

Kirin Beverage Business Policy for 2021

Achieving a “Post-COVID Rebound based on CSV” by focusing on health and environmental strategies

TOKYO, Thursday 21, 2021 – Kirin Beverage Company Ltd. (Kirin Beverage) announces its 2021 Business Policy: “Post- COVID Rebound based on CSV^{*1}.” This policy is to achieve the goals set out in the final and crucial year of its [2019-2021 Medium-Term Business Plan](#). As the value of the existence of companies and brands is coming into questioned, Kirin Beverage will achieve profit generation by transforming its “purpose branding^{*2}” and aggressively promote CSV activities centered on products and initiatives that cater to society’s health and environment needs.

*1 Creating Shared Value. Combined added value for consumers as well as for society at large.

*2 A marketing method to grow a business by gaining empathy from society and consumers through consistent marketing based on brand purpose (the social significance of a brand).

1. 2020 Year in Review

A look back at 2020 soft drink market and Kirin Beverage

Due to the impact of voluntary restraint on going out due to the spread of COVID-19, sales volume in both the soft drink market and Kirin Beverage declined year on year. Against this backdrop, Kirin Beverage promptly responded to consumers' health needs, and made significant progress in consumer demands for no- and low-sugar, low-calorie products and products with positive health effects.

In 2020, the soft drink market saw a year-on-year decline in volume of around -7% due to the impact of consumers’ voluntary restraint from going outside due to the spread of COVID-19. However, Kirin Beverage was able to respond quickly and flexibly to changes in consumer needs arising from COVID-19, and Kirin Beverage made significant progress in its health initiatives.

In the area of Health, Kirin Beverage strengthened no- and low-sugar, low-calorie products and products with positive health effects across brands.

In regards to no- and low-sugar, low-calorie products, in Kirin Beverage’s *Kirin Gogo-no-Kocha Oishii Muto (sugar-free)*, *Kirin Gogo-no-Kocha The Meister's* series which are part of the core [Kirin Gogo-no-Kocha](#) brand, achieved a year-on-year increase in sales volume of 6%. In the [Kirin Nama-cha](#) brand - which celebrated its 20th anniversary - *Nama-cha Houji Sencha*, which was just launched in September 2020 exceeded its annual sales target within 50 days of its launch. In addition, *Kirin Lemon Sparkling Water* was launched in June, and after only six months exceeded the annual sales target of 600,000 cases in November.



In regards to products with positive health effects, the [iMUSE](#) brand, which contains Kirin Group's proprietary material *Lactococcus lactis* strain Plasma, was registered as “[Foods with Functional Claims](#)” with Japan’s Consumer Affairs Agency ([CAA](#)) in August as for supporting the maintenance of [Nama-cha Houji Sencha](#)

immune function in healthy people – the first time this has been achieved. The *iMUSE* brand was relaunched with this “food with functional claims” labeling in November. The total sales of *Lactococcus lactis* strain Plasma Beverages increased significantly, doubling in volume compared to the previous year.



健康な人の免疫機能
の維持をサポート
【プラスマ乳酸菌の研究報告】

However, overall sales volume arrived at a lower level than the previous year, due to sluggish sales at vending machines mainly stationed in offices and in convenience stores, as well as the effect of people refraining from going outside, in addition to a decline in sales of the core brand *Kirin Gogo-no-Kocha*.

Foods with Functional
Claims labels

● **2020 Kirin Beverage Sales Results**

2020	Achievements	Percentage change
Total soft drinks	212.60 million cases	-9 %.
<i>Kirin Gogo-no-Kocha</i>	48.90 million cases	-12%.
<i>Kirin Nama-cha</i>	28 million cases	-2%.
<i>Lactococcus lactis</i> strain Plasma Beverages	3.21 million cases	+136%

2. Initiatives for 2021

In 2021, while maintaining the strategic frame of the [2019 Medium-Term Business Plan](#), Kirin Beverage will evolve its CSV management and work even more aggressively in the areas of Health and Environment.

Kirin Beverage Business Policy for 2021

Kirin Beverage will concentrate CSV-based management focused on the Health and Environment areas in order to achieve its “Post-COVID Rebound based on CSV” slogan for 2021.

Brand Strategy

Priority brands

- Concentrate resources on *Kirin Gogo-no-Kocha*, *Kirin Nama-cha* and *iMUSE*

Health

- Further focus on no- and low-sugar, low-calorie products and products with positive health effects
- Foster *Lactococcus lactis* strain Plasma Beverages
- Promote Kirin Beverage’s “Health Challenge”^{*3}

^{*3} Challenge to take on initiatives in the health field that are different from conventional business models.
Ref: https://www.kirin.co.jp/company/news/2019/0124_01.html (Japanese)

Environment

- Nurture the *Kirin Nama-cha* brand as the flagship "environmental" brand
- Partnership: [Kirin Group and Mitsubishi Chemical Company Launch "Joint Project for PET Recycling through Chemical Recycling"](#)

● **Details of 2021 Initiatives**

In Priority Brand initiatives, Kirin Beverage will continue to focus resources on *Kirin Gogo-no-Kocha* and *Kirin Nama-cha* in order to further strengthen Kirin Beverage’s brand portfolio strategy.

In the Health area, which is one of the key issues for CSV-based management, Kirin Beverage will continue to strengthen initiatives towards the previously-mentioned no- and low-sugar, low-calorie products and products with positive health effects in 2021. One of these initiatives is to increase the sales volume of sugar-free beverages in 2021 by 10% compared to 2018.



Fire One Day Latte Low Sugar

In regards to needs for the sensible intake of sugar and calories, Kirin Beverage will work to expand into the Health domain by developing no- and low-sugar, low-calorie products centered on the *Kirin Gogo-no-Kocha* and *Kirin Nama-cha* brands. In addition, *Fire One Day Latte Low Sugar*, a large 600ml PET bottle from the *Fire* coffee brand, will be launched on March 2, and together with *Fire One Day Black*, will strengthen the *Fire One Day* brand series.

Regarding products with positive health effects, the *iMUSE* brand - which contains the Kirin Group's proprietary material *Lactococcus lactis* strain Plasma - will be the “healthy” flagship brand, and Kirin Beverage will strengthen its efforts to make *iMUSE* products available to an even wider range of consumers in 2021.

To "sow seeds for the future," Kirin Beverage will continue its "Health Challenge," continuing to work on [KIRIN naturals](#), a corporate social welfare service that offers added value of new ingredients and supports the creation of a vibrant and healthy workplace. Kirin Beverage will also accelerate the creation of synergies with FANCL, including the nationwide launch of *Kirin x FANCL Daily Amino Water* on April 6. *Kirin x FANCL Daily Amino Water* is a product jointly developed with FANCL Corporation, which formed [a capital and business alliance](#) with Kirin Holdings in August 2019.

In the Environment area, Kirin Beverage aims to contribute to the environment through its products by developing the *Kirin Nama-cha* brand as the flagship Environment brand, and Kirin Beverage will deliver eco-friendly values to Kirin Beverage's consumers by developing R100 PET bottles*4 in the convenience store channel and label-less products in the volume sales and e-commerce channels. In addition, Kirin Beverage has kicked off a joint project with Mitsubishi Chemical Corporation to recycle PET through chemical recycling, with the aim of establishing a plastic recycling system, which will enable Kirin Beverage to achieve the goal of converting recycled plastics in our PET bottles for the Japan market to 50% by 2027, as stated in the [Kirin Group Plastics Policy](#).



Kirin Nama-cha

*4: The R100 bottle is made of 100 percent recycled PET resin

- **2021 Marketing Strategy**

In 2021, Kirin Beverage will work to integrate "Purpose Branding" and CSV. Kirin Beverage has been working on a "Purpose Branding Practice" since 2019. Kirin Beverage will evolve this "Purpose Branding Practice" to further improve the brand power of products such as *Kirin Gogo-no-Kocha*, *Kirin Nama-cha* and *iMUSE* and to increase sales.



Kirin Gogo-no-Kocha, which will celebrate its 35th anniversary in 2021, plans to implement a variety of measures under the theme of "Happy Tea, *Gogo-no-Kocha*". The mainstay products, *Kirin Gogo-no-Kocha Straight Tea*, *Kirin Gogo-no-Kocha Milk Tea*, and *Kirin Gogo-no-Kocha Lemon Tea*, will be relaunched on March 9, with a further taste evolution using tea leaves from Sri Lanka that go well with each flavor and readjusting the composition of each type of tea leaves. Furthermore, Kirin Beverage will aim to further revitalize the black tea market by offering new CSV-based added-value with *Kirin Gogo-no-Kocha* products throughout the year.

Kirin Gogo-no-Kocha

Straight Tea (current version)

- **Kirin Beverage sales target for 2021**

2021	Sales target	Percentage change
Total soft drinks	220.20 million cases	+4%.
<i>Kirin Gogo-no-Kocha</i>	54.20 million cases	+11%.
<i>Kirin Nama-cha</i>	29.80 million cases	+6%.
<i>Lactococcus lactis</i> strain Plasma Beverages	4.10 million cases	+28%

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