICT, and marketing as the four capabilities that drive the Group's growth. The Kirin Group has developed new markets and expanded business in recent years with a series of world firsts, including a 0.00% non-alcoholic beer, caffeine-free green tea, and the discovery

of *Lactococcus lactis* strain Plasma that directly activates key immune cells.

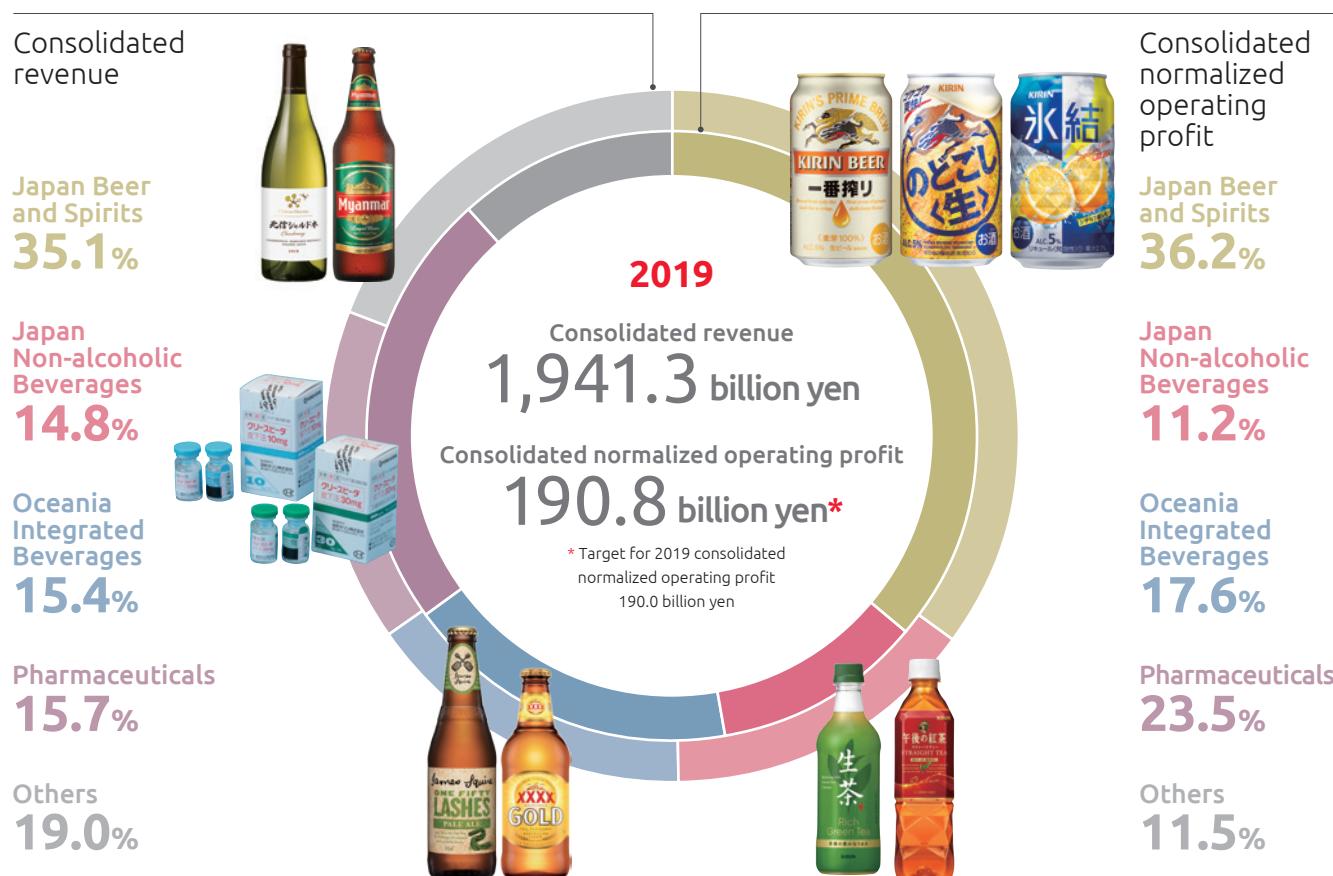
We will continue pursuing innovation that can contribute to resolving social issues and that will enable our business to grow sustainably with society.



The Kirin Group

We attained our profit target on strong performances by the core domestic Food & Beverages and the Pharmaceuticals businesses

The Kirin Group Today



Segment	Company	Food & Beverages	Pharmaceuticals	Health Science
Japan Beer and Spirits	• Kirin Brewery	●		
Japan Non-alcoholic Beverages	• Kirin Beverage	●		
Oceania Integrated Beverages	• Lion	●		
Pharmaceuticals	• Kyowa Kirin		●	
Others	• Mercian • Myanmar Brewery • Kyowa Hakko Bio Others	●		●

Fiscal 2019 Performance Highlights

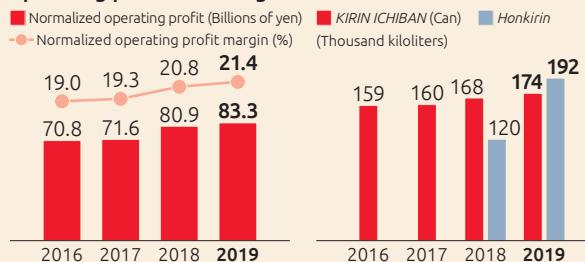
Kirin Brewery

Four straight years of profit growth

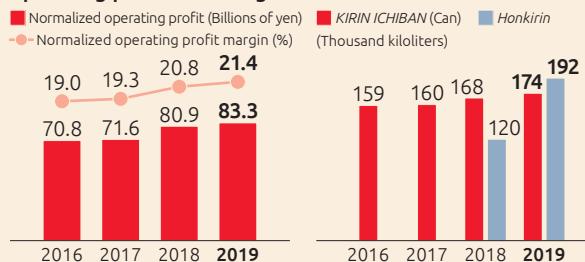
Our ongoing focused marketing strategy generated a solid increase in sales volume of the core *KIRIN ICHIBAN* and *Honkirin* brands. Sales volume for our beer products increased from last year, overcoming a slight overall contraction in the market. In addition, our continued efforts to improve selling cost efficiency helped us achieve growth in both revenue*1 and profits.

*1 Sales revenue after liquor tax

Kirin Brewery normalized operating profit and margin*2



KIRIN ICHIBAN (can) and *Honkirin* sales volume



*2 Normalized operating profit / sales revenue after liquor tax

Myanmar Brewery

High market share maintained in expanding Myanmar market

Myanmar's expanding economy, a growing beer-consumption demographic, and favorable weather fueled substantial growth in the beer market. Myanmar Brewery increased its sales volume by a substantial 20.9% from the previous year. A price hike at the start of the year also helped the company post a third straight year of growing earnings since joining the Kirin Group.

Myanmar Brewery normalized operating profit (Billions of yen)



Myanmar Brewery sales volume growth (%)



Kyowa Kirin

Rising sales for global strategic products

Kyowa Kirin boosted sales of its global strategic products with the successful growth of *Crys vita* and *Poteligeo* in Europe and the United States and the launch of *Nourianz* in the United States. Revisions to the official drug prices in Japan had an impact, but the expanded sales overseas supported growth of 34.3 billion yen in revenue and 5.0 billion yen in profits in 2019.

Revenue by region

