KIRIN HOLDINGS COMPANY, LIMITED

Annual Securities Report
(“Yukashoken Hokokusho”)

For the year ended December 31, 2025

This is an English translation of the original Annual Securities Report (extract) filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ Network (“EDINET”) on March 27, 2026, pursuant to the Financial Instruments and Exchange Act of Japan, for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damage arising from the translation. The translation of the Independent Auditor’s Report on the Financial Statements and Internal Control Over Financial Reporting in the original Annual Securities Report are included at the end of this document.

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Annual Securities Report for the 187th fiscal year

[Cover]

[Document filed]	Annual Securities Report (*Yukashoken Hokokusho*)
[Clause of stipulation]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director-General, Kanto Local Finance Bureau
[Filing date]	March 27, 2026
[Fiscal year]	The 187th fiscal year (January 1, 2025 through December 31, 2025)
[Company name]	Kirin Holdings Kabushiki Kaisha
[Company name in English]	Kirin Holdings Company, Limited
[Title and name of representative]	Takeshi Minakata, President & Chief Operating Officer
[Address of registered head office]	10-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan
[Telephone number]	+81-3-6837-7015
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[Name of contact person]	Hidefumi Matsuo, General Manager of Finance Department
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo)

PART 1 COMPANY INFORMATION

I. OVERVIEW OF COMPANY

1. KEY FINANCIAL DATA

(1) KEY CONSOLIDATED FINANCIAL DATA FOR THE FIVE MOST RECENT FISCAL YEARS

Fiscal year		183rd	184th	185th	186th	187th
Fiscal year ended		December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025
Revenue	(¥ millions)	1,821,570	1,989,468	2,134,393	2,338,385	2,433,363
Profit before tax	(¥ millions)	99,617	191,387	197,049	139,721	237,859
Profit attributable to owners of the Company	(¥ millions)	59,790	111,007	112,697	58,214	147,542
Comprehensive income attributable to owners of the Company	(¥ millions)	109,631	189,195	214,321	118,626	194,341
Equity attributable to owners of the Company	(¥ millions)	894,179	980,022	1,132,581	1,181,525	1,286,991
Total assets	(¥ millions)	2,471,933	2,542,263	2,869,585	3,354,159	3,494,043
Equity per share attributable to owners of the Company	(¥)	1,072.69	1,210.16	1,398.47	1,458.68	1,588.59
Basic earnings per share	(¥)	71.73	135.08	139.16	71.87	182.13
Diluted earnings per share	(¥)	71.70	135.07	139.15	71.86	182.13
Equity ratio attributable to owners of the Company	(%)	36.2	38.5	39.5	35.2	36.8
Ratio of profit to equity attributable to owners of the Company	(%)	6.9	11.8	10.7	5.0	12.0
Price earnings ratio	(times)	25.75	14.89	14.85	28.51	12.89
Cash flows from operating activities	(¥ millions)	219,303	135,562	203,206	242,844	295,428
Cash flows from investing activities	(¥ millions)	(56,408)	(10,399)	(226,091)	(329,375)	(185,019)
Cash flows from financing activities	(¥ millions)	(180,463)	(167,835)	35,909	58,125	(110,524)
Cash and cash equivalents at end of year	(¥ millions)	149,488	88,060	131,399	118,617	125,292
Number of employees [separately, average number of temporary employees]	(persons)	29,515 [4,077]	30,538 [4,012]	30,183 [3,556]	31,934 [4,298]	31,144 [4,087]

Notes:
1. The Kirin Group's consolidated financial statements have been prepared in conformity with International Financial Reporting Standards ("IFRS").
2. Amounts are rounded to the nearest ¥1 million.
3. The amounts of revenue and profit before tax are those from continuing operations.

(2) KEY FINANCIAL DATA OF REPORTING COMPANY FOR THE FIVE MOST RECENT FISCAL YEARS

Fiscal year		183rd	184th	185th	186th	187th
Fiscal year ended		December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025
Sales	(¥ millions)	139,504	152,789	139,030	194,601	144,384
Ordinary income	(¥ millions)	73,830	76,878	62,239	60,401	48,103
Net income (loss)	(¥ millions)	77,251	48,679	70,386	(344,908)	48,023
Share capital	(¥ millions)	102,046	102,046	102,046	102,046	102,046
Total outstanding shares	(thousand shares)	914,000	914,000	914,000	914,000	914,000
Net assets	(¥ millions)	1,007,022	951,119	964,241	561,893	551,340
Total assets	(¥ millions)	1,996,761	1,898,795	2,282,080	1,847,181	1,966,794
Net assets per share	(¥)	1,208.06	1,174.47	1,190.61	693.70	680.54
Dividend per share	(¥)	65.00	69.00	71.00	71.00	74.00
[Of which, interim dividend per share]	(¥)	[32.50]	[32.50]	[34.50]	[35.50]	[37.00]
Net income (loss) per share	(¥)	92.67	59.24	86.91	(425.84)	59.28
Net income per share (diluted)	(¥)	–	–	–	–	–
Ratio of equity to total assets	(%)	50.4	50.1	42.3	30.4	28.0
Return on equity	(%)	7.75	4.97	7.35	(45.20)	8.63
Price earnings ratio	(times)	19.93	33.95	23.77	–	39.61
Dividend payout ratio	(%)	70.1	116.5	81.7	–	124.8
Number of employees	(persons)	1,156	914	977	1,067	1,124
Total shareholder return	(%)	78.6	88.1	93.3	95.5	110.8
[Benchmark: Dividend-included TOPIX]	(%)	[112.7]	[110.0]	[141.1]	[169.9]	[213.2]
Highest stock price	(¥)	2,430.00	2,306.00	2,245.00	2,310.00	2,474.00
Lowest stock price	(¥)	1,788.00	1,739.00	1,906.00	1,896.00	1,902.00

Notes:
1. Net income per share (diluted) is not stated because there were no potentially dilutive shares.
2. Price earnings ratio and dividend payout ratio for the 186th term are not stated because net loss per share was recorded.
3. The number of employees of the reporting company includes those seconded to the reporting company from its subsidiaries, affiliates, etc.
4. Amounts are rounded to the nearest ¥1 million.
5. The highest and lowest stock prices on April 3, 2022 and earlier represent quoted prices on the First Section of the Tokyo Stock Exchange, while those on April 4, 2022 and later represent quoted prices on the Prime Market of the Tokyo Stock Exchange.
6. The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the 184th fiscal year. Key performance indicators, etc. for the 184th fiscal year and beyond are the numbers after the adoption of the Accounting Standard for Revenue Recognition, etc.

2. HISTORY

Primary events pertaining to the Kirin Group (the Company and its subsidiaries and associates) on and after the foundation of the Company are as follows:

Month/Year	Primary events
February 1907	Kirin Brewery Company, Limited (currently Kirin Holdings Company, Limited) established.
July 1907	Listed on the Tokyo Stock Exchange.
March 1928	Starts manufacturing soft drinks.
May 1949	Listed on the Tokyo Stock Exchange and Osaka Securities Exchange upon the resumption of securities trading.
April 1963	Vending Machine Services Co., Ltd. (currently Kirin Beverage Company, Limited) established.
August 1972	Kirin-Seagram Co., Ltd. (currently Kirin Distillery Company, Limited) established.
August 1975	◆ Formulates “Transformation Initiative 1975: Laying the Groundwork for Achieving Consistent Growth.” First phase of business diversification.
June 1976	Koiwai Dairy Products Company, Limited established.
May 1977	KW Inc. (currently Coca-Cola Beverages Northeast, Inc.) established.
December 1981	◆ Formulates the Long-Term Management Vision (the 21st Long-Term Plan). Second phase of business diversification.
May 1983	Kirin City Company, Limited established.
March 1988	Kirin Engineering Co., Ltd. established.
May 1988	Taiwan Kirin Engineering Co., Ltd. (currently TAIWAN KIRIN COMPANY, LIMITED) established.
April 1990	Kirin Brewery Company, Limited introduces *ESPO*®, an erythropoietin preparation and therapeutic agent for renal anemia.
January 1991	Kirin Lemon Co., Ltd. takes over Kirin Brewery’s soft drink business and changes its company name to Kirin Beverage Company, Limited.
October 1991	Kirin Europe GmbH established.
July 1996	Kirin Brewery of America, LLC established.
December 1996	Zhuhai Kirin President Brewery Co., Ltd. (currently Kirin Brewery (Zhuhai) Company, Limited) established.
April 1998	Acquires a stake in Lion Nathan Limited (currently Lion Pty Ltd).
September 1999	◆ Formulates the Long-Term Management Vision “KG21.”
February 2002	Four Roses Distillery, LLC established.
March 2002	Acquires a stake in San Miguel Corporation.
April 2002	Makes Eishogen Company, Limited a consolidated subsidiary.
December 2004	Kirin (China) Investment Company, Limited established.
May 2006	◆ Formulates the Long-Term Management Vision “Kirin Group Vision 2015” (KV2015).
October 2006	Makes Kirin Beverage Company, Limited a wholly owned subsidiary.
December 2006	Makes Mercian Corporation a consolidated subsidiary.
July 2007	Kirin Brewery Company, Limited changes its name to Kirin Holdings Company, Limited and becomes a pure holding company of the Kirin Group.
July 2007	The new Kirin Brewery Company, Limited becomes operational.
July 2007	Kirin Pharma Co., Ltd. becomes operational and introduces *NESP*®, an extended erythropoiesis-stimulating agent.
December 2007	Acquires a stake in Kyowa Hakko Kogyo Co., Ltd.
October 2008	Kyowa Hakko Kogyo Co., Ltd. and Kirin Pharma Co., Ltd. merge to establish Kyowa Hakko Kirin Co., Ltd. (currently Kyowa Kirin Co., Ltd.)
October 2008	Kyowa Hakko Bio Co., Ltd. established.
November 2008	National Foods Limited makes Dairy Farmers a wholly owned subsidiary.
April 2009	Acquires a stake in San Miguel Brewery Inc. *Sells shares of San Miguel Corporation in May 2009.
October 2010	Kirin Holdings Singapore Pte, Ltd. established.
December 2010	Makes Mercian Corporation a wholly owned subsidiary.
March 2011	Makes Interfood Shareholding Company a consolidated subsidiary.
October 2012	◆ Formulates the Long-Term Management Vision “Kirin Group Vision 2021” (KV2021).
January 2013	Kirin Company, Limited (currently Kirin Holdings Company, Limited) established, and CSV Division established. *Reorganized in 2017.
January 2015	SPRING VALLEY BREWERY COMPANY established.
February 2016	◆ Revises to new Long-Term Management Vision “Kirin Group Vision 2021” (new KV2021).
February 2016	Formulates Corporate Governance Policy.
February 2017	The Brooklyn Brewery Japan established.
February 2019	◆ Formulates the Long-Term Management Vision “Kirin Group Vision 2027” (KV2027).

Month/Year	Primary events
April 2019	Acquires a 95% of stake in Kyowa Hakko Bio Co., Ltd. from Kyowa Kirin Co., Ltd. * Makes Kyowa Hakko Bio Co., Ltd. a wholly owned subsidiary in January 2023.
July 2019	Absorbs and merges Kirin Company, Limited.
September 2019	Acquires a stake in FANCL CORPORATION.
January 2020	Makes New Belgium Brewing Company, Inc. a wholly owned subsidiary.
November 2021	Makes Fermentum Pty Ltd a wholly owned subsidiary.
January 2022	Makes Bell's Brewery Inc. a wholly owned subsidiary. * Absorbed and merged by New Belgium Brewing Company, Inc. in December 2023.
August 2023	Makes Blackmores Limited a wholly owned subsidiary.
January 2024	Makes Orchard Therapeutics plc (currently Orchard Therapeutics Limited) a wholly owned subsidiary.
September 2024	Makes FANCL CORPORATION a consolidated subsidiary. * Makes FANCL CORPORATION a wholly owned subsidiary in March 2025.
July 2025	Kirin Brewery Southeast Asia Sdn. Bhd. established.

3. DESCRIPTION OF BUSINESS

The Kirin Group, which has introduced a pure holding company structure, consists of the Company, 164 consolidated subsidiaries, and 26 equity-accounted investees. As a holding company, the Company formulates Group strategies, monitors management of the Group, and provides specialized services to Group companies. The Kirin Group's principal businesses and how primary Group companies engage in such businesses are described below.

The businesses of the Kirin Group are classified as below, which corresponds to the classification of the business segments.

As the Company is categorized as a specified listed company, etc., it decides on insignificance tests for material facts for purposes of insider trading regulations based on consolidated figures.

Alcoholic Beverages Businesses

This segment, for which Kirin Brewery Company, Limited (a consolidated subsidiary of the Company), Lion Pty Limited (a consolidated subsidiary of the Company) and other entities oversee the operations, runs alcoholic beverages businesses in Japan and overseas. Kirin Brewery Company, Limited conducts production and sale of beer, low-alcohol beverages, and other products in Japan, while Lion Pty Limited oversees production and sale of beer, low-alcohol beverages, and other products in the Oceania region and those of craft beer in North America.

Non-alcoholic Beverages Business

This segment, for which Kirin Beverage Company, Limited (a consolidated subsidiary of the Company), Coca-Cola Beverages Northeast, Inc. (a consolidated subsidiary of the Company) and other entities oversee the operations, runs soft drinks businesses in Japan and overseas. Kirin Beverage Company, Limited conducts production and sale of soft drinks in Japan, while Coca-Cola Beverages Northeast, Inc. conducts production and sale of Coca-Cola in the U.S.

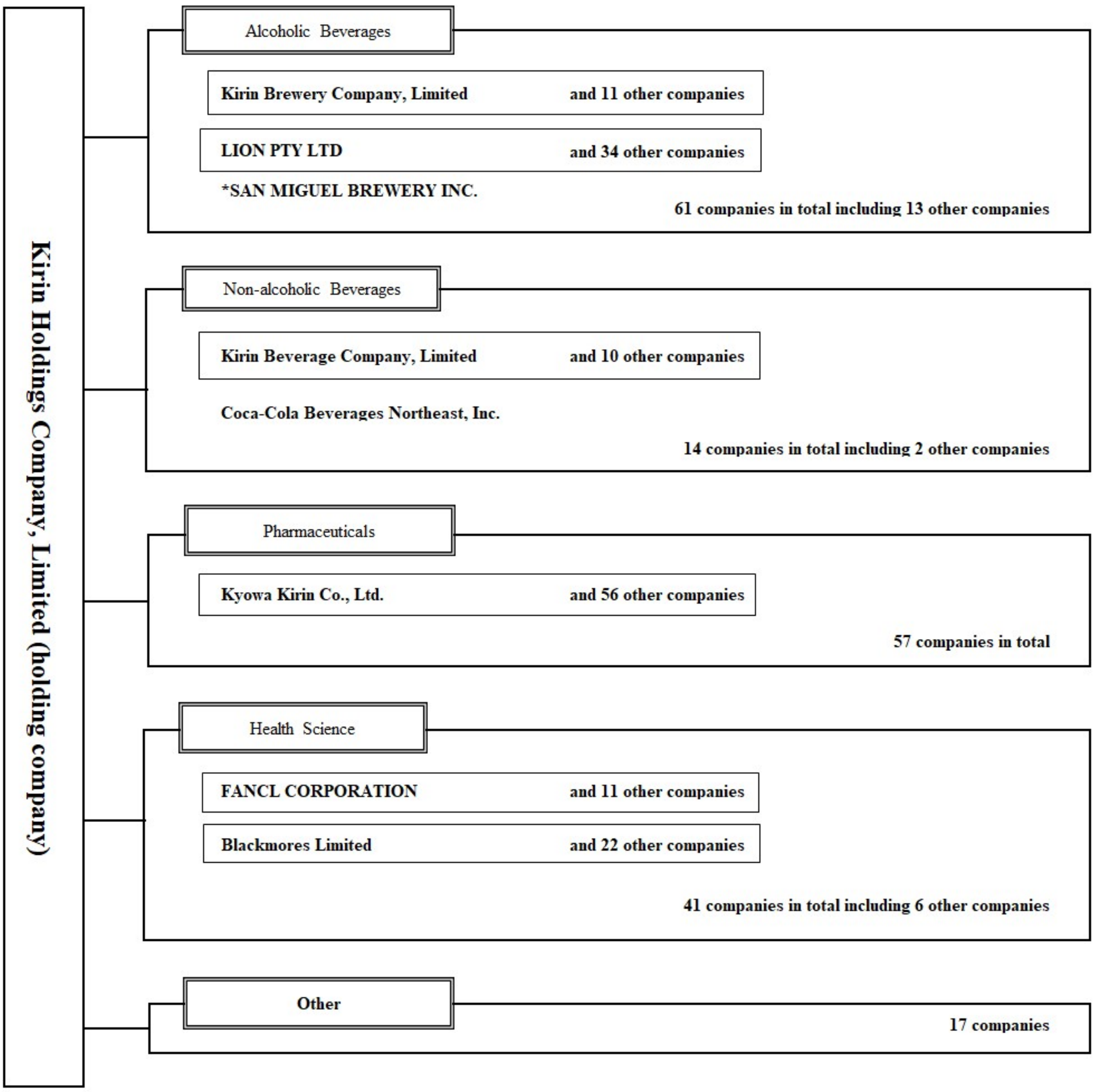
Pharmaceuticals Business

This segment, for which Kyowa Kirin Co., Ltd. (a consolidated subsidiary of the Company and listed on the Prime Market of the Tokyo Stock Exchange) and other entities oversee the operations, conducts production and sale of pharmaceutical products in Japan and overseas.

Health Science Business

This segment, for which FANCL CORPORATION (a consolidated subsidiary of the Company), Blackmores Limited (a consolidated subsidiary of the Company) and other entities oversee the operations, runs health foods and other businesses in Japan and overseas. FANCL CORPORATION conducts research and development, production, and sale of cosmetics and health foods mainly in Japan. Blackmores Limited produces and sells nutritional supplements and related products mainly in Australia, Southeast Asia, and China.

The following chart summarizes the structure of the Kirin Group’s businesses and primary Group companies.



No symbol: Consolidated subsidiaries
*: Equity-accounted investees

4. SUBSIDIARIES AND ASSOCIATES

(1) 164 CONSOLIDATED SUBSIDIARIES

Name	Location	Share capital or investments in capital (¥ millions, unless otherwise stated)	Principal business	Ratio of voting rights (%)	Relationship with the Company
Kirin Brewery Company, Limited *1, *3	Nakano-ku, Tokyo	30,000	Alcoholic Beverages	100.0	Lending of funds, leasing and renting of equipment
Mercian Corporation	Nakano-ku, Tokyo	3,000	Alcoholic Beverages	100.0	Lending of funds, renting of equipment
Eishogen Company, Limited	Nakano-ku, Tokyo	90	Alcoholic Beverages	99.9 (99.9)	Renting of equipment
Kirin Distillery Company, Limited	Gotemba, Shizuoka	10	Alcoholic Beverages	100.0 (100.0)	Lending of funds
SPRING VALLEY BREWERY COMPANY	Shibuya-ku, Tokyo	60	Alcoholic Beverages	100.0 (100.0)	Lending of funds
Kirin City Company, Limited	Chuo-ku, Tokyo	100	Alcoholic Beverages	100.0 (100.0)	Lending of funds
Lion Pty Ltd *1	New South Wales, Australia	A$8,730,936 thousand	Alcoholic Beverages	100.0	Concurrent appointments of officers: Yes
Kirin Foods Australia Holdings Pty Ltd	New South Wales, Australia	A$2	Alcoholic Beverages	100.0 (100.0)	None
Lion-Beer, Spirits & Wine Pty Limited *1	New South Wales, Australia	A$1,752,821 thousand	Alcoholic Beverages	100.0 (100.0)	None
Lion (NZ) Limited *1	Auckland, New Zealand	NZ$596,275 thousand	Alcoholic Beverages	100.0 (100.0)	None
Lion Nathan Finance (New Zealand) Limited *1	Auckland, New Zealand	A$172,937 thousand	Alcoholic Beverages	100.0 (100.0)	None
Lion Nathan USA Inc. *1	Oregon, USA	A$179,714 thousand	Alcoholic Beverages	100.0 (100.0)	None
New Belgium Brewing Company, Inc. *1	Colorado, USA	U.S.$392,319 thousand	Alcoholic Beverages	100.0 (100.0)	None
Lion Global Craft Beverages Pty Ltd *1	New South Wales, Australia	A$1,256,688 thousand	Alcoholic Beverages	100.0	None
Little World Beverages, Inc. *1	Delaware, USA	U.S.$742,600 thousand	Alcoholic Beverages	100.0 (100.0)	None
Four Roses Distillery, LLC	Kentucky, USA	U.S.$60,000 thousand	Alcoholic Beverages	100.0 (100.0)	Lending of funds
Kirin Brewery of America, LLC	California, USA	U.S.$13,000 thousand	Alcoholic Beverages	100.0 (100.0)	Lending of funds
Kirin (China) Investment Company, Limited *1	Shanghai, China	U.S.$143,000 thousand	Alcoholic Beverages	100.0	None
Kirin Brewery (Zhuhai) Company, Limited	Guangdong, China	U.S.$84,700 thousand	Alcoholic Beverages	100.0 (100.0)	None
TAIWAN KIRIN COMPANY, LIMITED	Taipei, Taiwan	TW$64,000 thousand	Alcoholic Beverages	100.0 (100.0)	None
Kirin Europe GmbH	Dusseldorf, Germany	EUR77 thousand	Alcoholic Beverages	100.0 (100.0)	None
Kirin Beverage Company, Limited	Nakano-ku, Tokyo	8,417	Non-alcoholic Beverages	100.0	Lending of funds, renting of equipment
Coca-Cola Beverages Northeast, Inc. *4	New Hampshire, USA	U.S.$930 thousand	Non-alcoholic Beverages	100.0	None
Interfood Shareholding Company	Dong Nai, Vietnam	VND871,410 million	Non-alcoholic Beverages	95.7 (95.7)	None
Kyowa Kirin Co., Ltd. *1, *2, *5	Chiyoda-ku, Tokyo	26,745	Pharmaceuticals	55.2	Concurrent appointments of officers: Yes
Orchard Therapeutics Limited *6	London, United Kingdom	U.S.$29,569 thousand	Pharmaceuticals	100.0 (100.0)	None
Kyowa Kirin Asia Pacific Pte. Ltd. *1, *7	Singapore	S$123,045 thousand	Pharmaceuticals	100.0 (100.0)	None
FANCL CORPORATION *1	Naka-ku, Yokohama, Kanagawa	10,795	Health Science	100.0	Concurrent appointments of officers: Yes

Name	Location	Share capital or investments in capital (¥ millions, unless otherwise stated)	Principal business	Ratio of voting rights (%)	Relationship with the Company
Kyowa Hakko Bio Co., Ltd. *8	Chiyoda-ku, Tokyo	100	Health Science	100.0	Lending of funds and renting of equipment Concurrent appointments of officers: Yes
Koiwai Dairy Products Company, Limited	Nakano-ku, Tokyo	100	Health Science	99.9	Renting of equipment
Blackmores Limited *1	New South Wales, Australia	A$202,319 thousand	Health Science	100.0 (100.0)	None
Kirin Health Science Australia Pty Ltd *1	New South Wales, Australia	A$1,799,000 thousand	Health Science	100.0 (100.0)	None
Kirin Holdings Australia Pty Ltd *1	New South Wales, Australia	A$1,800,000 thousand	Health Science	100.0	None
Kirin Holdings Singapore Pte, Ltd. *1	Singapore	A$2,880,737 thousand	Others	100.0	None
130 other companies	–	–	–	–	–

(2) 26 EQUITY-ACCOUNTED INVESTEES

Name	Location	Share capital or investments in capital (¥ millions, unless otherwise stated)	Principal business	Ratio of voting rights (%)	Relationship with the Company
YO-HO BREWING COMPANY	Karuizawa-machi, Kitasaku-gun, Nagano	10	Alcoholic Beverages	33.3 (33.3)	None
Brooklyn Brewery Corporation	New York, USA	U.S.$3,729	Alcoholic Beverages	25.5 (25.5)	None
San Miguel Brewery Inc.	Metro Manila, the Philippines	PHP15,410 million	Alcoholic Beverages	48.6	None
23 other companies	–	–	–	–	–

Notes:
1. Principal business represents the segment names.
2. Figures in parentheses in the ratio of voting rights represent the ratio of indirect ownership.
3. *1: Specified subsidiaries
4. *2: Companies filing the Annual Securities Report
5. *3: Revenue of Kirin Brewery Company, Limited (excluding intra-group revenue among consolidated companies) accounts for more than 10% of consolidated revenue.
   Key information on profit or loss (¥ millions):
   1) Revenue: 665,500
   2) Profit before tax: 40,768
   3) Profit: 29,573
   4) Total equity: 70,890
   5) Total assets: 414,327
6. *4: Revenue of Coca-Cola Beverages Northeast, Inc. (excluding intra-group revenue among consolidated companies) accounts for more than 10% of consolidated revenue.
   Key information on profit or loss (¥ millions):
   1) Revenue: 299,884
   2) Profit before tax: 45,264
   3) Profit: 32,793
   4) Total equity: 125,416
   5) Total assets: 195,807
7. *5: Revenue of Kyowa Kirin Co., Ltd. (excluding intra-group revenue among consolidated companies) accounts for more than 10% of consolidated revenue. However, the key information on profit or loss of the company is omitted because it files an Annual Securities Report.
8. *6: It was determined that the company would be dissolved and liquidated on July 11, 2025, and the liquidation was completed on January 20, 2026.
9. *7: By the resolution of the Board of Directors of Kyowa Kirin Co., Ltd. held on August 1, 2024, it was determined that this company would be dissolved and liquidated.
10. *8: Kyowa Hakko Bio Co., Ltd. is in a state of balance sheet insolvency with negative equity of ¥56,215 million.
11. The above is part of the disclosure required under IFRS and is referred to in "V. FINANCIAL INFORMATION, Consolidated Financial Statements, Notes to Consolidated Financial Statements, 33. LIST OF SUBSIDIARIES."

5. EMPLOYEES

(1) INFORMATION ABOUT CONSOLIDATED COMPANIES

As of December 31, 2025

Segment	Number of employees (persons)
Alcoholic Beverages	8,800 [1,528]
Non-alcoholic Beverages	7,849 [570]
Pharmaceuticals	5,161 [182]
Health Science	5,643 [1,353]
Others	2,200 [454]
Administration	1,491 [–]
Total	31,144 [4,087]

Notes:
1. The number of employees indicates the number of employees currently on duty.
2. The number of temporary employees indicated in the square brackets represents the average number of temporary employees during the year.
3. The number of temporary employees excludes the number of dispatched employees.

(2) INFORMATION ABOUT REPORTING COMPANY

As of December 31, 2025

Number of employees (persons)	Average age (years-old)	Average length of service (years)	Average annual salary (yen)
1,124	41.6	13.6	9,985,539

Notes:
1. The number of employees indicates the number of employees currently on duty.
2. The average length of service is an approximate figure because the method of calculation differs depending on the employment status and other factors.
3. The average annual salary includes bonuses and extra wages.

(3) LABOR UNIONS

There are no special matters to be noted as to labor-management relations.

(4) RATIO OF FEMALE MANAGERS, RATIO OF MALE EMPLOYEES WHO TOOK CHILDCARE LEAVE, AND WAGE GAP BETWEEN MALE AND FEMALE EMPLOYEES

(i) Reporting Company

Ratio of female managers (%) (Note 1)	Ratio of male employees who took childcare leave (%) (Notes 2 and 3)	Wage gap between male and female employees (%) (Notes 1, 4 and 5)		
		All employees	Regular employees	Part-time and fixed-term employees
18.1	100.0	74.8	75.0	60.6

Notes:
1. The figures are calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). Managers refer to workers who are in an integral position with the management in the decision-making on working conditions and other labor management, and those who are in a supervisory or management position.
2. The figure is the ratio of the number of employees who took childcare leave, etc. and leave for childcare purposes as provided in Article 71-6, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
3. The ratio of childcare leave taken may exceed 100% due to the difference between the year of birth of a child and the commencement year of taking childcare leave, etc. and leave for childcare purposes for the child.
4. Mid-career hires, retirees and employees on leave, and employees returning to work are excluded from the number of employees.
5. The Company does not differentiate between men and women in terms of wage systems for the same work. The main reason for this difference is the difference in personnel composition by grade. Specifically, it is because the number of women in managerial positions with relatively high wages and in the upper grades of career employment positions is small. The Company will encourage the active participation of women and their relationship building at work and promote measures that empower women by building a corporate culture that respects diverse opinions and values. Through such company-wide efforts, we will develop opportunities and an environment for women to play an active role.
6. The ratio of female managers, the ratio of male employees who took childcare leave, and the wage gap between male and female employees are based on all employees of Kirin Holdings.

(ii) Consolidated Subsidiaries

Company name	Ratio of female managers (%) (Note 1)	Ratio of male employees who took childcare leave (%) (Notes 2 and 3)	Wage gap between male and female employees (%) (Notes 1 and 4)		
			All employees	Regular employees	Part-time and fixed-term employees
Kirin Brewery Company, Limited	8.4	104.0	74.9	78.0	76.5
Mercian Corporation	11.6	133.3	93.2	89.4	86.3
Kirin Distillery Company, Limited	0.0	100.0	73.9	75.8	84.8
Kirin City Company, Limited	5.7	25.0	48.4	70.7	105.2
Kirin Beverage Company, Limited	8.5	100.0	73.9	78.0	61.2
Tokyo Kirin Beverage Service Co., Ltd.	3.2	150.0	77.5	88.9	86.9
Tokai Beverage Service Co., Ltd.	0.0	100.0	49.5	35.7	84.4
Kansai Kirin Beverage Service Co., Ltd.	0.0	83.3	75.6	76.9	89.9
Kirin Vivax Co., Ltd.	0.0	20.0	67.7	69.9	69.9
Shinshu Beverage Co., Ltd.	6.7	100.0	83.8	80.7	125.2
Kirin Maintenance Service Co., Ltd.	9.1	50.0	82.7	87.8	111.5
Kyowa Kirin Co., Ltd.	17.1	129.4	76.9	77.5	69.1
Kyowa Kirin Plus Co., Ltd.	0.0	–	75.4	83.6	81.1
FANCL CORPORATION	47.9	150.0	51.5	56.5	88.7
ATTENIR CORPORATION	66.7	–	54.4	55.3	–
FANCL B&H CORPORATION	11.3	125.0	44.8	67.3	92.9
Kyowa Hakko Bio Co., Ltd.	14.5	80.0	80.0	77.0	82.6
Kyowa Pharma Chemical Co., Ltd.	10.5	88.2	80.6	80.1	77.7
Koiwai Dairy Products Company, Limited	16.4	200.0	69.4	72.4	59.1
Kirin Group Logistics Company, Limited	8.6	66.7	70.3	80.6	54.7
KL Service East Japan Co., Ltd.	9.1	66.7	50.2	85.2	63.1
KL Service Kyushu Co., Ltd.	0.0	100.0	61.5	87.2	68.4
KL Service West Japan Co., Ltd.	0.0	16.7	39.7	84.1	67.7
Kirin and Communications Company, Limited	40.0	–	43.7	72.5	62.8
Kirin Engineering Company, Limited	3.2	50.0	61.8	61.1	–
Kirin Business System Company, Limited	12.3	66.7	82.6	83.6	77.2

Notes:

1. The figures are calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). Managers refer to workers who are in an integral position with the management in the decision-making on working conditions and other labor management, and those who are in a supervisory or management position.
2. The figure is the ratio of the number of employees who took childcare leave, etc. and leave for childcare purposes as provided in Article 71-6, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
3. The ratio of childcare leave taken may exceed 100% due to the difference between the year of birth of a child and the commencement year of taking childcare leave, etc. and leave for childcare purposes for the child.
4. Mid-career hires, retirees and employees on leave, and employees returning to work are excluded from the number of employees.
5. The ratio of female managers, the ratio of male employees who took childcare leave, and the wage gap between male and female employees are based on all employees of each company.

II. OVERVIEW OF BUSINESS

1. MANAGEMENT POLICY, BUSINESS ENVIRONMENT, AND FUTURE CHALLENGES

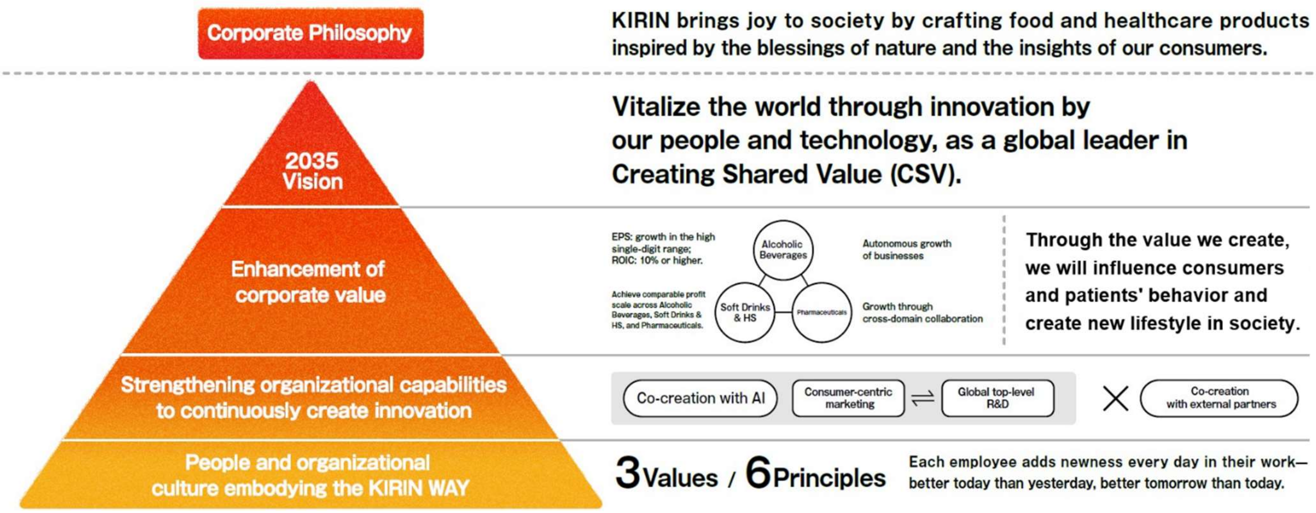
Forward-looking statements contained in this document are based on the assessment that Kirin Holdings made as of the end of this fiscal year. These statements are not guarantees of future performance.

(1) BASIC MANAGEMENT POLICY

Under its long-term vision "Kirin Group Vision 2027" (KV2027), formulated in 2019, the Kirin Group has been transforming its business structure. This includes establishing and nurturing its Health Science business, while responding to a changing business environment characterized by rising sustainability and health awareness, regulatory risks for alcoholic beverages, declining alcohol consumption among younger generations, and digital transformation.

As the final year of KV2027 approaches, we have formulated a new long-term vision looking ahead to 2035, ten years in the future. Through our business portfolio comprising alcoholic beverages, health sciences and non-alcoholic beverages, and pharmaceuticals, we aim to further enhance corporate value.

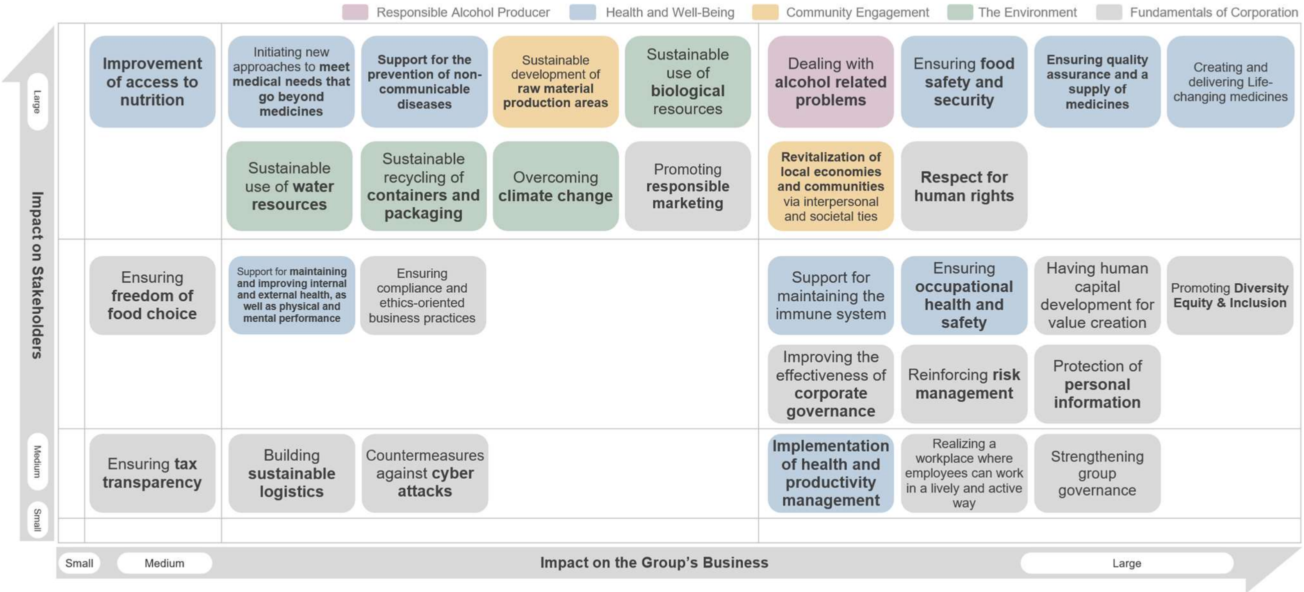
In recent years, environmental changes have accelerated due to factors such as AI evolution, talent shortages, and diversifying consumer attitudes. Flexibly adapting to these shifts, the Kirin Group will create a future of mental and physical wellbeing by influencing consumers and patients' behavior worldwide and creating new lifestyle in society. We will further strengthen our organizational capabilities to continuously create such innovations. As a global corporate group with a culture full of pioneering spirits and dedicated personnel, we will execute CSV (Creating Shared Value). Based on our premise of 'responsibility of Kirin Group which runs Alcoholic Beverage Businesses,' we will create value across three domains – 'Health and Well-Being,' 'Community Engagement' and 'the Environment' – contributing to bringing joy to society.



The Kirin Group will promote the global adoption of "KIRIN WAY." While inheriting the fundamental values cherished by our Group, we will further evolve our organizational culture where all employees engage in everyday work based on the principles and drive transformation. Furthermore, we will introduce an evaluation system domestically that encourages employees to take on challenges to further strengthen talent development. We will also advance cross-departmental and cross-national placements for future growth, fostering a culture that encourages co-creation and newness.

Management Issues for Sustainable Growth—Group Materiality Matrix (GMM)

The Kirin Group evaluates the challenges it should address to operate and develop sustainably in partnership with society from the two perspectives of impact on its business and impact on stakeholders, which have been organized in the Management Issues for Sustainable Growth (Kirin Group Materiality Matrix (GMM)). As the GMM changes over time and serves as the starting point for the Group's planning process, we assess each year whether it needs to be updated. In this fiscal year as well, in light of changes in the internal and external environment, we reorganized the key issues for the Kirin Group to address in order to continue to operate and develop sustainably alongside society over the next ten years. With a view to 2026 and beyond, we re-evaluated the impact on the Group's business through stakeholder surveys and discussions among the Kirin Group's officers, and updated the GMM. Through these efforts, we have further enhanced our ability to adapt to social needs.



* There is no difference in importance among the items in each cell.

Kirin Group CSV Purpose

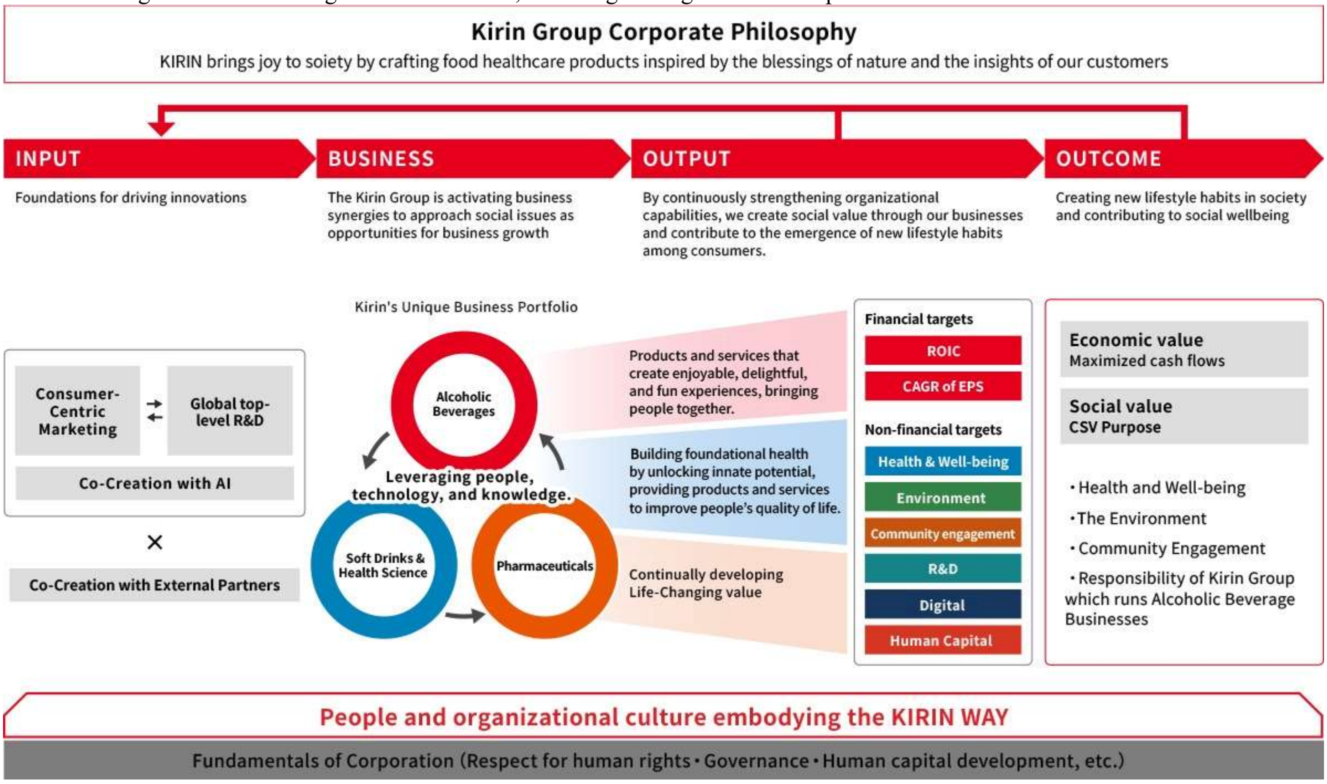
On the basis of the GMM, the Company aims to address issues in the following four areas: "Health and Well-Being," "Community Engagement," "The Environment," and "Responsibility of Kirin Group which runs Alcoholic Beverage Businesses." The Company has designated this as the "CSV Purpose," and has also clearly stated the "Fundamentals of Corporation" as the foundation of corporate management. In addition, the Group develops specific action plans for solving issues in the four areas as CSV Commitments, further specifies performance indicators and sets targets for each Group company, and links them to initiatives undertaken by each Group company.

Furthermore, based on the Long-Term Management Vision, as we particularly aim to create "Health and Well-Being" value across all business domains, we have positioned "Health and Well-Being" at the center of the CSV Purpose. At the same time, since mental health as well as physical health is essential to bring joy to society, we have changed the "Health and Well-Being" statement to "Contributing to people's physical and mental health."


Joy brings us together
KIRIN
Community Engagement
Health and Well-Being
The Environment
Create positive force for society by developing communities
Contributing to People's physical and mental health
Enrich a sustainable Earth for future generations through positive impact
Responsibility of Kirin Group which runs Alcoholic Beverage Businesses
Make solid progress toward eradicating the harmful use of alcohol (Zero Harmful Drinking)
Fundamentals of Corporation
Respect for human rights, governance, human resource development, etc

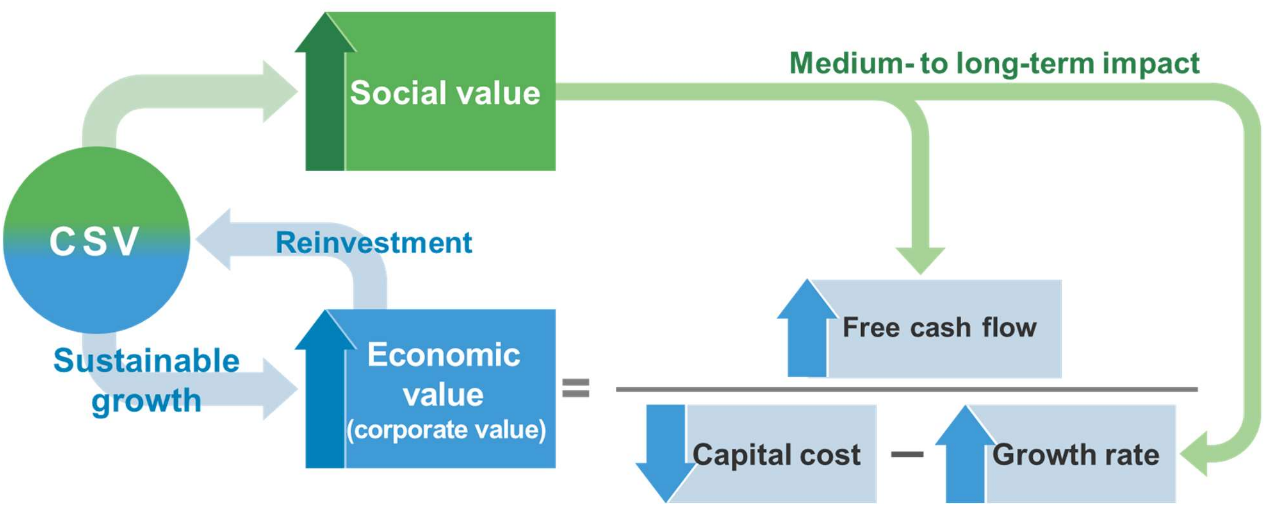
<u>Value Creation Model/CSV Management Concept</u>

Kirin Holdings has developed a value creation model as a sustainable mechanism for promoting the *creation of social value and economic value by solving social issues,* which is its basic approach to CSV management. With our organizational capabilities for continuously generating innovation (INPUT) as a foundation, we have created value (OUTPUT/OUTCOME) and realized the CSV Purpose by working to solve social issues through our business activities (BUSINESS). In particular, as a company capitalizing on the blessings of nature in conducting its business activities in society, we believe that strengthening non-financial assets, such as human and natural capital, will drive our continuous value creation. Through our business, we aim to achieve sustainable growth of our capital and value by creating social value and economic value at the same time and reinvesting them in our management foundations, including our organizational capabilities.



The illustration below shows how promoting CSV management helps improve our corporate value.

Structure for sustainable value creation based on CSV Management



Business activities (BUSINESS) alongside the solutions for social issues, create economic value, increase free cash flows, and reduce business risks, ultimately lowering the cost of capital and improving corporate value.
Meanwhile, these business activities also create social value that helps satisfy customers' needs, which we believe will raise the customers' willingness to pay for our products and services and ultimately contribute to increasing free cash flows over the long term. Our creation of a high level of social value is expected to help enhance employee engagement and build our competitive advantage in recruitment, leading to enhanced human capital which is a basis of INPUT in our value creation model. We recognize that all the above will positively affect the growth of the Company.

Reference:
- Management Issues for Sustainable Growth (Group Materiality Matrix)
  URL: https://www.kirinholdings.com/en/impact/materiality/
- Kirin Group CSV Purpose
  URL: https://www.kirinholdings.com/en/purpose/csv_purpose/
- Kirin Group CSV Commitments
  URL: https://www.kirinholdings.com/en/impact/csv_management/commitment/
- Kirin Group Value Creation Model
  URL: https://www.kirinholdings.com/en/purpose/model/

(2) MANAGEMENT STRATEGIES OVER THE MEDIUM TO LONG TERM AND TARGET MANAGEMENT INDICATORS

Plan for 2028
The Kirin Group has been working to transform its business portfolio with a view to long-term sustainable growth, taking into account future environmental changes and geopolitical risks. Going forward, we will continue to grow and enhance corporate value by operating the cash cycle. Specifically, we will improve the efficiency of existing businesses to generate stable cash flows and allocate these funds to investment in growth businesses, thereby creating a virtuous cycle of sustained growth for the entire Group. We will enhance cash generation capabilities in each of the Alcoholic Beverages, Health Science and Non-alcoholic Beverages, and Pharmaceuticals businesses, and sustain high single-digit EPS growth. At the same time, we aim to improve PER by increasing the proportion of the Health Science business within the Kirin Group, which commands relatively higher valuation multiples compared with the industry average. Through the combination of EPS growth and PER improvement, we will pursue sustainable enhancement of corporate value.
EPS growth toward 2028 will be driven by the Health Science and Non-alcoholic Beverages businesses. Through profit growth in the Health Science and Non-alcoholic Beverages businesses, we will increase their share of total EPS to approximately 25% by 2028, while also aiming for steady EPS growth in the Alcoholic Beverages and Pharmaceuticals businesses. Regarding the EPS composition by region, we will increase the Asia-Pacific share to approximately 30% by 2028 by driving EPS growth in the Health Science business.

Basic Policy
We will develop our business portfolio while taking into account uncertainties and geopolitical risks and achieve growth in the Alcoholic Beverages, Non-alcoholic Beverages, Pharmaceuticals, and Health Science businesses to realize the 2035 Vision.

Priority Issues
1) Create value in focus areas of each business segment
2) Strengthen investment in human capital, R&D, digital platforms, and marketing

KPIs
As for financial indicators for 2028, we aim to improve shareholder value through EPS growth and will continue to use ROIC as we work to exceed the cost of capital on an ongoing basis.
Further, we have promoted medium- and long-term value sharing with shareholders and investors by linking KPIs (financial and non-financial targets) and the level of achievement of annual consolidated normalized operating profit for a single fiscal year with the Officers' remuneration. (The details of the Officers' remuneration are as stated in "IV. INFORMATION ABOUT REPORTING COMPANY, 4. CORPORATE GOVERNANCE, (4) OFFICERS' REMUNERATION, ETC."

[Financial targets*1]

	2026 Plan	2028 Goal	Long-term Goal
ROIC*2	7.7%	8.0%+	10%+
EPS	¥193	3-year CAGR + high single digit % (6%+)	CAGR + high single digit %

*1 Financial indicators are evaluated by excluding the impact of exchange rate fluctuations when overseas subsidiaries are consolidated and other factors.
*2 ROIC = Profit after tax before interest / (Average total interest-bearing liabilities at beginning and end of the period + Average total equity at beginning and end of the period)

[Non-financial targets]

Category	Indicators	2026 target	2028 target
Health & Well-being	Social impact delivered through the Group's health science products (HS domain)	155 million people	175 million people
	Market launch status of global products in key countries (pharmaceuticals domain)	Number of products sold by country and application	Number of products sold by country and application
Environment	GHG reduction rate (Scope 1 & 2 (vs. 2019))	32%	41%
	Water use intensity at manufacturing sites with high water stress (LION)	Less than 2.5 L/L	Less than 2.5 L/L
Community engagement	Achievement level of the business units' community activities	7 out of 9 indicators achieved	8 out of 9 indicators achieved
R&D	Number of ①patent applications, ②published papers, and ③conference presentations	Not disclosed*	Not disclosed*
	Acquisition of hard-to-avoid patents (included in the number of patent applications)	Not disclosed*	Not disclosed*
Digital	Improved operational productivity through the implementation of AI and the automation of operational processes at the individual and organizational levels	15%	25%
Human Capital	Employee engagement score	76	76
	LTIR Score	2.25	1.75
	Percentage of women executives in Japan (KH hired employees)	20%	26%

*Specific indicators and target levels are not disclosed in the strategy because they include content related to intellectual property.

Financial Policy

We aim to generate profit through organic growth to maximize cash flow. We expect cash flows from operating activities of approximately ¥840.0 billion in total toward 2028. Regarding dividends, aiming for a consolidated dividend on equity (DOE) of 5%, we will, in principle, pay a progressive dividend per share. The total dividend amount for the Group is expected to be approximately ¥240.0 billion. We plan to make capital expenditures of approximately ¥440.0 billion in total, and will control the total amount by determining priorities from a long-term perspective and appropriately implementing capital expenditure necessary for safety, quality, and the environment. We will also strengthen investments in human capital, R&D, ICT, and marketing, which are the sources of value creation, to help improve our corporate value.

We will repay interest-bearing debt to ensure financial soundness while maintaining stable dividends. Going forward, we will fund M&A investments through the sale of businesses and other means. However, if there is a shortage, we will allow the gross D/E ratio to temporarily exceed 1 as long as we can expect to return to financial soundness within two to three years. We will continue to discuss the review of our business for an optimal business portfolio.

While shareholder returns will basically be provided through dividends, we will make flexible decisions on the share buybacks, taking into consideration investment opportunities and the cash balance to be generated from the sale of businesses and other sources.
In addition, we will consider the acquisition of treasury shares in cases where equity becomes excessive due to the accumulation of operating cash flows from held assets, or where cash inflows arise from the sale of businesses, and there is a timing gap before the next growth investment. Based on this policy, utilizing the cash inflow resulting from the sale of Four Roses Distillery, LLC, which was announced on February 5, 2026, we will implement the acquisition of treasury shares with an upper limit of ¥80.0 billion as additional shareholder returns.

Non-financial Policy

To achieve long-term sustainable growth, we will continue to strengthen our non-financial initiatives. Aiming to enhance our “organizational capabilities to continuously create innovation,” we will promote co-creation with AI across the Group, while further strengthening our marketing and technological capabilities, which are strengths of the Kirin Group. We will also continue to strengthen our human capital, which serves as its foundation, and enhance the execution of our strategies through human capital that embodies the KIRIN WAY. Further, with a view to meeting stakeholder expectations, we have been striving to produce greater outcomes by setting non-financial targets that lead to economic value and by improving the steps of input–business–output in our Value Creation Model. Through strategic non-financial initiatives, we will promote CSV management and contribute to solving sustainability issues in society.

(3) FUTURE CHALLENGES

The business environment surrounding the Kirin Group is changing rapidly, driven by factors such as heightened health consciousness, alcohol regulations and declining alcohol consumption, the evolution of digital technologies including AI, and labor shortages. In addition to climate change, the economic outlook remains uncertain due to heightened geopolitical risks. While maintaining a management structure capable of responding swiftly and flexibly to change, our Group aims to enhance corporate value by solving social issues through our business activities, as a global leader in CSV. To realize our newly formulated long-term vision for 2035 – "Vitalize the world through innovation by our people and technology, as a global leader in CSV" – we designate 2026 as the starting point for transformation. We will accelerate the creation of an organization that generates innovation continuously. By strengthening investment in human capital and globally embedding "KIRIN WAY" – the Group-wide values and principles – we will enhance organizational unity and capabilities to generate transformation.
By strengthening organizational capabilities, we aim for autonomous growth across our alcoholic beverages, non-alcoholic beverages and health sciences, and pharmaceuticals businesses, while maximizing synergies through business integration. Specifically, we will accelerate growth in the health sciences business, particularly in Asia-Pacific, enhancing its profitability as the Group's third pillar.
Whilst enhancing the profitability of our businesses, we will continue to pursue management focused on net profit to further improve shareholder returns, aiming to achieve our financial targets for EPS and ROIC. For non-financial targets, we have newly added 'R&D' and 'Digital'. We will realize sustainable growth through the achievement of each of these targets.

1)Alcoholic Beverages Business

Amidst diversifying consumer preferences regarding alcoholic beverages, Kirin Brewery will focus on creating the future of alcoholic beverages and generating joy that connects people and society, grounded in its CSV purpose of "responsibility of Kirin Group which runs alcoholic beverage businesses".
In 2026, the unification of beer taxes in Japan is scheduled to take place. By promoting concentrated investment in growth categories centered on beer and RTD, we aim to achieve growth exceeding the market average. In beer, alongside strengthening our flagship brands KIRIN ICHIBAN and Kirin Beer Harekaze, we will nurture the well-performing Kirin Good Ale. In the economy category, we will focus investment on Honkirin to strengthen our foundation and achieve higher profitability. In RTD, we will enhance the KIRIN HYOKETSU brand while also pursuing new value creation.
For product lines catering to health-conscious consumers and diverse lifestyles, we will focus on expanding the non-alcoholic category and strengthening existing functional brands. Leveraging our technological capabilities to create value, we aim to establish new pillars of business. In craft beer, we have launched the limited-edition Brewers Line from the Spring Valley Brewery brand in November 2025 with plans for further limited-edition releases. Furthermore, in collaboration with regional breweries and local authorities, we plan to initiate community development and cultural cultivation centered around craft beer, starting in Yokohama City. By expanding fan engagement initiatives both digitally and in person, we will also contribute to the growth of the craft beer market as a whole.
Lion integrated its Australian and New Zealand operations in October 2025. Under this new management structure focused on Oceania, we will drive integrated growth exceeding market levels and improved profitability. We will enhance competitive advantage through cross-market knowledge sharing and cost efficiencies, alongside strengthened price management and the reinforcement of our strong Hahn and Stone & Wood brands. We will also pursue sales expansion for brands such as Hyoketsu in Australia and New Zealand.
In North America, New Belgium Brewing will expand its Voodoo Ranger brand and sales of KIRIN ICHIBAN in North America, which has commenced local production and sales.

2)Non-alcoholic Beverage Business

Amidst the ongoing fierce competition in the domestic non-alcoholic beverages market, Kirin Beverage will focus on expanding its health science beverages portfolio, guided by its purpose: "Delivering good-taste health to consumers every day." This includes the nationwide launch of Mutekids, a LC-Plasma-containing beverage for children, and expanding its "immune care" beverages line-up centered on LC-Plasma to promote health value propositions across a broad range of age groups.
Furthermore, responding to growing demand for unsweetened teas, we will further strengthen the unsweetened series of Kirin Gogo-no-Kocha. In April 2026, we plan a full renewal of the Food for Specified Health Uses (FOSHU) Kirin Healthya Umami Green Tea, aiming to expand its market presence.
At Coke Northeast in North America, we will continue to focus on strong carbonated drinks sales, aiming for increased revenue through pricing strategies and retail merchandising tailored to market conditions. While increased raw material costs due to import tariffs are anticipated, we will further promote operational efficiency and cost management to maintain high profitability.

3)Pharmaceuticals Business

Kyowa Kirin, as a Japan-based global specialty pharmaceutical company, will accelerate its efforts to create "life-changing" value that delivers smiles to patients worldwide.
We will continue to pursue profit growth driven by the expansion of our key therapeutic area products, Crysvita*1 and Poteligeo*2. We will steadily advance the development and launch preparations for ziftomenib*3 (product name in America: KOMZIFTI), while further strengthening our pipeline.

*1: A drug for the treatment for patients suffering from bone and joint disorders.
*2: A drug for the treatment for specific blood cancers.
*3: A drug in the development pipeline for the treatment of acute myelogenous leukaemia.

4)Health Science Business

The Kirin Group aims to become one of the largest health science companies in Asia-Pacific, combining the strengths of its operating companies to pursue sustainable growth and address social issues. Operating companies such as FANCL and Blackmores, will accelerate growth by leveraging their respective strengths and creating synergies. Furthermore, we will accurately assess the market environment and health issues in each country and region, optimally utilize our management resources, and implement flexible, locally targeted strategies.
FANCL will strengthen its brand equity in its domestic cosmetics business, including skincare, and its supplements business, based on a medium-to long-term perspective. Leveraging integrated consumer data across all channels and its strengths in digital technology, it aims to enhance consumer experience through personalized proposals and services. In overseas markets, during 2026, we will establish a structure that enables the

Group to handle all sales and marketing activities for supplements and skincare products in Southeast Asia and China. At the same time, we will work on brand development and business expansion through collaboration with Blackmores.
Blackmores will focus on accelerating the growth of its Blackmores brand in Australia and New Zealand, alongside its BioCeuticals sold through pharmacists and other professional channels. It will continue marketing investment in Southeast Asia, where market growth rates and brand recognition are high. In China, it aims to expand revenue through strengthening sales channels, including e-commerce, and further brand penetration.
In the LC-Plasma business, alongside expanding the range of high-value-added products, we are accelerating the expansion of domestic and international markets and distribution channels, as well as the launch of new products. Utilizing Blackmores' distribution channels, the company aims to expand the sales of LC-Plasma supplements into Australia and Southeast Asian countries, following the launch in Taiwan in 2025. Furthermore, by integrating the sales infrastructure with FANCL, we seek to enhance operational efficiency and profitability.

The Kirin Group will continue to pursue sustainable growth and enhance corporate value through its unique business portfolio management and robust strategic execution. By encouraging every employee to continually take on the challenge to innovate, we aim to achieve further growth as a global leader in CSV.

2. APPROACHES TO AND INITIATIVES FOR SUSTAINABILITY

(1) Basis of preparation of sustainability-related financial disclosures

1) General information

The Group prepares its sustainability-related financial disclosures in accordance with the Sustainability Disclosure Standards,* which have been early adopted from the current fiscal year pursuant to Article 19-9, Paragraph 1 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (Ministry of Finance Ordinance No. 5 of 1973), as applied under Article 2, Paragraph 1 of the Supplementary Provisions of the Cabinet Office Ordinance Partially Amending the Cabinet Office Ordinance on Disclosure of Corporate Affairs and the Cabinet Office Ordinance on Disclosure of Information, etc. on Regulated Securities (Cabinet Office Ordinance No. 5 of February 20, 2026). Forward-looking statements contained herein are based on the judgments of the Group as of the end of the current fiscal year.

These sustainability-related financial disclosures have been prepared for the reporting period of the current fiscal year (from January 1, 2025 to December 31, 2025). These sustainability-related financial disclosures do not include comparative information, in accordance with paragraph 93 of the Universal Sustainability Disclosure Standards “Application of the Sustainability Disclosure Standards,” paragraph 42 of the Theme-based Sustainability Disclosure Standard No. 1 “General Disclosures,” and paragraph 102 of the Theme-based Sustainability Disclosure Standard No. 2 “Climate-related Disclosures.” Furthermore, these sustainability-related financial disclosures do not include Scope 3 greenhouse gas emissions, in accordance with paragraph 103 (2) of the Theme-based Sustainability Disclosure Standards No. 2 “Climate-related Disclosures.” Scope 3 greenhouse gas emissions will be disclosed once preparations for such disclosure are complete.

These sustainability-related financial disclosures were authorized for issue on March 27, 2026 (date of authorization for issue) by Shinjiro Akieda, Director of the Board, Senior Executive Officer, CFO and Chairperson of the Group Information Disclosure Committee, after deliberation by said committee, and are reported to Takeshi Minakata, Representative Director of the Board, President & COO.

The Group has obtained third-party assurance (limited assurance) from KPMG AZSA Sustainability Co., Ltd. for governance, risk management, and Scope 1 and Scope 2 emissions, as well as a portion of the metrics within these sustainability-related financial disclosures. For details, please refer to the “Sustainability-related Financial Disclosures in accordance with the SSBJ Standards – 187th Fiscal Year (2025)” available on the following website.

URL: https://www.kirinholdings.com/jp/investors/library/financial_results/

*Sustainability Disclosure Standards developed by the Sustainability Standards Board of Japan (SSBJ) (Japanese standards) to be consistent with the IFRS Sustainability Disclosure Standards developed by the International Sustainability Standards Board (ISSB).

2) Information on sources of guidance

The Group applies the Sustainability Disclosure Standards to identify material themes, risks, and opportunities for its sustainability-related financial disclosures. In addition, taking into account the Company’s business and business model described later, the Group refers to the Industry-based Guidance on implementing IFRS S2 (published in June 2023; hereinafter referred to as the “Industry-based Guidance”) for the alcoholic beverages, non-alcoholic beverages, and processed foods industries published by the International Sustainability Standards Board (ISSB), and the SASB Standards (last revised in December 2023; hereinafter referred to as the “SASB”) for the alcoholic beverages, non-alcoholic beverages, processed foods, and biotechnology and pharmaceuticals industries. Furthermore, from among the management issues extracted in the Group Materiality Matrix (hereinafter referred to as the “GMM”), which was formulated with reference to GRI, ISO 26000, etc., the Group has identified the following seven material themes as targets for identifying sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects. The Group has also assigned an executive officer in charge to each theme to ensure accountability.

- Adverse effects of alcohol consumption
- Healthy longevity society
- Unmet medical needs
- Human capital
- Human rights
- Consumer issues
- The Environment (climate change and natural capital)

3) Judgments

Of the judgments made in the process of preparing the sustainability-related financial disclosures, the judgment that has the most significant effect on the information included in the disclosures is as follows:

- Identification of sustainability-related risks and opportunities

For further details, please refer to “(3) Risk management, 1) Sustainability-related risk management, (a) Identification of material sustainability-related risks and opportunities.”

4) Measurement uncertainty

The most significant source of uncertainty affecting the quantitative information reported in the sustainability-related financial disclosures is as follows:

- Financial effects assessed through climate-related scenario analysis

For further details, please refer to “(5) Disclosures by material theme, 7) The Environment (climate change and natural capital), (b) Risk management, (ii) Identification of risks and opportunities, a. Scenario analysis related to climate change, c. Financial impacts and responses based on analysis results.”

(2) Governance

As a pure holding company, the Company is responsible for formulating and promoting the overall Group strategy, monitoring each business, promoting the creation of synergies through Group-wide coordination, examining sustainability-related issues, and formulating fundamental policies regarding sustainability.
The Group regards material themes essential to its sustainable existence and growth, together with stakeholders, as management issues, and promotes CSV management through proactive responses. The Group strives to establish a system to address sustainability-related issues across the organization, aiming not only to advance risk management but also to create revenue and profit opportunities through co-creation with stakeholders.
When making decisions at meetings of the Board of Directors and the Group Executive Committee, in accordance with the Rules of Decision-Making Procedures and relevant internal regulations, the Group identifies potential strategic options, clarifies both the expected effects and risks of each option, and discusses the risks and opportunities anticipated to arise from the selection of each strategy, including their potential impacts and likelihood of occurrence, as well as measures to address such risks (elimination, mitigation, and risk taking).

1) Supervisory structure (governance body or individual)
The Board of Directors is responsible for the oversight of sustainability-related risks and opportunities. The Board of Directors recognizes sustainability-related risks and opportunities as material management issues. From the perspective of enhancing corporate value over the medium to long term, the Board of Directors discusses initiatives to address these issues after resolving the Group CSV Policy, which includes the GMM, based on the Regulations on Work Authority.
Additionally, on an annual basis, the Board of Directors receives information from the Director of the Board, Senior Executive Officer, CFO, the chairperson of the Group Information Disclosure Committee, regarding sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, identified based on the GMM, and their monitoring metrics.
The Board of Directors oversees the execution of sustainability-related operations through quarterly reports from the Corporate Strategy Department for each business and function.
The Board of Directors oversees the effectiveness of sustainability management through these deliberations and reports from management described below.
Furthermore, regarding the process from the selection of significant risks and opportunities to sustainability-related financial disclosures, the Group has established the Sustainability-related Financial Disclosure Policy Based on SSBJ Standards and the Practical Guidelines for Sustainability-related Financial Disclosures Based on SSBJ Standards and maintains and operates internal systems accordingly. These internal systems are subject to internal audits by the Company's Internal Audit Department.

2) Executive structure (management role)
The Group has established the four bodies described below as advisory bodies to the President & COO. As a general rule, matters discussed or decided by the Group CSV Committee, the Group Risk and Compliance Committee, and the Group Information Disclosure Committee are deliberated at the Group Executive Committee before being reported to the Board of Directors.

(a) Group Executive Committee
The Group has established the Group Executive Committee as an advisory body to support the President & COO in decision-making. Consisting of Senior Executive Officers or above including the President & COO, Standing Audit & Supervisory Board Members, and professional advisors, the committee discusses strategies and investments that have significant implications for the Group's management, and meetings are held weekly in principle.
Based on long-term policies and strategies, the Group Executive Committee deliberates and resolves short- to medium-term non-financial targets and investment plans necessary for their realization. It also receives reports from operating companies and divisions on the status of target achievement and risks, and supervises these companies and divisions.

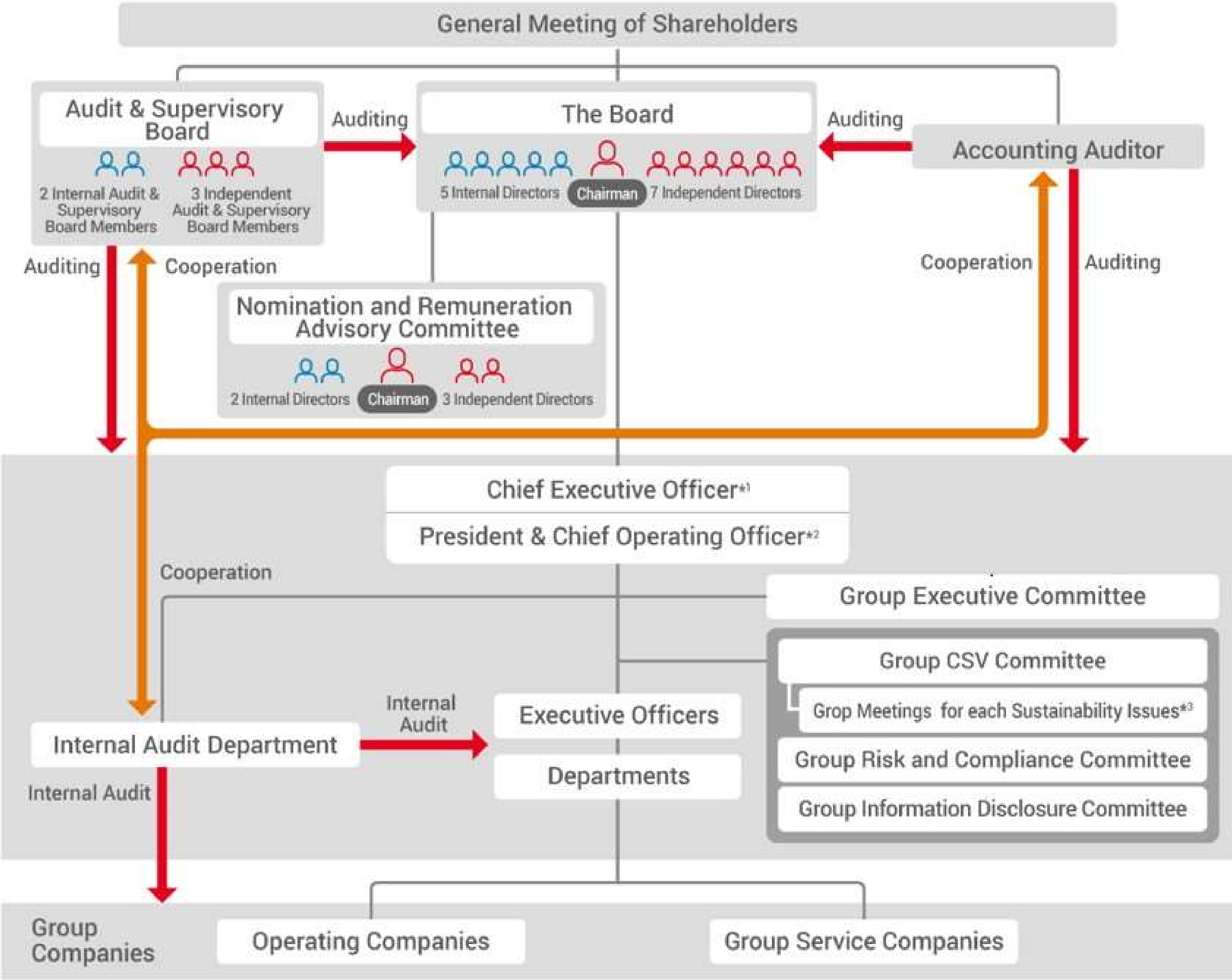
(b) Group CSV Committee
The Group has established the Group CSV Committee to discuss CSV issues across the Group, which in principle meets three times a year.
In accordance with the Rules of the Group CSV Committee, the committee is an advisory body to the President & COO, co-chaired by the CEO and the President & COO of the Company, with its members being the CEOs of major Group companies and Senior Executive Officers or above of the Company. With the participation and advice of outside experts from a multi-stakeholder perspective as necessary, the committee exchanges opinions on long-term sustainability policies and strategies, such as the GMM, and submits or reports the results to the Board of Directors.

(c) Group Risk and Compliance Committee
The Group has established the Group Risk and Compliance Committee, chaired by the Executive Officer in charge of risk management with members consisting of Senior Executive Officers or above serving as standing members, and meets twice a year in principle. In accordance with the Group Risk Management Regulations, the Group defines risk as "uncertainty with the potential to seriously impede the accomplishment of the Kirin Group's business targets or impact business continuity (including both opportunities and threats)." The committee oversees all aspects of risk management activities, including those related to sustainability issues, determines risk management policies, selects the Group's major risks, and reports them to the Board of Directors.

(d) Group Information Disclosure Committee
The Company has established the Group Information Disclosure Committee, chaired by the Director of the Board, Senior Executive Officer, CFO, with members consisting of relevant officers and department heads, and it meets quarterly in principle. In accordance with the Rules of the Information Disclosure Committee, the committee decides on timely disclosure information, including Annual Securities Reports.

Sustainability-related risks and opportunities to be disclosed in the Annual Securities Report that could reasonably be expected to affect the Group's prospects, along with their monitoring metrics, are decided by the Group Information Disclosure Committee and reported to the President & COO.
Sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects to be disclosed in the Annual Securities Report, as well as their monitoring metrics, are discussed in bodies established for each material theme in principle. These are finalized in consideration of the Group's major risks selected by the Group Risk and Compliance Committee, and are determined by the Information Disclosure Committee based on the results of such discussions.

Corporate Governance System



*1 Chief Executive Officer(CEO) : The Executive Officer responsible for overseeing the overall management of the Group.
*2 Chief Operating Officer(COO) : The Executive Officer responsible for overseeing the business operations of the Group.
*3 Group Environmental Meeting, Group Business and Human Rights Meeting, Group Health and Safety Meeting, etc.

3) Skills and competencies required of the Board of Directors

In order for the Company to ensure that its supervisory and executive structures function appropriately and to realize sustainable growth and the improvement of corporate value for the Group, it is required that the Board of Directors and the Audit & Supervisory Board each possess the necessary skills as a whole while ensuring diversity in terms of gender, internationality, and other factors. This requirement applies equally to the executive side.
Looking beyond KV2027, the Company has recently announced a new Long-Term Management Vision, "Innovate2035!" Taking this opportunity, the Company has reviewed the skills required of the Board of Directors and the Audit & Supervisory Board.
First, the Company considers an in-depth understanding of and empathy for the philosophy of "CSV management" promoted by the Group to be a basic and essential requirement common to all Directors of the Board and Audit & Supervisory Board Members.
On that basis, while premised on comprehensive capabilities in "Corporate Management" through experience as a corporate or business executive, the Company has positioned knowledge in the areas of "Sustainability," "Global," "Finance / IR," and "Legal / Risk Management" as essential basic skills for driving the Company's management and ensuring the effectiveness of corporate governance.
Furthermore, under "Innovate2035!," the Group aims to achieve sustainable growth through CSV management and contribute to the social issue of "Health and Well-Being." The Group has established the following vision: "Vitalize the world through innovation by our people and technology, as a global leader in Creating Shared Value (CSV)." The sources for creating innovation are the Group's organizational capabilities such as "R&D," "Marketing," "Human Resources and Organization," "ICT and DX," and "Manufacture and Quality Assurance." These

capabilities are regarded as essential skills for the Board of Directors and the Audit & Supervisory Board to conduct highly effective decision-making and oversight.
Regarding skills related to "Sustainability," the Company provides input on sustainability (CSV management) as part of its corporate governance training conducted annually for the Company's newly appointed officers and department heads. After the input session, the Company also facilitates exchanges of opinions among officers on material themes, including questions and answers regarding the content.

4) Definitions of skills and competencies

The definitions of skills and competencies required of the Company's Directors of the Board, Audit & Supervisory Board Members, and Executive Officers are as follows.

	Areas of skills and competencies	Definitions of skills and competencies	Benchmark for fulfillment
Management/ Governance	Corporate Management	Capability to oversee the formulation and execution of group-wide strategies, the optimal allocation of management resources, and the building of trust with stakeholders, for the purpose of sustainable improvement of corporate value.	Management experience as Director or Executive Officer at a listed company, etc.*1, experience bearing decision-making responsibility at management meetings and/or meetings of board of directors, or equivalent achievements in other organizations*2.
	Sustainability	Capability to identify material issues such as climate change, natural capital, human rights, and the supply chain, and integrate these issues into business strategy, capital allocation, risk management, and KPIs to lead to the medium- to long-term improvement of corporate value.	Experience in the formulation and promotion of sustainability strategies at a listed company, etc., leading roles in relevant committees, the introduction of disclosures or external assurance, and experience of dialogue with investors and stakeholders, or equivalent achievements in other organizations.
	Global	International management capability to capture growth opportunities in global markets and expand corporate value.	Business experience in two or more countries, responsibility for executing cross-border M&As, experience of addressing local laws, regulations, and cultures, or equivalent achievements in other organizations.
	Finance/IR	Strategic financial management capability to enhance corporate value by ensuring financial soundness and optimizing capital efficiency.	Experience as a CEO or CFO at a listed company, etc., leadership experience in fundraising, M&A, or IR activities, or equivalent achievements in other organizations.
	Legal/Risk Management	Capability to ensure the reliability and sustainability of the Company through compliance with laws and regulations and through the identification, assessment, and response to corporate risks.	Experience overseeing legal and compliance departments at a listed company, etc., or equivalent achievements in other organizations.
Source of Innovation	R&D	Capability to formulate and oversee R&D strategies that contribute to the medium- to long-term growth and enhancement of corporate value by creating new values and establishing competitive advantages through technological innovation.	Experience overseeing R&D departments at a listed company or research institutions, experience of commercializing research themes, and experience as the person responsible for formulating technology roadmaps.
	Marketing	Capability to enhance competitive advantage and corporate value by creating customer value and improving brand value.	Experience as a CMO at a listed company, etc., experience in formulating and executing global brand strategies, experience overseeing advertising and PR activities, or equivalent achievements in other organizations.
	Human Resources/ Organization	Capability to formulate and execute human resources strategies that enhance organizational competitiveness by maximizing the value of human capital.	Experience as a CEO or CHRO at a listed company, etc., experience in the formulation and operation of succession plans, and experience as the person responsible for promoting DE&I, or equivalent achievements in other organizations.
	ICT/DX	Capability to promote operational efficiency and new value creation by utilizing digital technology, contributing to the strengthening of corporate competitiveness and the enhancement of customer experience.	Experience as a CDO at a listed company, etc., experience in the formulation and execution of DX strategies, and experience in establishing IT governance and information security systems, or equivalent achievements in other organizations.
	Manufacture/ Quality Assurance	Capability to manage the integrated flow from procurement, manufacturing, and logistics to sales to achieve stable supply and efficiency. Capability to maintain and enhance customer trust and corporate value by ensuring quality, safety, and supply stability.	Experience as a head of production departments in the manufacturing industry, experience leading the formulation and execution of SCM strategies, and experience of improving inventory, logistics, and supply systems. Experience as a head of quality assurance departments, acquisition and maintenance of ISO and other certifications, experience in handling major quality issues, or equivalent achievements in other organizations.

*1: A listed company, etc. means a listed company or other comparable organizations.

*2: Organizations include government agencies, law firms, audit firms, academia, NPOs, and other similar entities.

5) Status of fulfillment of skills and competencies, etc.

The status of skills and competencies held by each officer is as follows.

(a) Directors (Note 1)

Position	Name	Management / Governance					Source of Innovation				
		Corporate Management	Sustainability	Global	Finance / IR	Legal / Risk Management	R&D	Marketing	Human Resources / Organization	ICT / DX	Manufacture / Quality Assurance
Representative Director of the Board & CEO	Yoshinori Isozaki	◎	◎	○	◎	○		○	○		
Representative Director of the Board, President & COO	Takeshi Minakata	◎	○	○	○		◎		◎		○
Director of the Board, Senior Executive Vice President	Junko Tsuboi	○	○			◎		◎	◎		
Director of the Board, Senior Executive Officer	Toru Yoshimura	◎	○	◎	○		○		○	○	◎
Director of the Board, Senior Executive Officer	Shinjiro Akieda	○	◎	○	◎	○		○		◎	
Director	Hiroyuki Yanagi	●					●				●
Director	Noriko Shiono	●		●				●			
Director	Shinya Katanozaka	●		●					●		
Director	Yoshiko Ando		●			●			●		
Director	Shingo Konomoto	●			●					●	
Director	Naoko Mikami						●		●		●
Director	Kenichi Fujinawa			●		●			●		

(Note 1) For Internal Directors, areas in which they possess expertise and experience are indicated by "○," and among those, areas where particularly significant contributions are expected are indicated by "◎." For Non-executive Directors, areas where particularly significant contributions are expected are indicated by "●" (The maximum number of "◎" and "●" is set at three).

(b) Executive Officers (Note 2)

Position	Name	Management / Governance					Source of Innovation				
		Corporate Management	Sustainability	Global	Finance / IR	Legal / Risk Management	R&D	Marketing	Human Resources / Organization	ICT / DX	Manufacture / Quality Assurance
Senior Executive Officer	Mitsuharu Yamagata	○	○	◎				◎		◎	
Senior Executive Officer	Kazufumi Nagashima	○	○	○			◎				◎
Senior Executive Officer	Toshihito Hama	○	◎	○		◎			◎		
Senior Executive Officer	Daisuke Fujiwara		○	◎			◎	○			
Senior Executive Officer	Yoshiyuki Yonetani		○	○			◎				◎
Senior Executive Officer	Hiroaki Takaoka		◎	○	◎					◎	
Senior Executive Officer	Hideki Horiguchi	◎	○	◎	○			◎	○		
Senior Executive Officer	Kazuhiro Inoue	◎	◎		○			○	○		
Senior Executive Officer	Hideki Mitsuhashi	◎	○	◎	○	○		◎	○	○	
Senior Executive Officer	Alastair Symington	◎	○	◎	○			◎	○		

(Note 2) For Senior Executive Officers, areas in which they possess expertise and experience are indicated by "○," and among those, areas where particularly significant contributions are expected are indicated by "◎" (The maximum number of "◎" is set at three).

(c) Audit & Supervisory Board Members (Note 3)

Position	Name	Management / Governance					Source of Innovation				
		Corporate Management	Sustainability	Global	Finance / IR	Legal / Risk Management	R&D	Marketing	Human Resources / Organization	ICT / DX	Manufacture / Quality Assurance
Standing Audit & Supervisory Board Member	Toru Ishikura						●			●	●
Standing Audit & Supervisory Board Member	Hajime Kobayashi			●	●	●					
Audit & Supervisory Board Member	Kaoru Kashima				●	●			●		
Audit & Supervisory Board Member	Yoko Dochi		●	●	●						
Audit & Supervisory Board Member	Tim Lester		●	●		●					

(Note 3) For Audit & Supervisory Board Members, areas where particularly significant contributions are expected are indicated by "●" (The maximum number of "●" is set at three).

6) Process for determining the skill set of Directors of the Board, Audit & Supervisory Board members, and Executive Officers

The level of skill fulfillment is included in the annual evaluation of the effectiveness of the Board of Directors, and the Nomination and Remuneration Advisory Committee selects candidates based on the results of these evaluations.

When it is necessary to nominate a new candidate possessing skills and competencies deemed necessary based on the results of the effectiveness evaluation, skills are assessed through professional history, interviews, and other means. In such cases, importance is placed on the candidate having experience in corporate management and general business management experience and experience in direct dialogue with stakeholders.

For candidates for re-appointment, skills are regularly evaluated and reviewed based on the experience and content of discussions during previous terms in office, as well as the provision of information on the Group's businesses, training, and other factors.

7) Incorporation into executive remuneration

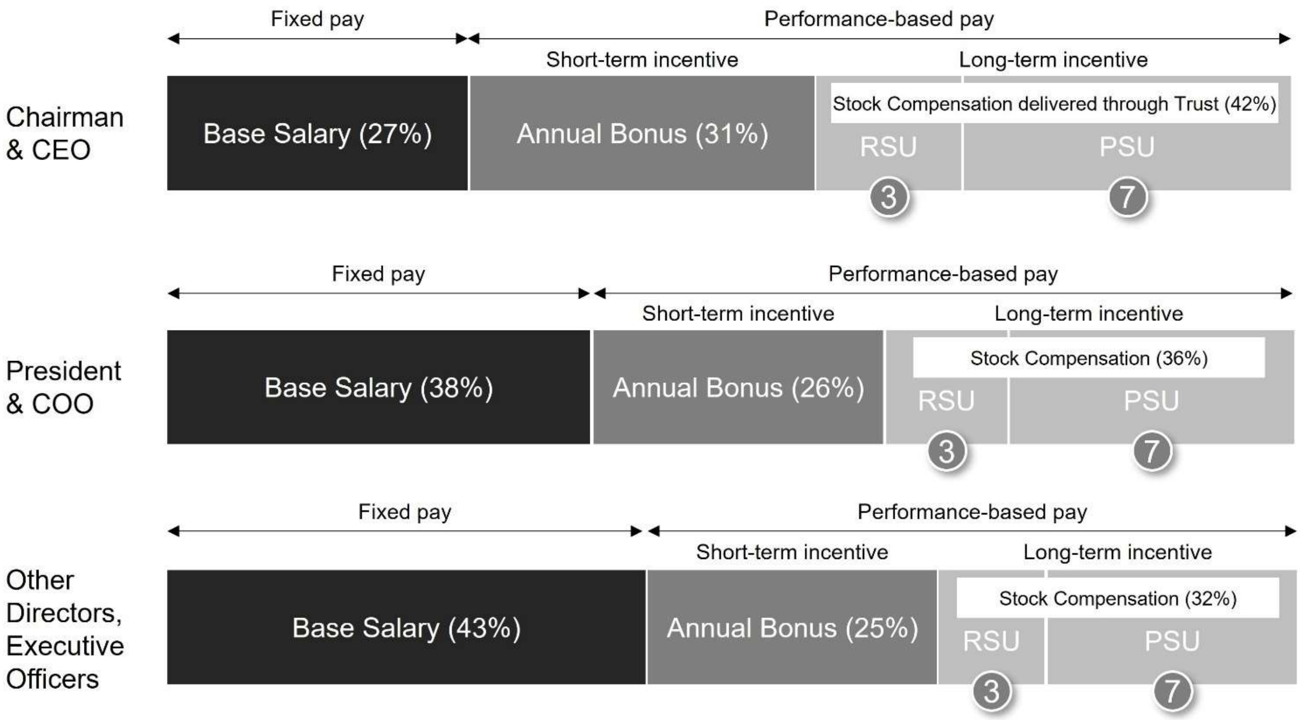
Remuneration for Executive Officers is designed to function as an incentive for the realization of CSV management and the enhancement of corporate value over the medium to long term.

Remuneration for Directors of the Board is determined by resolution of the Board of Directors in accordance with the Regulations on Work Authority, within the limit of the total amount previously resolved at the General Meeting of Shareholders. In determining such remuneration, its validity is deliberated by the Nomination and Remuneration Advisory Committee to ensure a fair process with enhanced transparency and objectivity.

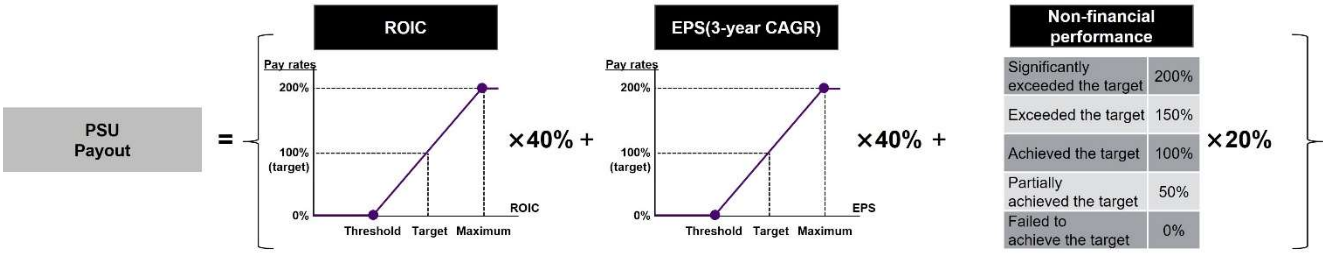
Executive remuneration is composed of three parts: basic remuneration, which is fixed remuneration; bonus as a short-term incentive, which is performance-linked remuneration; and stock-based remuneration as a medium- to long-term incentive. In determining stock-based remuneration, evaluation indicators are selected from the consolidated financial and non-financial indicators for the Kirin Group set out in the business plan, with the aim of promoting both medium- to long-term improvement of shareholder value and the creation of social value.

Regarding stock-based remuneration, the Company has adopted a trust-type stock compensation plan. This plan is composed of Restricted Share Units (RSU), which do not have performance requirements, and Performance Share Units (PSU), which are linked to the degree of achievement of performance targets under the three-year rolling business plan. The performance evaluation indicators for the PSU consist of ROIC and EPS growth rate, which are major management indicators set out in the business plan, as well as non-financial indicators. The non-financial indicators are determined based on a quantitative evaluation of the degree of achievement of specific indicators defined for each of the four items: "The Environment," "Community Engagement," "Health and Well-Being," and "Human Capital." After evaluating each item by incorporating qualitative aspects of each indicator and the overall items, the non-financial evaluation is decided through a comprehensive evaluation that considers both the evaluation results and qualitative considerations. The pay rate for the PSU is variable ranging between 0% and 200%, with 100% representing the achievement of targets.

Structure of officers' remuneration



Calculation formula for PSU performance-linked factor under the trust-type stock compensation



For the Representative Director of the Board & CEO, basic remuneration accounts for 27%, bonus for 31%, and stock-based remuneration for 42%. Of the stock-based remuneration, RSU accounts for 30% and PSU for 70%, and the proportion of non-financial performance within PSU is 20%. Accordingly, assuming a pay rate of 100% for each component, approximately 6% of the executive remuneration for the Representative Director of the Board & CEO is linked to non-financial evaluation indicators.
Of the officers' remuneration recognized in the current fiscal year (including remuneration for Non-executive Directors and Audit & Supervisory Board Members, who receive only fixed remuneration), approximately 5% is linked to non-financial evaluation items. As described above, the non-financial evaluation is determined based on a comprehensive evaluation of the four items; therefore, the portion related to climate-related evaluation items cannot be separately identified.
To ensure objectivity and transparency, the evaluation results and payout list are deliberated by the Nomination and Remuneration Advisory Committee based on the evaluation by the Group Executive Committee, and then determined by the Board of Directors. The non-financial indicators are shown in the figure below.
Non-executive Directors are responsible for overseeing and advising on the management of the Company and the Kirin Group as a whole from an objective standpoint, and Audit & Supervisory Board Members are responsible for auditing the execution of duties by the Directors of the Board and Executive Officers from an objective standpoint; accordingly, only basic remuneration (fixed remuneration) is paid to these respective parties.

Item	Indicator
The Environment	・ Reduction ratio of GHG emissions (Scope 1+2 (compared with 2019)) ・ Percentage of recycled resin used in PET bottles in Japan ・ Water use intensity at manufacturing sites with high water stress
Community Engagement	・ Level of contribution to the creation of a positive force for society through business activities
Health and Well-Being	・ Social impact of the Group's health science products and contribution to the expansion of the immunity market (LC-Plasma) ・ Global product launch status in key countries ・ Achievement level of collaboration between pharmaceuticals and health science
Human Capital	・ CSV practice score ・ Employee engagement score ・ LTIR Score ・ Presenteeism ・ Ratio of female managers in Japan (Kirin Holdings Company, Limited)

8) Consideration of trade-offs associated with risks and opportunities

For decision-making regarding transactions within the Group that require approval by the Company, the proposing company or department examines the risks through which material themes, primarily "The Environment (climate change and natural capital)" and "Human rights," exert impact, considering the magnitude of impact and likelihood of occurrence, as well as responses to risks and opportunities (elimination, mitigation, and risk taking). The results of this examination are submitted for approval after consultation with the relevant departments within the Company.

(3) Risk management

1) Risk management related to sustainability

Significant risks and opportunities related to sustainability are monitored as part of the management process for the Group's major risks. Risk management for material themes is described in the risk management sections for each material theme.
The Group's major risks are identified by aggregating risks from two perspectives: (i) risks related to the entire Group's goals, strategies, and business execution, and (ii) business-specific risks. Each risk is assessed in terms of both quantitative and qualitative impact on the Group while also taking into account the likelihood of occurrence. The materiality of each risk is determined based on the two axes of impact and likelihood. Furthermore, major risks are centrally managed through a risk map. The Group Risk and Compliance Committee discusses the Group's major risks identified through this process, including responses to each risk and the level of risk tolerance. In addition, the Group's major risks are deliberated by the Board, which reviews changes in conditions and assesses countermeasures.
The Company and other Group companies promote and exercise risk management in cooperation with each other by formulating and implementing measures tailored to each risk. Meanwhile, through monitoring conducted from the dual perspectives of business and function, we manage and control strategic risks, while establishing a risk management system designed to prevent the manifestation of risks that could develop into a crisis and minimize any potential negative impact when such a crisis occurs, thereby striving for risk mitigation and appropriate management.

In addition, compared with previous reporting periods, no changes have occurred in the management processes for significant risks and opportunities related to sustainability within the Group.

(a) Identification of significant sustainability-related risks and opportunities

The Group identifies management issues extracted through the GMM, which was developed with reference to the GRI Standards, ISO 26000, and other frameworks, as a foundation (long list). These issues are then consolidated into material themes, taking into account the SASB disclosure topics. Risks and opportunities related to each material theme are reviewed annually. After consulting with the departments responsible for each theme, the Group Information Disclosure Committee determines whether any revisions are required. Where revisions are deemed necessary, specific reviews are conducted by the meeting bodies established for each theme. In addition, the significance of such risks and opportunities is assessed using two axes: the magnitude of financial impact in the event that they materialize (less than ¥5 billion, ¥5 billion to ¥10 billion, or ¥10 billion or more) and the likelihood of occurrence (approximately once every 10 years, once every 10 to 30 years, or once every 30 years or more). Specifically, risks and opportunities with a large financial impact (¥10 billion or more) are assessed as having high significance regardless of likelihood. For those with a moderate financial impact (¥5 billion to ¥10 billion), only those with a high likelihood of occurrence (approximately once every 10 years) are assessed as having high significance and selected as risks and opportunities to be disclosed.

(b) Integration into the management process for the Group's major risks

The results of the selection of sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects are provided to the Corporate Strategy Department as part of the confirmation of policies, environmental changes, business activities, and other relevant factors to be considered when selecting the Group's major risks.

Subsequently, the Corporate Strategy Department collects information from a wide range of sources on external risks (such as geopolitics, legal systems, climate change, natural disasters, and technological innovation) that could affect the Group's business and strategy. The department conducts various analyses including scenario analysis (scenario analysis is conducted for environmental themes), and based on these analyses, identifies and selects the Group's major risks, including sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects. These results are discussed by the Group Risk and Compliance Committee and determined by the Board of Directors.

Furthermore, the Company regards sustainability-related issues as consideration factors and risk drivers underlying various types of risks and manages them within the framework of its integrated risk management. While the Company does not prioritize sustainability-related risks over other categories of risk, it positions CSV as the core of its management and pursues management that prioritizes the co-creation of value with society. Accordingly, sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects are consistently considered within its management strategy and risk management processes.

(c) Determination and reporting of sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects

The sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, which have been finalized taking into account the results of the identification of the Group's major risks, are decided by the Group Information Disclosure Committee and reported to the President & COO.

2) Employee training regarding sustainability-related risks that could reasonably be expected to affect the Group's prospects and response when risks materialize

In the Group, for the purpose of "fulfilling both legal and ethical responsibilities that society expects from us, not to mention adhering to laws, internal and external regulations and rules, thereby meeting stakeholders' expectations and maintaining and improving trust in and the corporate value of the Kirin Group," the Group conducts compliance training and information security training every year for all officers and employees, including contract and temporary employees in Japan. These training programs include the necessity of responding to risks such as the leakage of personal information, which is recognized as one of the material sustainability-related risks and could lead to a loss of customer trust and the incurrence of claims for damage compensation.

Furthermore, in the event that a risk materializes despite such employee training, the Group responds in accordance with the "Group Crisis Management Manual."

(4) Strategy

1) Business model

Beginning with Fermentation and Biotechnology that the Kirin Group cultured through its founding beer business for over a century, the Group operates its businesses in the three domains of Food & Beverages, Pharmaceuticals, and Health Science.

(a) Food & Beverages domain (alcoholic and non-alcoholic beverages)

Centered on its founding beer business, this remains the Group's core business segment. Since the 1990s, the Group has accelerated its global expansion, primarily in Asia and Oceania, and manufactures and sells numerous high value-added brands.

(b) Pharmaceuticals domain

By combining biotechnology with technology evolving from microorganism and cell research cultivated through beer manufacturing, the Group commenced pharmaceutical research and development in the 1980s. It has now developed into a major business for the Group, which operates its business globally with a focus on biopharmaceuticals.

(c) Health Science domain

Through research into natural ingredients in the Food & Beverages domain, as well as fermentation and cultivation, the Group has discovered many substances beneficial to the body, including Lactococcus lactis strain Plasma (LC-Plasma, a postbiotic). This is a business domain that the Group will foster as a pillar of its future growth by leveraging these assets.

Based on the businesses and business model of the Group described above, the Group has identified the alcoholic beverages industry, non-alcoholic beverages industry, processed foods industry, and biotechnology and pharmaceuticals industries as industries relevant to the Group.

2) Planning horizons

The Group recognizes that achieving the “2035 Vision” set out in “Innovate2035!,” the Kirin Group’s ten-year Long-Term Management Vision starting in 2026, will contribute to the Group’s sustainable growth and the enhancement of medium- to long-term corporate value, and has therefore formulated and is implementing its plans.

To realize the “2035 Vision,” defined as “Vitalize the world through innovation by our people and technology, as a global leader in Creating Shared Value (CSV),” the Group has identified material issues to address in order to continue to exist and develop sustainably alongside society over the next ten years, and has organized them in the GMM.

While taking into account the long-term material issues identified through the GMM, and based on performance in the most recent fiscal year, the Group determines medium-term plan targets for the next three years and further translates them into annual plans. The three-year plan targets are reviewed and rolled forward annually to reflect actual performance.

Accordingly, the Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects may arise, as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years.

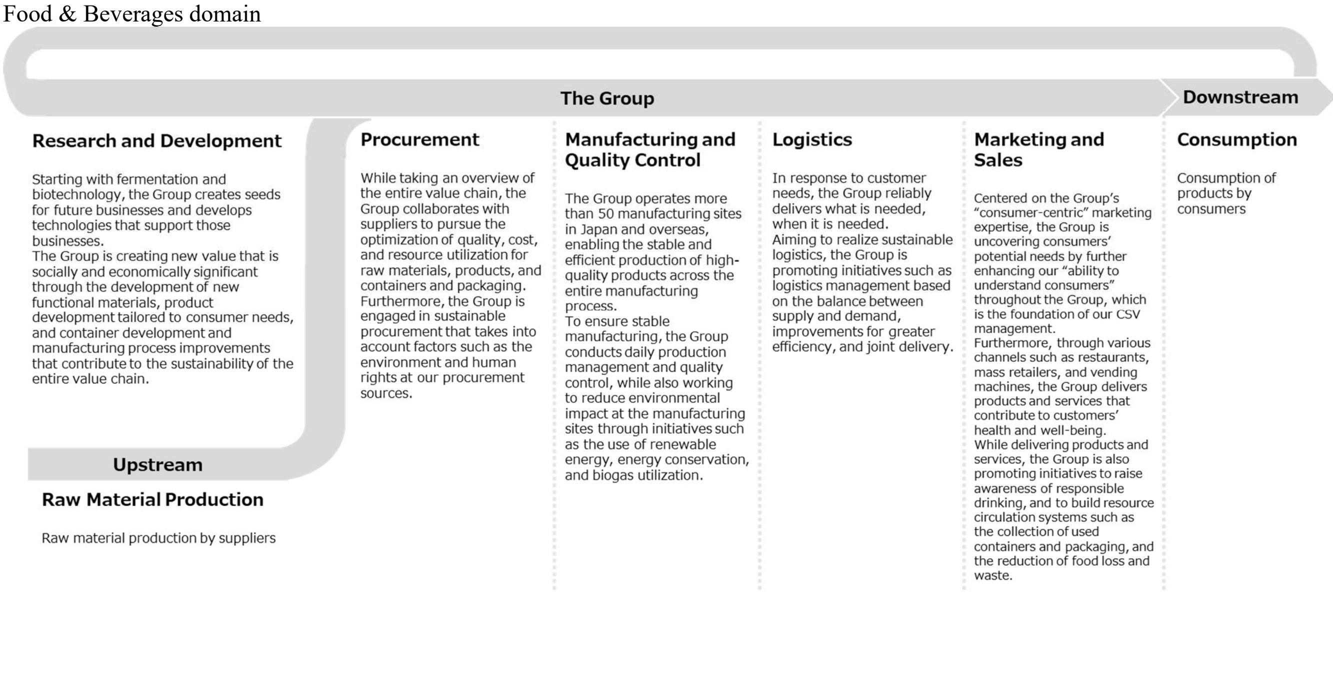
3) Value chain

The representative value chains for the Group’s three domains, Food & Beverages, Pharmaceuticals, and Health Science, are as follows. Regarding sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s prospects, information on where in the value chain they are concentrated, as well as the current and anticipated effects of these risks and opportunities on the business model and value chain, is provided in the table of “Sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s* prospects” within the strategies for each material theme.

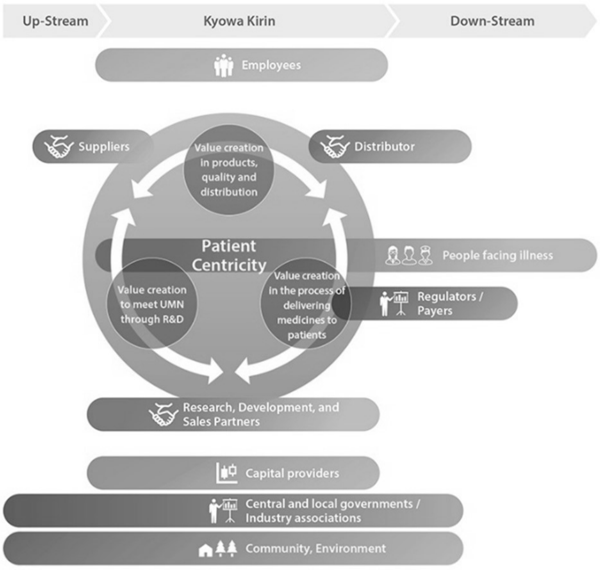
In addition, as the effects on the Group* and the concentration of risks and opportunities within the value chain are described in the columns for “Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize,” “Likelihood,” “Financial materiality,” and “Segments affected by risks and opportunities” in that table, the “Value chain” column in that table lists the Group*’s stakeholders, excluding the Group* itself.

*For the Unmet Medical Needs theme, the term “Kirin Group” is used.

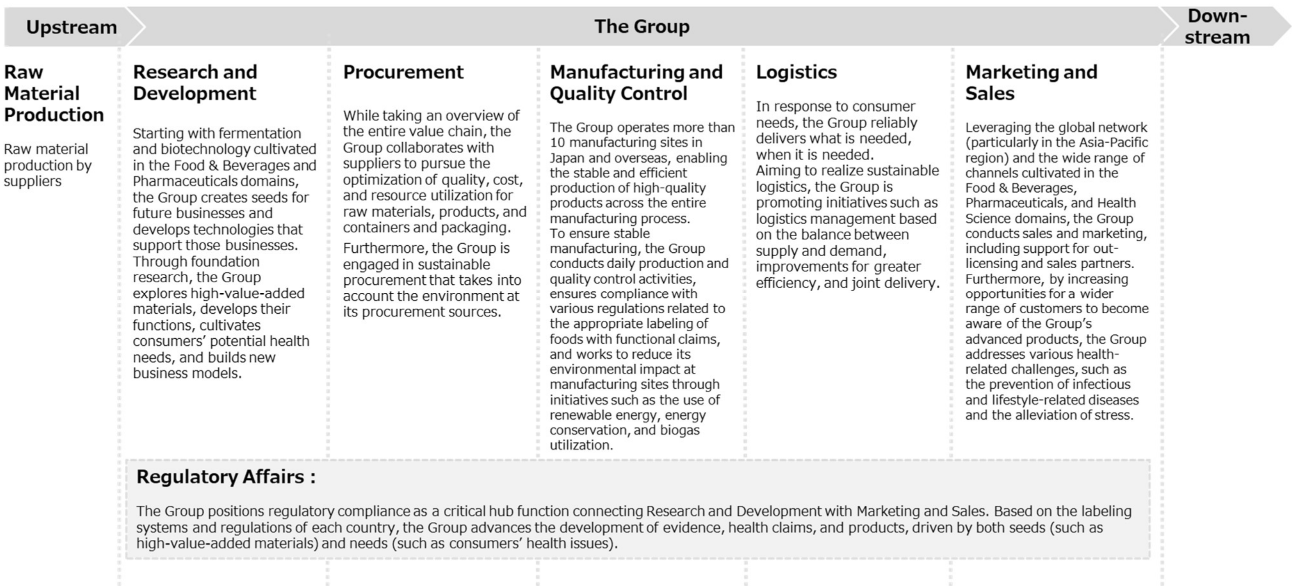
Food & Beverages domain



Pharmaceuticals domain



Health Science domain



4) Trade-off case

In the acquisition project carried out during the current fiscal year, the Group conducted ESG due diligence and made its decision by assessing the impact on sustainability-related risks, with environment and human rights considerations treated as essential requirements.

(5) Disclosures by material theme

1) Adverse effects of alcohol consumption

The Alcoholic Beverages Business accounts for approximately 50% of the Group's consolidated revenue and consolidated normalized operating profit. Over the medium term, if regulations on alcohol sales (including increase of liquor tax), advertising, and promotion are strengthened in the countries and regions where the Group operates, there is a possibility that a decrease in alcohol sales and an increase in regulatory compliance costs, among other effects, may occur in those countries.

(a) Governance

To promote a response to the adverse effects of alcohol consumption, the Group annually includes alcohol-related problems as an agenda item at either the Group CSV Committee, in which the officer in Charge of CSV strategy participates, or at the Board of Directors. The Group reports on or discusses the Group's initiatives and reflects the outcome in the overall Group strategy. When matters are reported or discussed at the Group CSV Committee, the outcomes are reported to the Board of Directors. In the current period, these issues were discussed by the Board of Directors.

Furthermore, to deepen the understanding of the adverse effects of alcohol consumption and reflect it in management, the CEO and other officers involved in the Alcoholic Beverages Business visit the National Hospital Organization Kurihama Medical and Addiction Center, which provides specialized treatment for alcoholism, and receive lectures on the latest research and issues regarding alcohol-related problems. The most recent visit took place in 2023.

(b) Risk management

Where the Group Information Disclosure Committee determines that a review of risks and opportunities is required, the Group CSV Committee or the Board of Directors discusses revisions to risks related to the adverse effects of alcohol consumption in light of changes in the internal and external environment. In addition, for sustainability-related risks that could reasonably be expected to affect the Group's prospects, the Group CSV Committee or the Board of Directors monitors the progress of response strategies. In the current period, the Board of Directors has addressed external trends concerning alcohol-related problems and reaffirmed the importance of raising awareness of responsible drinking.

(c) Strategy

The Group has identified "Health and Well-Being," "Community Engagement," and "The Environment" as material issues for sustainable growth and development alongside society, but as a prerequisite, fulfilling the "Responsibility of Kirin Group which runs Alcoholic Beverage Businesses" is positioned as its CSV Purpose. Through its business activities, the Group strives to identify stakeholders who could potentially be subject to the adverse effects of alcohol consumption, as well as the impact that such stakeholders could have on the Group's business. The Group is committed to preventing and mitigating these adverse effects, fulfilling its responsibility as the Kirin Group that operates an alcoholic beverages business, and making steady progress toward initiatives to eradicate the harmful use of alcohol.
In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

The sustainability-related risks and opportunities identified for this theme that could reasonably be expected to affect the Group's prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	(i) Risk of strengthened regulations on the sale of alcoholic beverages (including increase of liquor tax), advertising, and promotion in the countries and regions of business operations			Consumers	<u>Effects on the business model/value chain</u> ・Strengthening of regulations on the sale of alcoholic beverages ・Decrease in sales volume <u>Financial effects</u> ・Decrease in sales of alcoholic beverages (the financial effect varies depending on the countries where regulations are introduced and the degree of strengthening) ・Increase in regulatory compliance costs (the financial effect varies depending on the countries where regulations are introduced and the degree of strengthening)	High	Medium	Alcoholic beverages	Medium term

Response strategy for risks and opportunities

(i) Response strategy for the "Risk of strengthened regulations on the sale of alcoholic beverages (including increase of liquor tax), advertising, and promotion in the countries and regions of business operations"

The Group has established the "Policy for responsible drinking" to fulfill its CSV Purpose of "Responsibility of Kirin Group which runs Alcoholic Beverage Businesses" and to advance initiatives toward the eradication of the harmful use of alcohol. While promoting efforts to eradicate the harmful use of alcohol throughout the Group, the Group will contribute to the cultivation of a moderate drinking culture and the realization of a vibrant society. With respect to alcoholic beverages marketing, the Group has enacted the Kirin Group Global Marketing Code for Responsible Drinking. This code represents the Group's commitment to conducting its business in accordance with social norms based on the standards of each country and region, while promoting responsible alcohol consumption and consistently maintaining high standards. It applies to all employees and partners involved in the Group's marketing and promotional activities for responsible drinking. Furthermore, to ensure that employees acquire the knowledge of responsible drinking expected of members of a corporate group engaged in the alcohol business, the Group provides training aimed at raising awareness of responsible drinking for Group employees in Japan. The Group also conducts the Alcohol Use Disorders Identification Test (AUDIT) to provide opportunities for employees to reflect on their own drinking habits. Additionally, in countries and regions where the Group operates alcoholic beverage businesses, the Group takes action to raise awareness of responsible drinking for consumers. Through these activities, the Group encourages consumers to understand their own alcohol tolerance, to correctly understand the characteristics and benefits of alcoholic beverages, as well as the negative aspects associated with misuse, and to provide guidance for responsible alcohol consumption. In the current fiscal year, as specific activities to raise awareness of responsible drinking, the Group conducted video distribution and awareness activities within winery tours, and visited universities and companies to hold responsible drinking seminars. Furthermore, the Group is a member of the International Alliance for Responsible Drinking (IARD), a group supported by global alcohol producers, through which the Group promotes initiatives to raise awareness of responsible drinking and reduce the harmful use of alcohol. In Japan, Kirin Brewery is a member of the Brewers Association of Japan and works to raise awareness of responsible drinking in collaboration with the beer industry. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

The response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows. In the current fiscal year, these risks have not materialized. However, in the medium term, if regulations on the sale of alcoholic beverages (including increase of liquor tax), advertising, and promotion are strengthened in the countries and regions of business operations, there is a possibility that a decrease in sales of alcoholic beverages or an increase in regulatory compliance costs may occur in the countries where the Group operates its alcoholic beverages business. Furthermore, quantitative information is not disclosed, as it is difficult to estimate the extent to which existing customers would be affected in the event that the risk materializes.

<table>
<tr><th colspan="2" rowspan="2">Risks and opportunities</th><th rowspan="2">Response strategy for risks and opportunities</th><th rowspan="2">Financial effects of response strategy</th><th colspan="4">Financial effects (¥ millions)*1</th></tr>
<tr><th>Current fiscal year</th><th>Short term (1 year later)</th><th>Medium term (3 years later)</th><th>Long term (10 years later)</th></tr>
<tr><td rowspan="2">Risk</td><td rowspan="2">(i) Risk of strengthened regulations on the sale of alcoholic beverages (including increase of liquor tax), advertising, and promotion in the countries and regions of business operations</td><td rowspan="2">・Raising awareness of responsible drinking among consumers in countries where the Group operates its business</td><td>Profit or loss effects
・Expenses related to activities to raise awareness of responsible drinking</td><td>377</td><td>Approx. 380</td><td>Approx. 380</td><td>Approx. 380</td></tr>
<tr><td>Financial position effects
・Not applicable</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="3" rowspan="3">Total</td><td>Profit or loss effects</td><td>377</td><td>Approx. 380</td><td>Approx. 380</td><td>Approx. 380</td></tr>
<tr><td>Financial position effects</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Cash flows effects*2</td><td>377</td><td>Approx. 380</td><td>Approx. 380</td><td>Approx. 380</td></tr>
</table>

*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

Expected changes in financial position over the short, medium and long term

No investments or disposals are planned, and no financing is planned to fund the execution of the strategy. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

(d) Strategy—Resilience

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect the Group's prospects regarding the adverse effect of alcohol consumption are expected to occur, the Group evaluates its resilience on this issue over the medium term. While the Group raises awareness of responsible drinking among consumers in the countries where the Group operates its business and contributes to the eradication of harmful use of alcohol as a member of the industry, the Group believes that even if regulations are further strengthened, it will be possible to further capture demand for low- and non-alcoholic products and create new product categories by leveraging the product development capabilities and existing logistics and sales networks cultivated to date.

As a result of the business model impact analysis described above, the executive officer in charge of CSV Strategy has evaluated that even if the adverse effect of alcohol consumption were to occur beyond the Group's expectations over the medium term, the Group has the capacity to respond to the manifestation of such uncertainties and there is no need to change its current business model for the alcoholic beverages business.

(e) Metrics and targets

As response measures differ across the countries and regions where the alcoholic beverages business operates, metrics are established for each individual business company rather than on a group-wide basis.

<table>
<tr><th colspan="2" rowspan="2">Risks and opportunities</th><th rowspan="2">Metrics</th><th rowspan="2">Source</th><th rowspan="2">Unit</th><th rowspan="2">Targets (Target year)</th><th>Interim targets</th><th rowspan="2">Results</th></tr>
<tr></tr>
<tr><td rowspan="3">Risk</td><td rowspan="3">(i) Risk of strengthened regulations on the sale of alcoholic beverages (including liquor tax), advertising, and promotion in the countries and regions of business operations</td><td>(Kirin Brewery)
Number of people reached through participation in or views of responsible drinking awareness-raising programs</td><td>Proprietary metric*1</td><td>Persons</td><td>20,000 thousand persons (2027)
Note: cumulative total from 2025</td><td>-</td><td>14,220 thousand persons</td></tr>
<tr><td>(Mercian)
Number of people reached through participation in or views of responsible drinking awareness-raising programs</td><td>Proprietary metric*2</td><td>Persons</td><td>8,550 persons (2027)
Note: cumulative total from 2025</td><td>-</td><td>5,098 persons</td></tr>
<tr><td>(Lion)
Number of people reached through engagement in the "Alcohol & Me" (responsible drinking awareness-raising) program</td><td>Proprietary metric*3</td><td>Persons</td><td>Improvement compared with 2026 (2027)</td><td>-</td><td>124,671 persons</td></tr>
</table>

*1: It is an absolute measure and has not been validated by a third party.

(Definition)	Number of participants in or viewers of activities to raise awareness of responsible drinking (in-person or online) planned and executed by Kirin Brewery
(Calculation method)	Number of participants in seminars to raise awareness of responsible drinking + number of viewers of videos to raise awareness of responsible drinking + number of engagements with social media posts intended to raise awareness of responsible drinking

*2: It is an absolute measure and has not been validated by a third party.

(Definition)	Number of participants in activities to raise awareness of responsible drinking planned and executed by Mercian
(Calculation method)	Number of people who received explanations on raising awareness of responsible drinking at Château Mercian wineries + number of people who received explanations at Mercian events

*3: It is an absolute measure and has not been validated by a third party.

Progress against the target value for this metric is managed to achieve year-on-year improvement from 2025 to 2027.

(Definition)	Number of people reached through participation in or views of "Alcohol & Me" (responsible drinking awareness-raising program, in-person or online) planned and executed by Lion
(Calculation method)	Number of participants in in-person programs + number of users who viewed online programs

Analysis of trends or changes in the entity's performance

Initiatives at each alcoholic beverage business company are progressing steadily toward achieving the targets for reducing the adverse effects of alcohol consumption.

2) Healthy longevity society

The Group recognizes the aging society with a declining birthrate and increasing health needs in Japan, other countries of operation, and other regions as sustainability-related opportunities that could reasonably be expected to affect the Group's prospects. The Group aims to expand and create markets by leveraging its strengths, such as fermentation and biotechnology cultivated in its founding alcoholic beverages business, long-standing immune research, and the advantage of having the non-alcoholic beverages and pharmaceuticals businesses within the Group.

(a) Governance

To promote responses to health issues, the Group holds the Health Science Executive Committee twice or more a month. Chaired by the executive officer in charge of Health Science Strategy, participants include the Company's relevant officers and department heads, as well as presidents, vice presidents, or general managers of corporate planning from Group business companies. Matters discussed at the Health Science Executive Committee are reported if necessary at the Group Executive Committee or at the Board of Directors. Items reported to the Group Executive committee are reviewed and deliberated by that body and, where necessary, subsequently reported to the Board of Directors and reflected in the Group's overall strategy. At the same time, the Board of Directors oversees the progress of the Group's Health Science business plan.

(b) Risk management

Where the Group Information Disclosure Committee determines that a review of risks and opportunities is required, the Health Science Executive Committee discusses revisions to risks and opportunities in light of changes in the internal and external environment. Regarding response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, progress is monitored on a quarterly basis at the Group Executive Committee or Health Science Executive Committee. The Board of Directors oversees the effectiveness of risk management through deliberations and reports on significant risks escalated from the Group Executive Committee or the Health Science Executive Committee.

(c) Strategy

The Group has established "Health and Well-Being" as one of its CSV Purposes and aims to "Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare." While interest in health has been increasing due to recent social trends, the specific issues faced by individuals vary depending on their life stages and characteristics. The Group contributes to addressing these issues by designing concepts based on the exploration of consumer needs through research marketing, and by deploying a wide range of products that combine ingredients and technologies from both inside and outside the Group. Based on the results of the analysis of impacts on the business model, the Group has recognized the importance of exploring and developing high value-added ingredients through basic research, identifying latent health needs of consumers, and establishing new business models, and is advancing these efforts.

Kirin Beverage, in the non-alcoholic beverages business, is executing a growth strategy with the Health Science domain as a driver. Through the acquisition of Blackmores in 2023 and the consolidation of FANCL in 2024, as well as the business structural reform of Kyowa Hakko Bio Co., Ltd., the Group has established the governance and management foundation to promote its strategy globally. Furthermore, through human resource exchange with Kyowa Kirin, and through Cowellnex Corporation established in 2024 as a joint venture with Kyowa Kirin, expertise such as disease understanding in the Pharmaceuticals Domain, research expertise, and academia networks are already being leveraged. Through these initiatives, the Group strives to proceed with efforts using Kirin's unique approach focusing on "Building Natural Health as a Foundation" and "individual health issues." The Group aims to address globally increasing health issues and become one of the largest Health Science companies in the Asia-Pacific region.

In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

The sustainability-related risks and opportunities identified for this theme that could reasonably be expected to affect the Group's prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Opportunity	Increasing interest in building natural health as a foundation consisting of nutrition, exercise, rest, and immune care, as well as physical condition management and skin issues, driven by factors such as climate change and future uncertainty			Consumers	Effects on the business model/value chain ・Exploration of potential health needs and deployment of a wide range of products Financial effects ・Increase in sales and new products and services and improved profitability of immune-related products and services ・Increase in sales and improved profitability of basic skincare, supplements related to skin health, and inner and outer approach products and services (new) ・Increase in sales and improved profitability of VDS (supplements), health-oriented beverages, foods, and high-performance ingredients deployed by Group companies ・Increase in investment in the development of new products and services	High	Large	Health Science Non-alcoholic beverages	Short, medium and long term

Response strategy for risks and opportunities

(i) The Group plans to expand customer benefits to enter the global immune market.

Specifically, by exploring high-value-added ingredients and developing functions, the Group strives to increase the range of health issues it can solve, leading to enhanced customer benefits. Furthermore, the Group will strengthen awareness activities for immune care. Through these activities, the Group aims to increase recognition of the benefits that immune care provides for physical condition management and create touchpoints between the Group's products and potential customers. In fact, following the expansion of the Group's sales area into Vietnam, improved literacy regarding immunity in the country has led to an increase in sales volumes of LC-Plasma containing products.* The Group intends to continue participating actively in government initiatives and other efforts to expand recognition of LC-Plasma and improve health consciousness in Vietnam. In addition, the Group is accelerating the B2B business of LC-Plasma in overseas markets through strategic partnerships with leading global companies in microbial fermentation ingredients. Through expansion into global markets, the Group strives to gain insight into the health issues of overseas consumers and continue research and development of products and services to solve them. The Group plans the global expansion of LC-Plasma into at least one country annually. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

*Lactococcus lactis strain Plasma (LC-Plasma) is a lactic acid bacterium that supports the maintenance of immune function in healthy individuals. Research has reported that it acts on pDC, which serves as the commander of the human immune system. Kirin, Koiwai Dairy Products, and Kyowa Hakko Bio have jointly conducted research, and in cooperation with universities and research institutions both in Japan and overseas, have published numerous scientific papers and conference presentations. The Group offers LC-Plasma-containing products in various categories, including beverages, supplements, and yogurt.

(ii) The Group will strengthen initiatives aimed at the growth of its cosmetics business both in Japan and overseas.

Skin health is a health-related issue of strong interest to many consumers, and as the Group operates a cosmetics business, including skincare products, it is committed to resolving this issue. The Group will capture opportunities by integrating the expertise of Group companies to meet diverse consumer interests. As one example, a cross-functional Group project addressing "appearance care for cancer patients" was launched in 2022. This project aims to create an environment in which individuals can continue to fulfill social lives in their own way even when their appearance changes due to cancer or its treatment, supported by the medical expertise of Kyowa Kirin in providing information to healthcare professionals and patients. Going forward, the Group will focus on developing new products that approach beauty and skin health from the inside and outside the body by leveraging synergies among Group companies including FANCL and Blackmores. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

(iii) The Group will strengthen initiatives to expand its social impact across all operating companies.

Because of rapid environmental changes and current social conditions, an increasing number of people desire to remain healthy for longer. The Group believes that "immune care" as a daily health habit, as well as nutrition, exercise, and rest, contribute to building natural health as a foundation. Accordingly, the Group is strengthening initiatives to expand the social impact of its supplements, health-oriented beverages and foods, and high-performance ingredients. For example, through the "Genki na Meneki Project," a public-private partnership project communicating the importance of immune care, the Group engages in awareness activities with the support of various companies,

organizations, and local governments. The Group has also continuously conducted educational programs on immunity, striving to improve health consciousness within households, including parents. Furthermore, through Cowellnex Corporation, a joint venture company with Kyowa Kirin, the Group is strengthening collaboration with the Pharmaceuticals domain in areas such as R&D, venture investment, and business development, and is working to generate innovation that leads to solutions for social issues surrounding health.
Aiming for further functional expansion of Health Science products, the Group strives to increase opportunities to understand customer needs by increasing touchpoints with consumers through product shipments and awareness-raising activities. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

The response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows.
The growing interest in building natural health as a foundation consisting of immune care, nutrition, exercise, and rest, as well as physical condition management and skin condition issues, is an opportunity with significant financial effects for the Group, which possesses strengths in long-standing immunology research and the skincare domain. Effects such as an increase in revenue and improvement of profitability for related products and services are expected over the medium to long term. Furthermore, opportunities to resolve health issues such as increased stress caused by climate change, urbanization, and modernization will lead to an increase in sales of supplements and foods with high functional claims offered by Group companies and an improvement in profitability. Meanwhile, an increase in research and development expenses for new products and services is expected to occur over the short, medium and long term.
In this fiscal year, revenue from the Health Science business increased by ¥76,111 million compared to the previous fiscal year (including the increase in revenue associated with making FANCL a wholly owned subsidiary). While the Group considers that the materialization of opportunities may have been one of the contributing factors to this increase, quantitative information is not disclosed, as it is not possible to separately identify the impacts attributable to the materialization of such opportunities.
In addition, in the event that medium- to long-term opportunities materialize, quantitative information is not disclosed, as it is difficult to estimate the extent to which existing customers would be affected.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)[*1]			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Opportunity	Increasing interest in building natural health as a foundation consisting of nutrition, exercise, rest, and immune care, as well as physical condition management and skin issues, driven by factors such as climate change and future uncertainty	・Expanding customer benefits to enter overseas immunity markets ・Strengthening initiatives for the growth of the cosmetics business in Japan and overseas (including leveraging synergies between FANCL and Blackmores), and creating new value through approaches to beauty and skin health from the inside and outside the body ・Strengthening initiatives to expand social impact at each group company	Profit or loss effects ・Expenses associated with the promotion of research and development ・Marketing expenses for LC-Plasma	7,000	Approx. 8,000	Approx. 8,000	Expected to increase from the medium-term level
			Financial position effects ・Not applicable	-	-	-	-
Total			Profit or loss effects	7,000	Approx. 8,000	Approx. 8,000	Total amount of profit or loss effects above
			Financial position effects	-	-	-	-
			Cash flows effects[*2]	7,000	Approx. 8,000	Approx. 8,000	Total amount of profit or loss effects above

*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.
*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

Expected changes in financial position over the short, medium and long term
The Group is considering investments for the development of new products and services and is currently formulating an investment plan for this purpose. As such investments can be funded through internal resources, no financing is planned to execute the strategy. The Group does not expect that the opportunities described above will result in material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

(d) Metrics and targets

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)	Interim targets	Results
Opportunity	Increasing interest in building natural health as a foundation consisting of nutrition, exercise, rest, and immune care, as well as physical condition management and skin issues, driven by factors such as climate change and future uncertainty	Social impact of the Kirin Group's Health Science products: (Annual number of people consuming the products, calculated based on shipment volumes) + (Number of people reached through awareness activities)	Proprietary metric*1	Persons	135 million persons (2027)	-	127,781,023 persons
		Contribution to the expansion of the immunity market: Of the above, those related to LC-Plasma	Proprietary metric*2	Persons	3.05 million persons (2027)	-	3,492,902 persons

*1: It is an absolute measure and has not been validated by a third party.

(Definition) (Annual number of people consuming the products, calculated based on shipment volumes) + (Number of people reached through awareness activities)
Since operating companies select the targets of their awareness activities according to their respective products, business models, and target customers, the definitions vary by company.

(Calculation method) The annual number of people consuming the products is calculated as: annual sales volume / annual recommended intake.
The calculation methods for major group companies are as follows:
Koiwai Dairy Products: (Annual number of people consuming milk, processed milk, fermented milk, and household cheese) + (Number of participants in seminars and study sessions)
Kyowa Hakko Bio: (Annual number of people consuming citicoline for health foods) + (Number of visitors to exhibitions, etc.)

*2: It is an absolute measure and has not been validated by a third party.

(Definition) (Annual number of people consuming the products related to LC-Plasma, calculated based on shipment volumes) + (Number of people reached through awareness activities regarding products related to LC-Plasma)

(Calculation method) Same as above

Analysis of trends or changes in the entity's performance

Initiatives aimed at creating the opportunities described above are progressing as planned.

3) Unmet medical needs

In the Kirin Group, which positions health as a sustainability-related issue, Kyowa Kirin, which is responsible for the Pharmaceuticals business, emphasizes patient-centered medical needs. In particular, the Kirin Group identifies contributing to the resolution of health issues by providing Life-changing value to people facing illness with high unmet medical needs (including rare diseases) as a sustainability-related opportunity that could reasonably be expected to affect the Kirin Group's prospects.

(a) Governance

Kyowa Kirin sees materiality as key management issues to realize the Vision. With regard to materiality (key management issues), from a perspective of impact on social sustainability as well as on the Group's businesses, Kyowa Kirin has identified materiality. In this process, we referred to SASB (Sustainability Accounting Standards Board), Access to Medicine Index, PSCI, etc.
Materiality has been promoted by being incorporated into the FY2021–2025 Medium Term Business Plan and the linked annual business plan. From FY2026 onward, Kyowa Kirin will align with "Vision 2030 and Beyond: Our Growth Story" and promote it by incorporating it into Kyowa Kirin`s annual business plan. In addition, the progress of the plans is monitored and reported to the Executive Committee and the Board of Directors on a quarterly basis. To promote the solution of medium- to long-term management issues, business indicators from FY2024 will include non-financial targets formulated in the fiscal year business plan, including targets related to materiality.
Kyowa Kirin reviews the materiality every year based on changes in environments within and outside the Company, which is approved by the Executive Committee and the Board of Directors.

Following discussions at Kyowa Kirin, progress is reported quarterly to the Group Executive Committee for flat discussion. Furthermore, a summary of these reports covering the entire Group, including Kyowa Kirin, is reported to the Board of Directors of Kirin Holdings. The Board of Directors of Kirin Holdings oversees the response policies and execution plans for the issues.

(b) Risk management

Risk management (RM) system and process for identifying principal risks

The Kyowa Kirin Group defines risk as uncertainty that may affect the achievement of management and strategic targets. It encompasses both threats (negative impacts) that could damage corporate value during business operations and opportunities (positive impacts) that, when appropriately addressed, can lead to the creation and growth of corporate value. Under the framework of Enterprise Risk Management (ERM), the Group positions risk not merely as something to be avoided, but as a key management issue that should be leveraged to maximize opportunities and create and preserve corporate value.

The Group promotes its business activities under its "One Kyowa Kirin" global management system, which combines a regional axis focusing on the three regions of JAPAC, including Japan, North America, and EMEA, a trans-regional functional axis, and a product (franchises) axis. Regional Risk Management Committees were established in each of the three regions to discuss principal risks specific to each region. The Group holds meetings of the Group Risk Management Committee that is positioned as a place globally opened to stakeholders, mainly CxO, twice a year, and deliberates strategies related to Group-wide risk management and activity policies.
Regarding the process of identifying principal risks, once a quarter, the business execution lines identify risks based on changes in the internal and external environment in a working-level meeting, and analyze the impact on management and the frequency of occurrence (possibility of occurrence). The Group Risk Management Committee Secretariat adjusts the results of the analysis while discussing changes in the internal and external environment and risk trends with the business execution lines, and then organizes risks by category to identify principal risks. In addition to confirming whether principal risks have been appropriately identified, the Group Risk Management Committee discusses measures for mitigating the risks from a company-wide perspective. Progress toward mitigating principal risks is monitored alongside action plans, with the Global Executive Committee monitoring progress and changes in risk significance based on evolving circumstances. The Group Risk Management Committee maps out risks based on the results of these assessments. Measures to mitigate principal risks discussed in these committees and findings from monitoring activities are reported to the Board of Directors.

Within the Kirin Group, significant risks identified by Kyowa Kirin are consolidated and reviewed by the Corporate Strategy Department of Kirin Holdings, together with risks common across the Kirin Group as a whole. Based on this review, the Corporate Strategy Department identifies significant Group risks, including sustainability-related risks and opportunities that could reasonably be expected to affect the Kirin Group's prospects. The results are discussed by the Group Risk and Compliance Committee and are then determined by the Board of Directors of Kirin Holdings.

(c) Strategy
The Kyowa Kirin Group sees materiality as key management issues to realize the Vision. The specified materiality of the Group are categorized into "Topics for value creation" and "Topics for value enhancement," which correspond to the strategic pillars to realize Vision 2030: "Provide pharmaceuticals for unmet medical needs," "Address patient-centric healthcare needs," "Retain the trust of society," and "Strengthen human resources and structures to realize Life-changing value." In addition, we set the targets for each materiality and work on it strategically, whereby we can realize our vision, which will lead to the sustainability of both society and the Group.
The materiality of Kyowa Kirin Group is also related to those of the Kirin Group, to which the Company belongs. In particular, the materiality items that have a high impact on the business of the Kirin Group—"Creation and delivery of Life-changing pharmaceuticals" and "Quality assurance and a stable supply of pharmaceuticals"—are linked to our Group's materiality items: "Creation of innovative medicines ," "Maximization of product value ," "Pipeline enrichment," "Access to medicine," "Co-creation of new value based on the needs of people facing illness," and "Product supply and quality assurance ."
Based on the above, the Kirin Group has selected "creating and delivering Life-changing pharmaceuticals" and "quality assurance and a stable supply of pharmaceuticals" as sustainability-related risks and opportunities that could reasonably be expected to affect the Kirin Group's prospects under this theme, as follows.

The Group considers trade-offs with other sustainability-related risks and opportunities as it advances its initiatives.

Risks and opportunities		Value chain (Stakeholders of the Group)			Impact on the business model and value chain, and financial impact in the event that risks and opportunities emerge	Likelihood	Monetary importance	Segments affected by risks and opportunities	Time frame in which the impact of risks and opportunities
		Up-stream	The Company	Down-stream					
Opportunities	1) Enhance the corporate value by creating and delivering Life-changing value			People facing illness	Impact on people facing illness: ・Improve the quality of life for people facing illnesses with high unmet medical needs and make them smile*1 Financial impact: ・Increase in the Group's revenue and profits*1 ・Increase in capital to further create Life-changing value*1	High	Large	Pharmaceuticals	Short term Medium term Long term
Risks	2) Risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages			People facing illness	Impact on people facing illness ・Failure to deliver sufficient medications*1 Financial impact ・Decrease in revenue and profits*1 ・Decrease in capital to further create Life-changing value*1	Medium	Large	Pharmaceuticals	Short term Medium term

*1: the Kirin Group will achieve the creation of both of two values; one is social value (the Group solves social issues by providing Life-changing value to make people facing illness smile) and the other is economic value (the Group gains profits which can be the source of investment in human capital and intellectual capital to realize Life-changing value).

Response strategy for risks and opportunities

1) Response strategy for "Enhance the corporate value by creating and delivering Life-changing value"

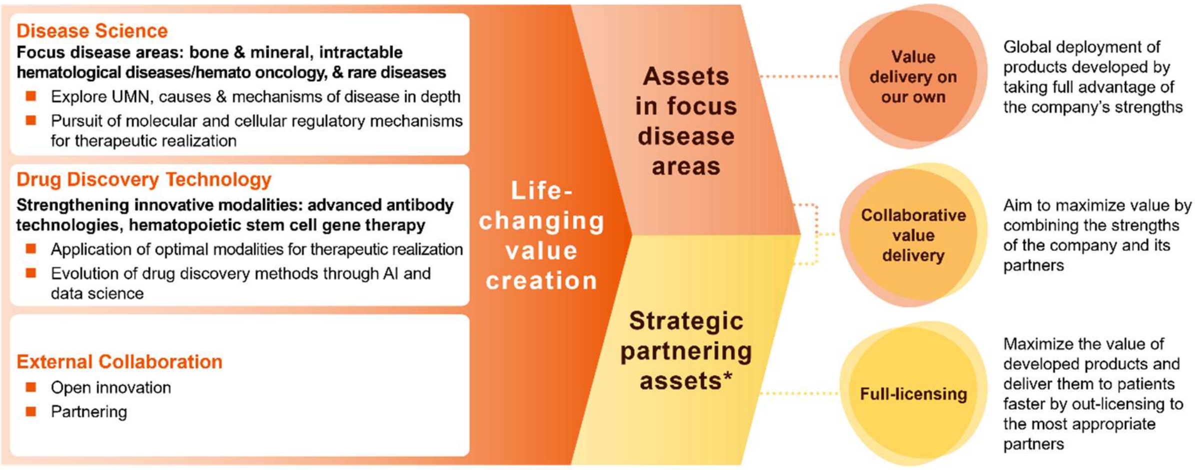
Since 2021, we have been promoting activities to realize Vision 2030. However, amid significant and challenging changes in the pharmaceutical industry—such as growing pressure to contain healthcare costs worldwide and increasing difficulties in developing new drugs—we introduced "Story for Vision 2030" as a strategy to ensure the successful realization of Vision 2030. This is our strategy for continuously creating and delivering Life-changing value, which the Group has advocated in Vision 2030. We have defined the focus disease areas and modalities[*1] more clearly. In addition to this, we will accelerate and strengthen open innovation, partner collaboration, venture capital, and corporate venture capital fund investments.

From the perspective of maximizing the Life-changing value generated by these activities, it is necessary to select an appropriate business model. For assets in the focus disease areas, the Group will manage everything from development to sales on a global basis. It will be important to deliver the created value to patients, while also amplifying our own strengths in those areas by reflecting their feedback in research and development.

For strategic partnering assets, we will leverage outside capabilities to maximize value. We expect to maximize the value, including the fastest delivery to patients, by building the best possible business model with the right partners.

Thus, by selecting the appropriate business model, the Group is focused on bringing the value it creates to as many people facing illness as possible as quickly as possible.

*1: Modalities: Classes of drug discovery technologies (methods and means) that facilitate the realization of the envisioned therapeutic concept.



*** Assets outside of the disease areas of focus are designated as strategic partnering assets, and value maximization is achieved through collaboration with partners.**

Assets in the focus disease areas:

Kyowa kirin will work to create and deliver value in the three areas set out below as the focus disease areas of the Company. For each disease area, Kyowa Kirin will continue to strive to penetrate markets by increasing the number of countries and regions where our products have been launched and implementing disease awareness raising activities and patient support programs, etc.

<u>Bone and mineral</u>

With regard to Crysvita, Kyowa Kirin has started selling hypodermic syringes in Japan and Europe as an easier and safer dosage form of self-injection at home which was expected by patients and healthcare professionals. In Italy, Crysvita has become eligible for insurance reimbursement for treatment of tumor-induced osteomalacia. The development of KK8123[*2] and KK8398[*2] is steadily in progress.

<u>Intractable hematological diseases/hemato oncology</u>

Ziftomenib (product name in the U.S.: KOMZIFTI) has been approved as an oral menin inhibitor that can be taken once daily for relapsed or refractory acute myeloid leukemia (AML) by NPM 1-mutation in the U.S., for the first time in the world. Kyowa Kirin will promote partnership with Kura Oncology, aiming to provide new therapeutic options (combination therapies and early line treatment) for acute leukemia.

Regarding Poteligeo, Kyowa Kirin promote initiatives that use machine learning and AI technology to improve patient access to treatment. In addition, Kyowa Kirin will steadily develop KK2845, etc.[*2] which is our first antibody-drug conjugate (ADC).

<u>Rare diseases (hematopoietic stem cell gene therapy)</u>

Regarding OTL-200 (product name in Europe: Libmeldy, in the U.S.: Lenmeldy), Kyowa Kirin promotes newborn screening for metachromatic leukodystrophy (MLD) in the U.S. and Europe. In Spain, it has become eligible for insurance reimbursement. Due to the recommendation by the U.S. Secretary of Health and Human Services that the federal government include MLD in newborn screening programs, the Company will continue its efforts to expand implementation across individual states. In Japan, it has been designated as an orphan regenerative medical product for early-onset metachromatic leukodystrophy. In Saudi Arabia, it has also been designated as an orphan drug and granted priority review designation. Kyowa Kirin will also steadily develop OTL-203[*2] and OTL-201[*2].

Strategic partnering assets:

Kyowa Kirin aims to maximize the value, including the fastest delivery of the value to patients, by creating the best business model with appropriate partners.

Kyowa Kirin will also aim at maximizing the value of small molecule KHK4951[*3] (generic name: tivozanib), KK2260[*2] and KK2269[*2] which are created with our proprietary REGULGENT bispecific antibody technology, POTELLIGENT antibody KK4277[*2], and KK3910[*2], for which Kyowa Kirin have started Phase I clinical trial for essential hypertension in 2025, including through collaboration with partners.

As for KHK4083[*2] (generic name: rocatinlimab), which Kyowa Kirin have continued to advance in multiple clinical trials in collaboration with Amgen, the partnership agreement with Amgen regarding development and commercialization was terminated in January, 2026 against the backdrop of Amgen's strategic portfolio review, and Kyowa Kirin reacquired full control of the global rocatinlimab program, including regulatory filings and future commercialization. However, on March 3, 2026, based on the latest safety information and a comprehensive risk-benefit assessment, Kyowa Kirin decided to discontinue all ongoing clinical trials for rocatinlimab.

In addition, Kyowa Kirin have provided Boehringer Ingelheim with a license related to a preclinical development program aimed at developing a first-in-class small molecule therapeutic medicine candidate for autoimmune diseases.

For "Strategies and initiatives to address the opportunities," although there was some impact from political situations in certain countries, progress was generally smooth. Subsequently, Kyowa Kirin decided to discontinue clinical trials for rocatinlimab. We have decided not to change the medium- to long-term financial targets set forth in "Vision 2030 and beyond: Our Growth Story " formulated before this decision, and Kyowa Kirin will continue to advance these initiatives.

*2.For details of the development pipeline, please refer to "II. OVERVIEW OF BUSINESS, 6 RESEARCH AND DEVELOPMENT ACTIVITIES"

2) Response strategy for risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages

The Group will maintain and strengthen a stable supply system and establish unwavering trust from society to ensure that Life-changing value created by the Company is delivered to patients. To prepare for various risks that may threaten the quality and stable supply of pharmaceuticals, including external factors such as disasters and changes in international circumstances, and internal factors such as GMP violations and manufacturing problems, Kyowa Kirin is promoting integrated approaches for building a robust production and supply structure, strengthening production and quality technologies, and developing human resources to ensure a stable supply of pharmaceuticals of reliable quality.

Currently, Kyowa Kirin has core production facilities in Takasaki-shi, Gunma and Ube-shi, Yamaguchi, and are constructing a biopharmaceutical API manufacturing building (Sanford Plant) in North Carolina, United States. The development and strengthening of our in-house production system will enable flexible production responses in the event of risk occurrence. In the Takasaki area, the Bio Process Research and Development Laboratories and Takasaki Plant are located next to each other, serving as a core center for biopharmaceutical drugs, and creating an environment that allows us to seamlessly proceed with the entire process from research to manufacturing to applying for approval. This proximity enables smooth technology transfer and quick response to manufacturing problems. In addition, by consolidating quality control and quality assurance functions into Q-TOWER and strengthening mutual collaboration, quality divisions as a whole are working to maintain solid quality. As an automated mass production plant for oral solid dosage preparations (OSDP), Ube Plant is equipped with the latest technology and a robust quality control system to support highly efficient supply. For important products, kyowa Kirin has established a dual sourcing system with external CDMOs in addition to our proprietary plants to further improve supply stability. Supply chain management, including contractor management, is becoming increasingly complex. However, Kyowa Kirin is working to improve management capacity and resilience by strengthening internal and external collaboration and monitoring KPIs. To prepare for unexpected manufacturing stoppages or shipment delays, Kyowa Kirin maintains inventory levels that can cover demand for a certain period, enabling us to continue supplying products. In launching a U.S. base, our aim is not only to expand in-house production capacity but also to raise the level of overall production technology through the international circulation of technology and human resources. In the Takasaki area, construction of the HB7 building was completed in 2025, with manufacturing training facilities installed. In addition to employees from Takasaki Plant, the Sanford Plant staff will also come, and both bases will work together to improve technical proficiency.

For "Response strategy for risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages" are generally progressing well.

Regarding the opportunities that materialized in the current fiscal year, they are as described in "Materiality related to providing pharmaceuticals for unmet medical needs and addressing patient-centric healthcare needs > Strategies and initiatives to address the opportunities identified above." In addition, because it is not possible to separately identify the financial impact resulting from the materialization of opportunities, Kyowa Kirin has not described the financial impact for the current fiscal year and subsequent fiscal years. No risks have materialized during the current fiscal year. In addition, because it is difficult to estimate the extent of impact if risks materialize in the next fiscal year or thereafter, quantitative information on the financial impact is not provided.

Below is the strategy to address sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s forecasts, as well as the financial impact that could arise from addressing these risks and opportunities.

As investments necessary to realize “Strategies and initiatives to address the opportunities identified above,” there are strategic investments in external assets (including license introductions, VC/CVC investments, etc.) along with research and development investments aimed at maximizing value, including the creation of innovative pharmaceuticals and the expansion of their indications. Their results for the fiscal year ended December 31, 2025 and future projections are shown in the table below. These financial investments also include development investments in appropriate regions with a view to subsequent sales. In addition, these future projections of financial investments may change subject to the scale of sales revenue and strategies.

Financial investments necessary to implement “Strategies and initiatives to address the risks identified above” include costs and investments related to the in-house manufacturing, quality assurance, and supply chain management. Results for the fiscal year ended December 31, 2025 and future projections are shown in the table below. These future projections of financial investments may change subject to changes in internal and external conditions.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Opportunities	1) Enhance the corporate value by creating and delivering Life-changing value	・See “Response strategy for risks and opportunities” as stated above.	Impact on PL ・R&D investment to create and deliver innovative drugs as Life-changing value	101,200	Approx.122,000	Targeting 20% of consolidated revenue	Targeting 20% of consolidated revenue
			Impact on BS ・Strategic investment for pipeline and acquisition of drug discovery technology	Approx.400,000	Based on the strategy Respond flexibly	Based on the strategy Respond flexibly	Based on the strategy Respond flexibly
Risks	2) Risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages	・Establish and appropriately operate a system and procedures to ensure the continued quality assurance and stable supply of products supplied by the company	Impact on PL ・Costs related to in-house manufacturing, quality assurance, and supply chain management*2	Approx.54,000	Approx.59,000	Approx.59,000	Assumed to be the same level as medium-term
			Impact on BS ・Investments in our own manufacturing, quality assurance, and supply chain management*3	Approx.33,000	Approx.44,000	Approx.10,000	Expected to be within the range of depreciation
Total			Impact on PL	Approx.155,200	Approx. 181,000	Total amount of the impact on the PL above	Total amount of the impact on the PL above
			Impact on BS	Approx.433,000	Total amount of the impact on the BS above	Total amount of the impact on the BS above	Total amount of the impact on the BS above
			Impact on CF*4	Approx. 588,200	Total amount of the impact on the PS/BS above	Total amount of the impact on the PS/BS above	Total amount of the impact on the PS/BS above

*1: The Kirin Group defines short term, medium term, and long term as one year, two to three years, and four to ten years after the end of the fiscal year ended December 31, 2025, respectively. However, for the financial impact arising from addressing risks and opportunities, we indicate single-year figures that will occur one year later for the short term, three years later for the medium term, and ten years later for the long term, so that trends for these terms can be understood.

*2: Since it is difficult to calculate only the cost required to address risks, the total cost of related divisions (excluding variable costs associated with manufacturing) is shown.

*3: Since it is difficult to calculate the amount of direct investment to address risks, the total amount of investment in related divisions is shown.

*4: Since it is difficult to accurately calculate the impact on CF, the sum of the impact on PL and the impact on BS is shown.

Expected changes in financial position over the short, medium and long term

Strategic investment for pipeline and acquisition of drug discovery technologies as the above strategy to address opportunities will be flexibly implemented based on the management strategy. Regarding the investment funds, Kyowa Kirin will continue to maintain our net cash position in principle. In addition to cash on hand, Kyowa Kirin will secure sufficient borrowing capacity and methods of flexible financing (CPs (commercial papers) and commitment lines) for strategic large-scale investment projects. Kyowa Kirin does not believe that the above strategy

to address opportunities will result in material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.
As investment related to in-house manufacturing, quality assurance, and supply chain management as a strategy to address the above risks, Kyowa Kirin are constructing a biopharmaceutical API manufacturing building (Sanford Plant) in North Carolina, United States. Kyowa Kirin plans to procure the investment funds from cash on hand. Kyowa Kirin does not believe that the above strategy to address risks will result in material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

(d) Strategy—Resilience

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect Kirin Group’s prospects regarding unmet medical needs are expected to occur, the Group evaluates its resilience on this issue over a medium-term time horizon.
The Kyowa Kirin Group's resilience towards the Risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages is described below.

When formulating product supply plans, Kyowa Kirin make sure there will be sufficient inventory levels to meet demand for a certain period so that Kyowa Kirin can continue to supply products in the event that manufacturing at our proprietary plants or at an external CDMO stops due to unexpected circumstances. Furthermore, Kyowa Kirin puts in place a system that will ensure the continual supply of products by keeping inventories at stock points that can support a certain period of supply even if product shipments from a plant are halted. Our proprietary plants are equipped with emergency power supplies to maintain production in case of power outages due to natural disasters. In addition, Kyowa Kirin has established a dual sourcing system for important products to further strengthen a stable supply in the event of risk occurrence. To address quality risks, both of our proprietary plants and CDMOs conduct regular GMP audits based on the latest GMP trends and risks, and manage any issues identified, ensuring that corrective and preventive measures are implemented. All identified risks are also registered in a quality risk register, and the progress of any necessary response measures is monitored.

As a result of the business model impact analysis described above, Kyowa Kirin has evaluated that even if the negative impacts on unmet medical needs were to occur beyond Kyowa Kirin’s expectations over the medium term, Kyowa Kirin has the capacity to respond to the manifestation of such uncertainties and there is no need to change Kyowa Kirin's current business model of the Pharmaceuticals business.

(e) Metrics and targets

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)		Results
						Interim targets	
Opportunities	1) Enhance the corporate value by creating and delivering Life-changing value	Development pipeline and status of major applications and approvals	Kyowa Kirin’s own source (considering SASB)[*1]	—	—	—	Refer to a list of the development pipeline and the information on major applications and approvals[*2]
		Launch of global products in major countries	Kyowa Kirin’s own source[*3]	Country	CRV_XLH (Adult): 8/8 CRV_XLH (Pediatric): 8/8 CRV_TIO: 6/8 POT_CTCL: 8/8 Libmeldy_PSLI: 6/8 (2027)	—	CRV_XLH (Adult): 8/8 CRV_XLH (Pediatric): 8/8 CRV_TIO: 6/8 POT_CTCL: 8/8 Libmeldy_PSLI: 5/8
Risks	2) Risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages	Number of enforcement actions taken in response to violations of good manufacturing practice (GMP) or equivalent standards violations by type	Kyowa Kirin’s own source (considering SASB)[*4]	Case	—	—	0 cases
		Number of occurrences of limited or suspended product supplies due to our own reason.	Kyowa Kirin’s own source[*5]	Case	Maintain zero cases	—	0 cases

*1: It is an absolute metric and is not certified by a third party. In addition, this metric has been set with reference to SASB: HC-BP-000.B. In order to further clarify the status of each item, a table related to a list of the development pipeline and the information on major applications and approvals is included.

*2: For details, please refer to “Development pipeline” and “Major applications and approvals.”

*3: It is an absolute metric and is not certified by a third party.

(Definition) Launch of global products (Crysvita, Poteligeo, Libmeldy/Lenmeldy) by indication in eight major countries with high social and economic impact (Japan, the U.S., Canada, the UK, France, Italy, Germany, and Spain)

(Calculation method) Number of countries where global products are marketed by indication as of December 31, 2025

*4: It is an absolute metric and is not certified by a third party. In addition, this metric has been set with reference to SASB: HC-BP-250a.5. The scope of data aggregation has been adjusted before disclosure in consideration of the financial impact on the Group.

(Definition) Number of enforcement actions taken in response to violations of GMP or equivalent standards violations by type as determined by the Company

(Calculation method) (1) Actual results are as of December 31, 2025. (2) This applies to enforcement actions resulting in the suspension of shipments of global products such as CRV and POT due to GMP violations caused by serious deficiencies or deviations in pharmaceutical manufacturing and quality control systems.

*5: It is an absolute metric and is not certified by a third party.

(Definition) Number of occurrences of limited or suspended product supplies of important pharmaceutical products due to our own reason, as determined by the Company.

(Calculation method) (1) Actual results are as of December 31, 2025 (2) In-house reasons refer to circumstances that are within the scope of responsibility of the manufacturer and distributor (such as problems in procurement of raw materials including APIs, manufacturing problems, quality problems, administrative penalties [including those caused by contract manufacturing partners]). This category does not include other instances of running out of stock (stockouts) or limited shipments due to transient excessive demand or damage from disasters. (3) The number of stockouts or limited shipments will be counted as one case if it originates from the same reason, even if the instances cover more than one report. (4) The scope of aggregation covers events that reach the criteria established by the Company, taking into consideration the financial impact on the Company and the impact on patients.

Analysis of trends or changes in the entity's performance

For "Response strategy for "Enhance the corporate value by creating and delivering Life-changing value"," although there was some impact from political situations in certain countries, progress was generally smooth. Subsequently, Kyowa Kirin decided to discontinue clinical trials for rocatinlimab. Kyowa Kirin has decided not to change the medium- to long-term financial targets set forth in "Vision 2030 and beyond: Our Growth Story" formulated before this decision, and Kyowa Kirin will continue to advance these initiatives.

For "Response strategy for risks of not being able to stably supply the required quantity of products or investigational drugs for important products, resulting in shipment restrictions or shortages" are generally progressing well.

R&D pipeline

small molecule　antibody　HSC-GT　Updated since Dec. 31, 2024　✓ Updated since Sep. 30, 2025

As of Dec 31, 2025

Code Name Generic Name Formulation	Mechanism of Action	Indication	Stage PhI	PhII	PhIII	[In-House or Licensed] Remarks
KK8123 Injection	Anti-FGF23 Fully Human Antibody	X-linked Hypophosphatemia				[In-House] Clinical study is being conducted in NA and EU as a global product
KK8398 infigratinib Oral	FGFR3 Inhibitor	Achondroplasia			✓	[QED Therapeutics] Clinical study is being conducted in JP
		Hypochondroplasia				Preparation underway for Ph Ⅲ clinical trial in JP
ziftomenib ※ Oral	Menin Inhibitor	Acute Lymphoblastic Leukemia (ALL) (Monotherapy)				[Kura Oncology] Clinical study is being conducted in NA and EU as a global product KMT2A-rearranged ALL KOMET-001
		Acute Myeloid Leukemia (AML) (Monotherapy)				Clinical study is being conducted in NA and EU as a global product Non-NPM1-mutant AML/Non-KMT2A-rearranged AML KOMET-001
						Adult Relapsed or Refractory AML with a NPM1 Mutation Preparation underway for Ph Ⅱ clinical trial in JP
		Acute Myeloid Leukemia (AML) (Combination)				Clinical study is being conducted in NA as a global product NPM1-mutant AML/KMT2A-rearranged AML Combinations with venetoclax + azacitidine, and cytarabine + daunorubicin KOMET-007
			✓			Clinical study is being conducted in NA as a global product FLT3/NPM1 co-mutated AML Combinations with cytarabine + daunorubicin, and quizartinib KOMET-007
						Clinical study is being conducted in NA and EU as a global product NPM1-mutant AML/KMT2A-rearranged AML Combinations with gilteritinib, FLAG-IDA, LDAC KOMET-008
						Clinical study is being conducted as a global product NPM1-mutant AML/KMT2A-rearranged AML Combinations with venetoclax + azacitidine, and cytarabine + daunorubicin KOMET-017
KK2845	Anti-TIM-3 ADC	Acute Myeloid Leukemia (AML)				[In-House] Antibody-Drug Conjugate Clinical study is being conducted in JP as a global product
OTL-203	Hematopoietic Stem Cell (HSC) Gene Therapy	MPS-IH (Hurler Syndrome)				[In-House] Rare Pediatric Disease (RPD) and Fast Track designations (FDA) Priority Medicines (PRIME) designation (EMA) Area of clinical study: NA and EU
OTL-201	Hematopoietic Stem Cell (HSC) Gene Therapy	MPS-IIIA (Sanfilippo Syndrome type A)		Ph Ⅰ / Ph Ⅱ		[In-House] Rare Pediatric Disease (RPD) designation (FDA) Preparation underway for registrational study (equivalent to PhⅢ study)
KHK4083/AMG 451 rocatinlimab Injection	Anti-OX40 Antibody	Moderate to Severe Atopic Dermatitis				[In-House] POTELLIGENT Human monoclonal antibody production technology Collaboration agreement with Amgen for the development of rocatinlimab in all the countries except for Japan Clinical study is being conducted in JP, NA, EU, UK, Middle East, Asia, Oceania, and other regions as a global product
		Prurigo Nodularis				Clinical study is being conducted in JP, NA, EU, Asia, and Oceania as a global product
		Moderate to Severe Asthma				Clinical study is being conducted in JP, NA, EU, Asia, and Oceania as a global product
KHK4951 tivozanib Ophthalmic	VEGF Receptor Tyrosine Kinase Inhibitor	Diabetic Macular Edema				[In-House] Clinical study is being conducted in JP, NA, Asia, and Oceania as a global product
		Neovascular Age-Related Macular Degeneration				Clinical study is being conducted in JP, NA, Asia, and Oceania as a global product
KK2260 Injection	EGFR-TfR1Bispecific Antibody	Advanced or Metastatic Solid Tumors				[In-House] REGULGENT Fully human antibody production technology Clinical study is being conducted in JP, and a clinical study is prepared under way for PhI in NA as a global product

As of Dec 31, 2025

Code Name Generic Name Formulation	Mechanism of Action	Indication	Stage PhI	PhII	PhIII	[In-House or Licensed] Remarks
KK2269 Injection	EpCAM-CD40Bispecific Antibody	Advanced or Metastatic Solid Tumors				[In-House] REGULGENT Fully human antibody production technology Clinical study is being conducted in JP and NA as a global product
KK4277 Injection	Anti-PTPRS Humanized Antibody	Systemic Lupus Erythematosus/Cutaneous Lupus Erythematosus				[SBI Biotech] POTELLIGENT Clinical study is being conducted in JP and Asia
KK3910 Injection		Essential Hypertension				[In-House] Clinical study is being conducted in JP as a global product
OTL-200 atidarsagene autotemcel	Hematopoietic Stem Cell (HSC) Gene Therapy	Early-onset Metachromatic Leukodystrophy (MLD)				[In-House] Orphan Regenerative Medicine Product Designation in JP Preparation underway for clinical trial in JP Product Name in US: Lenmeldy Product Name in Europe: Libmeldy

Note: For detailed information on ziftomenib (Product Name in the U.S.: KOMZIFTI)'s development status, please refer to Kura Oncology's website. https://kuraoncology.com/

Major Applications and Approvals

Code Name, Generic Name, Product Name	Indication	Application/Under Review	Countries/Regions Received Approval in 2025
ziftomenib (Product name in the U.S.: KOMZIFTI)	Adult Relapsed or Refractory (R/R) Acute Myeloid Leukemia (AML) with a Nucleophosmin1 (NPM1) Mutation	–	U.S.

4) Human capital

For the Group, which possesses a unique business portfolio, increasing sympathy for the Group Philosophy, Values, and CSV is essential. Based on this common foundation, promoting human resource exchange across the Food & Beverages (alcoholic and non-alcoholic beverages), Pharmaceuticals, and Health Science domains both in Japan and overseas, and enhancing both the diversity of business experiences and attributes as well as inclusiveness toward diversity, serve as sources of innovation. The Group therefore considers these efforts as sustainability-related opportunities that could reasonably be expected to affect the Group's prospects.

(a) Governance

In the Group, the Company's Group Executive Committee discusses and exchanges opinions about strategies related to human capital. After these discussions are reflected in the plans of People & Culture Department, these strategies are then discussed again at the Group Executive Committee as part of the group plan and then reported to the Board of Directors. The Board of Directors oversees the progress of the implementation of human capital strategies as an integral part of group monitoring.

Furthermore, to promote health management proactively and independently, including occupational health and safety, the Group has established the "Group Health and Safety Meeting" under the Group CSV Committee, which meets twice a year. The Chief People Officer (CPO) chairs this meeting, and the general managers of human resources department of major domestic operating companies participate. Matters discussed at the Group Health and Safety Meeting are reported to the Group CSV Committee, and then reported to the Company's Board of Directors for reflection in the Group's overall strategy. At the same time, the Board of Directors oversees the Group's response policies and execution plans for health management.

(b) Risk management

Where the Group Information Disclosure Committee determines that a review of risks and opportunities is required, the Group Executive Committee discusses revisions to risks and opportunities related to human capital strategies in light of changes in the internal and external environment. In addition, the Group Executive Committee monitors the progress of response strategies to sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects.

(c) Strategy

The Group is guided by its core philosophy of "Respect for Humanity," which is founded on a belief in the limitless potential of people. The Group provides an environment where each and every employee can take the challenge of creating new value, work to their fullest, and continue to grow through their work. The Group values human capital as a source of value creation through innovation and competitive advantage, and by investing in human resources, it aims to be "a company where human capital grows and that wins through human capital." The human capital strategy is designed not only to enhance the effectiveness of the execution of current management strategies, but also to expand the potential of management strategies by strengthening human capabilities, which are critical factors in enhancing corporate value over the long term. The key elements of this approach are "expertise" and "diversity." The Group develops human capital that combines both

“expertise” and “diversity” by providing an environment where each employee can enhance their expertise and accumulate a variety of business experiences and perspectives within its unique and robust business portfolio spanning Food & Beverages (alcoholic and non-alcoholic beverages), Pharmaceuticals, and Health Science.
Furthermore, the Company will foster an organizational culture that embraces diversity and will promote CSV management through cross-organizational and cross-team creation, thereby achieving the Group’s sustainable growth and improved corporate value.
In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

The sustainability-related risks and opportunities identified for this theme that could reasonably be expected to affect the Group’s prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Opportunity	(i) Opportunity to increase employee sympathy with the Group Philosophy, Values, and CSV, thereby accelerating the practice of CSV management		Employees		<u>Effects on the business model/value chain</u> ・Realization of new value creation and innovation <u>Financial effects</u> ・Increase in revenue due to increased sales opportunities for products and services	High	Medium	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Medium term
Risk	(ii) Risk of a decline in productivity resulting from employee occupational health and safety issues		Employees		<u>Effects on the business model/value chain</u> ・Decline in employee productivity and loss of human resources <u>Financial effects</u> ・Decrease in revenue ・Increase in fixed cost ratio ・Increase in litigation costs such as claims for compensation from employees and others ・Increase in recruitment and training costs	High	Medium	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Medium term
Opportunity	(iii) Opportunity to create or expand customers and markets by promoting new ideas and strategic thinking through increasing the diversity of human capital involved in decision-making and organizational management		Employees		<u>Effects on the business model/value chain</u> ・Realization of new value creation and innovation <u>Financial effects</u> ・Increase in revenue due to increased sales opportunities for products and services	High	Medium	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Medium term

Response strategy for risks and opportunities

(i) Response strategy for "Opportunity to increase employee sympathy with the Group Philosophy, Values, and CSV, thereby accelerating the practice of CSV management"

The Group is implementing global internal branding initiatives to embed the CSV management philosophy, aimed at fostering employees who are healthy and energetically engage in their work with motivation.

Taking into account differences in the level of penetration and circumstances across Group operating companies, the Group considers and deploys new initiatives tailored to each situation. Through these efforts, the Group is advancing the development of an environment in which each employee deepens their understanding of and sympathy with the vision and direction pursued by the Kirin Group, and can work with pride as a member of the Group. Specifically, for the purpose of timely dissemination of Group information and fostering employee understanding, the Group is deploying "KIRIN Now," an internal website shared by group employees to disseminate management information. The Group also conducts the "Kirin Group Award," which recognizes initiatives that embody the Group Philosophy, Values, and CSV, as well as the "CSV experiences" program to promote understanding of CSV among group employees.

Through these initiatives, the Group aims to accelerate the practice of CSV management, which is positioned at the core of its management.

In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

(ii) Response strategy for "Risk of a decline in productivity resulting from employee occupational health and safety issues"

Ensuring occupational health and safety for group employees is the foundation of value creation and is essential for the practice of CSV management. The Group places the highest priority on ensuring safety and health, strives to maintain a safe and hygienic work environment, and understands and complies with laws and regulations related to occupational safety and health. Furthermore, the Group complies with labor-related laws and strives to maintain a healthy and comfortable work environment.

The Group has established the Kirin Group Occupational Health and Safety Policy. Under this policy, each Group company and workplace has a clearly defined structure with assigned roles and responsibilities, and appropriate management resources are allocated. Through the continuous improvement of occupational health and safety activities, the Group aims to ensure that each and every person who works with the Group is healthy, safe and lively in mind and body, and has a heightened sense of job satisfaction.*

In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

*Work with the Group: all people who work in the same workplace (including employees of partner companies, outsourcing companies, and subcontractors)

(iii) Response strategy for "Opportunity to create or expand customers and markets by promoting new ideas and strategic thinking through increasing the diversity of human capital involved in decision-making and organizational management"

The Group has set "diversity and inclusion, culture for innovation" as a necessary organizational capability to become a global leader in CSV. In recent years, amid increasing uncertainty and rapid changes in the external environment, and as the business environment surrounding the Group becomes more challenging, it is necessary for the Kirin Group to achieve sustainable growth by practicing "human capital management" and accelerating innovation through diverse human capital who sympathize with CSV management and work to their fullest to maximize their individual potential.

The Group has long been committed to fostering an organizational culture in which women can demonstrate autonomy and creativity and thrive with vitality. In 2022, the Group formulated the "Kirin Group's Long-Term Plan for the Advancement of Women 2030," which aims to increase the female leadership ratio to 30% by 2030. To foster an organizational culture where both men and women can demonstrate leadership from an early stage, the Group promotes "accelerated career development," which encourages group employees to gain work and success experiences and build expertise before experiencing life events such as childbirth and childcare. Furthermore, the Group is advancing a transformation into an organization that accepts diversity by identifying and eliminating factors that hinder diverse group employees from working with mutual respect.

In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

The response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the response to those risks and opportunities are as follows.

Although no risks have materialized during the current fiscal year, there is a possibility that the occurrence of occupational health and safety issues among group employees could lead to a decline in productivity, resulting in a decrease in revenue due to impacts on operations and an increase in recruitment and training costs due to the departure of human capital. These effects may occur over the medium term. In addition, from the next fiscal year onward, there is a possibility of increased revenue over the medium term as opportunities materialize, such as the creation of new value and innovation leading to increased sales opportunities for products and services. However, quantitative information is not disclosed, as it is difficult to estimate the extent to which sales would be affected in the event that the opportunities materialize.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Opportunity	(i) Opportunity to increase employee sympathy with the Group Philosophy, Values, and CSV, thereby accelerating the practice of CSV management	・Promoting global internal branding to embed the CSV management philosophy at major domestic and overseas Group companies	Profit or loss effects ・Engagement survey expenses ・Kirin Group Award program operating expenses	135	Approx. 200	Approx. 200	Approx. 200
			Financial position effects ・Not applicable	-	-	-	-
Risk	(ii) Risk of a decline in productivity resulting from employee occupational health and safety issues	・Establishing a group-wide occupational health and safety policy promotion system in collaboration with Group companies.	Profit or loss effects ・Occupational health and safety consulting expenses ・Health-related program implementation expenses	35	Approx. 70	Approx. 70	Approx. 70
			Financial position effects ・Not applicable	-	-	-	-
Opportunity	(iii) Opportunity to create or expand customers and markets by promoting new ideas and strategic thinking through increasing the diversity of human capital involved in decision-making and organizational management	・Strengthening development and support plans for female leaders ・Creating an organizational environment that embraces diversity	Profit or loss effects ・Expenses related to various programs for self-reliant career development	31	Approx. 40	Approx. 40	Approx. 40
			Financial position effects ・Not applicable	-	-	-	-
Total			Profit or loss effects	201	Approx. 310	Approx. 310	Approx. 310
			Financial position effects	-	-	-	-
			Cash flows effects*2	201	Approx. 310	Approx. 310	Approx. 310

*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

Expected changes in financial position over the short, medium and long term

No investments or disposals are planned, and no financing is planned to fund the execution of the strategy. The Group does not expect that the risks and opportunities described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

(d) Strategy—Resilience

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect the Group’s prospects regarding human capital are expected to occur, the Group evaluates its resilience on this issue over a medium-term time horizon. In the countries of business operations, the Group proactively and voluntarily promotes health management, including occupational health and safety. Nevertheless, even in the event that a serious occupational accident were to occur, the Group promptly shares information about the outline and cause of the incident among Group companies, identifies similar operations, and swiftly implements measures to prevent recurrence, including facility improvements such as the installation of safety devices, revisions to work procedures, and employee training.

As a result of the business model impact analysis described above, the Chief People Officer (CPO) has evaluated that even if the adverse effects on human capital were to occur beyond the Group’s expectations over the medium term, the Group has the capacity to respond to the manifestation of such uncertainties and there is no need to change its current business model.

(e) Metrics and targets

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)	Interim targets	Results
Opportunity	(i) Opportunity to increase employee sympathy with the Group Philosophy, Values, and CSV, thereby accelerating the practice of CSV management	CSV practice score in engagement survey	Proprietary metric*1	-	72 (2025)	-	77
		Employee engagement score	Proprietary metric*2	-	75 (2027)	-	76
Risk	(ii) Risk of a decline in productivity resulting from employee occupational health and safety issues	LTIR score	Proprietary metric*3	-	2.00 (2027)	-	2.04
Opportunity	(iii) Opportunity to create or expand customers and markets by promoting new ideas and strategic thinking through increasing the diversity of human capital involved in decision-making and organizational management	Ratio of female managers in Japan	Proprietary metric*4	%	- (Reference) Ratio of female managers among employees of Kirin Holdings: 30% (2030)	- (Reference) Ratio of female managers among employees of Kirin Holdings: 24% (2027)	17% (Reference) Ratio of female managers among employees of Kirin Holdings: 18%

*1: The Group has requested responses from its employees and conducted scoring based on the responses obtained. It is an absolute measure and has not been validated by a third party.

(Definition) Score of the “CSV Practice Index” in the Engagement Survey

(Calculation method) Percentage of favorable responses (Top 2 Box) to three questions in employee engagement surveys

*2: The Group has requested responses from its employees and conducted scoring based on the responses obtained. It is an absolute measure and has not been validated by a third party.

(Definition) Score of the “Sustainable Engagement” in the Engagement Survey

(Calculation method) Percentage of favorable responses (Top 2 Box) to 10 questions in employee engagement surveys

*3: It is an absolute measure and has not been validated by a third party.

(Definition) Frequency of occupational accidents among all employees (including dispatched employees), including those from partner companies, who regularly work at the Group’s sites and workplaces, represented by the number of fatalities and injuries resulting from occupational accidents (accidents occurring during the performance of duties and resulting in at least one day of absence from work) per million total actual working hours

(Calculation method) Number of fatalities and injuries from occupational accidents / 1,000,000 total actual working hours

*4: As the ratio of female managers at overseas consolidated subsidiaries is relatively higher than that at domestic consolidated subsidiaries, and given its lower strategic priority, the ratio of female managers in Japan is targeted for disclosure. In addition, it is an absolute measure and has not been validated by a third party.

(Definition)	Percentage of female managers among all managers of the Company and its domestic consolidated subsidiaries. Managers refer to workers who are in an integral position with the management in the decision-making on working conditions and other labor management, and those who are in a supervisory or management position.
(Calculation method)	Number of female managers of the Company and its domestic consolidated subsidiaries at the end of the current fiscal year / Total number of managers of the Company and its domestic consolidated subsidiaries at the end of the current fiscal year

Analysis of trends or changes in the entity's performance
Initiatives aimed at creating innovation through human capital that combines "expertise" and "diversity" are progressing as planned.

5) Human rights
For the Group, which operates its businesses and supply chains globally together with group employees and business partners, respect for human rights is the foundation of all business activities, and is recognized as a sustainability-related risk that could reasonably be expected to affect the Group's prospects.

(a) Governance
To promote responses to human rights issues, the Group has established the "Group Business and Human Rights Meeting" as a cross-group governance body specialized in human rights issues under the Group CSV Committee, which meets twice a year. The Chief People Officer (CPO) serves as the chairperson of this meeting, and relevant officers and department heads of the Company participate. Matters discussed at the Group Business and Human Rights Meeting are reported to the Group CSV Committee and subsequently to the Company's Board of Directors, and are reflected in the Group's overall strategy.
Furthermore, to deepen the understanding of the importance of placing respect for human rights as the foundation of management for sustainable business development and to reflect it in management, the Group conducts annual human rights awareness training for top management, targeting not only the participants of the Group Business and Human Rights Meeting but also presidents, officers, and department heads of domestic Group companies.

(b) Risk management
Where the Group Information Disclosure Committee determines that a review of risks and opportunities is required, the Group Business and Human Rights Meeting discusses revisions to risks in light of changes in the internal and external environment regarding human rights issues. Furthermore, regarding response strategies for sustainability-related risks that could reasonably be expected to affect the Group's prospects, the Group Business and Human Rights Meeting monitors the progress of those strategies.

(c) Strategy
To address social issues through its business activities and achieve sustainable growth together with society, respect for human rights is a prerequisite for the Group. The Group positions respect for human rights as the foundation of all business activities and as one of the "Fundamentals of Corporation" that form the basis of the CSV Purpose. The Group regards respect for the human rights of all stakeholders as an important management issue and is committed to addressing it on an ongoing basis, while also developing a framework for that purpose. The Group strives to identify, prevent, and mitigate adverse human rights impacts and implement appropriate remedial measures. Through its business, the Group seeks to understand stakeholders who could potentially be subject to adverse human rights impacts, as well as the associated human rights impacts. By preventing and mitigating adverse impacts and taking appropriate corrective actions where such impacts occur, the Group remains committed to the continuous respect for the human rights of all people involved with the Group.
In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

The sustainability-related risks and opportunities identified for this theme that could reasonably be expected to affect the Group's prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	(i) Risk of human rights violations occurring in the Group's supply chain	Business partners			Effects on the business model/value chain ・Inhibiting the stable procurement of raw materials Financial effects ・Decrease in revenue due to loss of customers ・Incurrence of costs for responding to human rights violations or costs for switching suppliers	High	Large	Alcoholic beverages Non-alcoholic beverages	Medium term
Risk	(ii) Risk of the Group's officers, employees, or suppliers committing human rights violations and the subsequent remedial measures being insufficient	Business partners	Employees		Effects on the business model/value chain ・Inhibiting the stable procurement of raw materials ・Disruption of product supply chains Financial effects ・Decrease in revenue due to loss of customers ・Increase in recruitment and training costs due to the loss of human resources ・Incurrence of costs for responding to human rights violations	Medium	Large	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Medium term

Response strategy for risks and opportunities

(i) Response strategy for "Risk of human rights violations occurring in the Group's supply chain"

The Group has formulated the Kirin Group Human Rights Policy and conducts human rights due diligence, which is a continuous process encompassing the identification of human rights issues in the value chain, the planning and execution of remedial measures, monitoring, information disclosure, and communication with external stakeholders. The Group assesses human rights risks across the entire value chain and prioritizes initiatives to address human rights risks in the upstream portion of the value chain. With advice from Business for Social Responsibility™ (BSR), an external expert organization, the Group identifies agricultural products and processed agricultural goods with heightened human rights risks. Using Sedex evaluation tools, the Group prioritizes these risks based on two axes; human rights risks in sourcing countries and the magnitude of impact on the business, and conducts human rights due diligence across the supply chain accordingly. Furthermore, the Group regularly conducts risk assessments of suppliers and works to remediate non-conformities, striving to eliminate child labor and forced labor among suppliers. During the current fiscal year, human rights due diligence has been conducted as planned, targeting countries identified as having relatively high risks based on the results of country-specific human rights risk assessments. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

(ii) Response strategy for "Risk of the Group's officers, employees, or suppliers committing human rights violations and the subsequent remedial measures being insufficient"

To mitigate the risk of the Group's officers and employees committing human rights violations, the Group continuously conducts annual training for officers, level-specific training and human rights awareness training for all employees in Japan. Furthermore, the Group established a supplier hotline and a grievance desk as reporting channels for stakeholders who have concerns about human rights violations related to the Group's business. During the current fiscal year, reports were received through the supplier hotline and the grievance desk, and the Group implemented necessary remedial measures in response to those reports. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

The response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the response to those risks and opportunities, are as follows. In the current fiscal year, these risks have not materialized; however, if serious or suspected violations of the Human Rights Policy or the Sustainable Supplier Code occur, revenue may decrease due to the loss of sales opportunities resulting from the deterioration of relationships with existing customers, the effect of which may extend over the medium term. Furthermore, quantitative information is not disclosed, as it is difficult to estimate the extent to which existing customers would be affected in the event that the risk materializes.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)[*1]			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	(i) Risk of human rights violations occurring in the Group's supply chain	・Human rights due diligence ・Supplier risk assessment	Profit or loss effects ・Consulting fees for the advancement of human rights due diligence ・Implementation costs of human rights due diligence ・Implementation costs of supplier risk assessments ・Sedex membership fees	0	Approx. 9	Approx. 9	Approx. 9
			Financial position effects ・Not applicable	-	-	-	-
Risk	(ii) Risk of the Group's officers, employees, or suppliers committing human rights violations and the subsequent remedial measures being insufficient	・Supplier hotline ・Grievance mechanism	Profit or loss effects ・Human rights awareness training and related costs within the Kirin Group ・Costs for various hotlines	2	Approx. 5	Approx. 5	Approx. 5
			Financial position effects ・Not applicable	-	-	-	-
Total			Profit or loss effects	2	Approx. 14	Approx. 14	Approx. 14
			Financial position effects	-	-	-	-
			Cash flows effects[*2]	2	Approx. 14	Approx. 14	Approx. 14

*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

Expected changes in financial position over the short, medium and long term

No investments or disposals are planned, and no financing is planned to fund the execution of the strategy. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

(d) Strategy—Resilience

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect the Group's prospects regarding human rights issues are expected to occur, the Group evaluates its resilience on this issue over a medium-term time horizon. Even if negative impacts of human rights issues materialize and procurement from specific raw material production areas becomes difficult despite the Group's implementation of human rights due diligence and operation of the supplier hotline and grievance desk, the Group believes the impact would be limited as it has diversified its suppliers and has a low level of dependence on specific production areas.

As a result of the business model impact analysis described above, the Chief People Officer (CPO) has evaluated that even if negative impacts related to human rights were to occur beyond the Group's expectations over the medium term, the Group has the capacity to respond to the manifestation of such uncertainties and there is no need to change its current business model regarding human rights issues.

(e) Metrics and targets

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)	Interim targets	Results
Risk	(i) Risk of human rights violations occurring in the Group's supply chain	Number of human rights due diligence (including remedial activities) conducted for suppliers	Proprietary metric*1	Cases	At least 1 case per year	-	211 cases
		Number of suppliers for which risk assessments were conducted	Proprietary metric*2	Sites	-	-	954 sites
		Number of suppliers where non-conformities were identified through risk assessments	Proprietary metric*3	Sites	-	-	30 sites
		Number of suppliers that implemented remedial measures among those where non-conformities were identified through risk assessments	Proprietary metric*4	Sites	Remediate non-conformities identified in the previous year	-	33 sites
		Number of reported cases of child labor at suppliers	Proprietary metric*5	Cases	Maintain 0 cases	-	0 cases
		Number of reported cases of forced labor at suppliers	Proprietary metric*6	Cases	Maintain 0 cases	-	0 cases
Risk	(ii) Risk of the Group's officers, employees, or suppliers committing human rights violations and the subsequent remedial measures being insufficient	Number of grievances regarding labor practices or human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Proprietary metric*7	Cases	0 cases	-	105 cases

*1: It is an absolute measure and has not been validated by a third party.

(Definition) Number of on-site audits conducted by the Group or a third party for suppliers with high human rights risks, in accordance with the United Nations Guiding Principles on Business and Human Rights

(Calculation method) Number of on-site audits conducted during the current fiscal year

*2: It is an absolute measure and has not been validated by a third party.

(Definition) Number of supplier sites for which risk assessments were conducted via the Self-Assessment Questionnaire (SAQ), among direct material suppliers (excluding sole proprietors and non-continuous transactions) with a continuous supply relationship to local brands that have a significant impact on Group management, including the KIRIN brand, in the Alcoholic Beverages and Non-alcoholic Beverages segments

(Calculation method) Number of supplier sites subject to risk assessments using the SAQ during the current fiscal year

*3: It is an absolute measure and has not been validated by a third party.

(Definition) Number of supplier sites where legal violations requiring remediation were identified among those for which risk assessments were conducted

(Calculation method) Number of supplier sites where legal violations were identified through risk assessments during the current fiscal year

*4: It is an absolute measure and has not been validated by a third party.

(Definition) Number of supplier sites that completed remediation among those where legal violations were identified

(Calculation method) Number of supplier sites that completed remediation of legal violations identified in the previous fiscal year

*5: It is an absolute measure and has not been validated by a third party.

(Definition) Number of reported cases regarding child labor among reports to the Group hotline or grievance mechanism

(Calculation method) Number of child labor reports during the current fiscal year

*6: It is an absolute measure and has not been validated by a third party.

(Definition) Number of reports related to forced labor received through the Group hotline or grievance mechanism

(Calculation method) Number of reports related to forced labor received during the current fiscal year

*7: It is an absolute measure and has not been validated by a third party.

(Definition) Number of reports related to human rights risks, including child labor and forced labor, received through the Group's hotline or grievance mechanisms for which responses and resolutions have been completed

(Calculation method) Number of reports related to human rights risks for which responses and resolutions were completed during the current fiscal year

Analysis of trends or changes in the entity's performance

Human rights due diligence for suppliers assessed as having higher human rights risks is progressing as planned, and the Group will continue its efforts to reduce human rights risks.

6) Consumer issues

In the Alcoholic Beverages, Non-alcoholic Beverages and Health Science domains of the Group, providing consumers with safe and secure products and services is the foundation of all of the Group's activities. The inability to provide such safe and secure products and services is regarded as a sustainability-related risk that could reasonably be expected to affect the Group's prospects.

(a) Governance

To enhance quality assurance levels across the Group, the Quality Assurance Department, which is the department in charge of quality assurance functions, formulates an annual department plan every year. To ensure steady execution of the plan while responding promptly to changes in the environment, the Group holds quarterly monitoring meetings in which the Chief Quality Assurance Officer participates. Matters discussed at the monitoring meetings are reported to the Company's Board of Directors via deliberation at the Group Executive Committee as necessary and reflected in the Group's overall strategy. At the same time, the Board of Directors oversees response policies and execution plans for the Group's quality assurance issues.

(b) Risk management

Where the Group Information Disclosure Committee determines that a review of risks and opportunities is required, revisions to risks are discussed at the quarterly monitoring meetings for the annual plan in light of changes in the environment concerning quality assurance. Additionally, at quarterly monitoring meetings for the annual plan, the Group monitors the progress of response strategies for sustainability-related risks that could reasonably be expected to affect the Group's prospects.

(c) Strategy

To solve social issues through business activities and achieve sustainable growth together with society, the Group positions "Ensuring food safety and security" as one of the material themes in its GMM. The Kirin Group has established a quality management system based on the concepts of international standards (such as ISO 9001 and FSSC 22000) and implements continuous improvement initiatives.

The components of this international quality management system start with the Kirin Group's Quality Policy. Guided by our fundamental Values in the KIRIN WAY — "Pioneer with Innovation," "Consumer/Patient at Heart," and "Quality in Mind," the policy clearly states its commitment to prioritizing consumer satisfaction and the provision of safe and secure products and services above all else. Next, the Commitments to Action declare specific actions and approaches for realizing the Quality Policy, serving as a guide for all activities of each Group company.

These elements are systematically embodied in the Kirin group Global Quality Management Principle (KGQMP). KGQMP is reflected in the quality management systems of each Group company and serves as a set of Group-wide common rules to provide high-quality, safe, and secure products and services by setting and achieving quality targets across the entire value chain. Additionally, compliance with KGQMP is verified every other year.

Furthermore, the Quality Assurance Department monitors the status of quality assurance activities through individual dialogues with major Group companies and supports the autonomous quality assurance activities of each company.

In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

The sustainability-related risks and opportunities identified for this theme that could reasonably be expected to affect the Group's prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	(i) Risk of unexpected quality issues occurring in the Group's products			Consumers	<u>Effects on the business model/value chain</u> ・Suspension of operations at manufacturing sites ・Disruption of the product supply chain <u>Financial effects</u> ・Decrease in revenue due to loss of customers ・Increase in response costs, including compensation for damages	Medium	Large	Alcoholic beverages Non-alcoholic beverages Health science	Medium term

Response strategy for risks and opportunities

(i) Response strategy for the "Risk of unexpected quality issues occurring in the Group's products"

To address this risk, the Group has established and continuously improves a quality management system in accordance with international quality assurance systems.

Manufacturing sites within the Group are promoting the acquisition and operation of food safety management systems, such as ISO 22000 and other international certifications recognized by the Global Food Safety Initiative (GFSI), thereby establishing a quality management system that meets international standards. Additionally, both the details and the number of significant product recall incidents within the Group are appropriately monitored and used to formulate and execute measures to prevent recurrence. In the current fiscal year, there were no cases in which trade-offs between other sustainability-related risks and opportunities were considered.

The response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows. In the current fiscal year, product disposal loss primarily resulting from quality defects amounted to ¥574 million. If a risk were to materialize from the next fiscal year onward and unexpected quality issues occur in the Group's products, there is a possibility that revenue may decrease due to the loss of customers and response costs, including compensation for damages, may increase over the medium term.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)[*1]			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	(i) Risk of unexpected quality issues occurring in the Group's products	・Establishment of a quality management system in accordance with international quality assurance systems and implementation of continuous improvements	Profit or loss effects ・Costs for acquisition and maintenance of certifications, etc.	42	Approx. 50	Approx. 40	Approx. 40
			Financial position effects ・Not applicable	-	-	-	-
Total			Profit or loss effects	42	Approx. 50	Approx. 40	Approx. 40
			Financial position effects	-	-	-	-
			Cash flows effects[*2]	42	Approx. 50	Approx. 40	Approx. 40

*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

Expected changes in financial position over the short, medium and long term

No investments or disposals are planned, and no financing is planned to fund the execution of the strategy. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

(d) Strategy—Resilience

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect the Group's prospects regarding consumer issues are expected to occur, the Group evaluates its resilience on this issue over a medium-term time horizon. The Group verifies each company's compliance with KGQMP and conducts individual monitoring of major Group companies. Nevertheless, even if negative impacts related to consumer issues were to materialize, the Group would respond promptly and appropriately in accordance with the Group Crisis Management Manual to minimize damage and impact. Depending on the nature and severity of the issue, the Group would establish a response headquarters and promptly report and share information within the Group, including with the President & COO and relevant officers, while also reporting and disclosing necessary information externally to prevent the spread of damage. Furthermore, centered on the response headquarters, and in coordination with the Group Risk and Compliance Committee and relevant departments, the Group would assess the situation, conduct analysis, consider response policies based on the worst-case scenario, and implement countermeasures.

As a result of the business model impact analysis described above, the Chief Quality Assurance Officer has evaluated that even if negative impacts related to consumer issues were to occur beyond the Group's expectations over the medium term, the Group has the capacity to respond to the manifestation of such uncertainties and there is no need to change its current business model regarding consumer issues.

(e) Metrics and targets

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)	Interim targets	Results
Risk	(i) Risk of unexpected quality issues occurring in the Group's products	Percentage of manufacturing sites that have obtained GFSI-recognized scheme certifications or ISO 22000	SASB[*1]	%	100% (2027)	-	97.0%
		Number of product recalls	SASB[*2]	Cases	Maintain 0 cases	-	1 case

*1: FB-PF-250a.1

*2: FB-PF-250a.4

Analysis of trends or changes in the entity's performance

The certification rate of international food safety certifications (GFSI-recognized certification and ISO 22000) is showing an improving trend toward the final target of 100%, and is progressing as planned. The number of product recall incidents is also on a downward trend, as each Group company implements autonomous quality assurance activities based on the Kirin Group's Quality Policy and Commitments to Action, as well as the Kirin group Global Quality Management Principle (KGQMP) that embodies them.

7) The Environment (climate change and natural capital)

(a) Governance

(i) Supervisory structure

Governance related to sustainability issues in general, including the environment, is described in the governance section of the general disclosures mentioned above.

For the four environmental issues (biological resources, water resources, containers and packaging, and climate change), the Group has established the Group Environmental Meeting (meets twice a year) under the Group CSV Committee as one of the group meetings for each sustainability issues. Chaired by the Senior Executive Officer in charge of CSV Strategy, with relevant officers and department heads as members, the meeting's key agenda items include "Sharing awareness of sustainability-related risks and opportunities and discussing strategies" and "Monitoring of progress related to roadmaps towards achieving the Kirin Group's Environmental Vision 2050 and exchanging opinions on related policies, strategies, and plans." Discussions at this meeting are reported to the Group CSV Committee and the Company's Board of Directors. At the same time, the Board of Directors oversees the Group's response policies and execution plans for environmental issues. Through the establishment and operation of this meeting, the Group is strengthening its initiatives for sustainability-related issues as required by the Corporate Governance Code, which was revised in 2021. Environmental management, such as responses to climate change, is operated as part of the CSV management system.

(ii) Incorporation into executive remuneration

The Group's approach to executive remuneration in relation to sustainability issues in general, including the environment, is described in the governance section of the general disclosures mentioned above. Specifically, the "Reduction ratio of GHG emissions (compared with 2019)," which is a metric for achieving the "Science Based Targets (SBT) 1.5°C" target for climate change, the "Percentage of recycled resin used in PET bottles in Japan," and the "Water use intensity at manufacturing sites with high water stress" are set as KPIs linked to executive remuneration. Note that environment-related considerations are factored into executive remuneration as part of the non-financial evaluation together with other evaluation items and cannot be separately identified. For the overall evaluation items, please refer to (2) Governance, 7) Incorporation into executive remuneration.

Other various environmental metrics are also incorporated into the Group's rolling three-year management plan as management targets, and are set as performance indicators for the Company's officers in charge and each Group company to be reflected in management plans.

(b) Risk management

(i) Risk management system

Based on the determination by the Group Information Disclosure Committee regarding whether revisions to risks and opportunities are required, the Group Environmental Meeting shares awareness of and discusses strategies for climate change, natural capital, laws and regulations, and other environment-related risks and opportunities. Furthermore, it monitors the progress of response strategies for environmental risks that could affect the Group's prospects.

The Group Risk and Compliance Committee determines significant risks based on the Group risk management policy for the fiscal year and the risks assessed and identified by each Group company, including the Company. The Committee also reports to the Board of Directors as necessary and oversees all aspects of risk management activities, including those related to the environment. In addition, compared with previous reporting periods, no changes have occurred in the management processes for significant risks and opportunities related to sustainability within the Group.

(ii) Identification of risks and opportunities

Environment-related risks and opportunities could reasonably be expected to affect the Group's prospects over the short, medium, and long term. To understand these risks and opportunities through assessment and analysis based on objective scientific evidence and to consider strategic options, the Group utilizes "scenario analysis related to climate change" and "assessment of risks and opportunities related to natural capital following the LEAP approach."

The Group Environmental Meeting and the Group CSV Committee share and discuss the risks and opportunities identified through these processes. Furthermore, these are submitted and reported to the Board of Directors, while also being shared with the Group Risk and Compliance Committee Secretariat to be managed alongside other risks.

a. Scenario analysis related to climate change

Climate-related scenario analysis is conducted across the entire Group to understand and assess the potential effects of climate change on the Group's overall operations under multiple plausible scenarios. The scenarios are established based on reasonable and supportable information, including publicly available data such as regional and international climate projections.

In 2018, the Group initiated a scenario analysis in accordance with the 2017 final report, "Recommendations of the Task Force on Climate-related Financial Disclosures" by the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB). In the analysis, Intergovernmental Panel on Climate Change (IPCC)'s Representative Concentration Pathways (RCPs) were used as base scenarios for physical risks, and Shared Socioeconomic Pathways (SSPs) were used as supplementary scenarios. The Group reviews the scenario analysis at least once a year to identify whether it is necessary to update the effects of climate-related uncertainties, and performs detailed analysis, as necessary.

For the most recent analysis, the Group has established the following two KIRIN Group climate scenarios with reference to IPCC and International Energy Agency (IEA) scenarios:

Scenario 1: A scenario in which global average temperature rise is limited to 1.5°C or 2°C above pre-industrial levels, consistent with the goals of the Paris Agreement

Scenario 3: A 4°C temperature rise scenario reflecting the impact of a society in which decarbonization efforts are insufficient

In assessing the Group's exposure and financial risks based on these two scenarios, the Group applied time horizons of 2030 and 2050. Based on the social and economic conditions assumed under each scenario, the Group qualitatively assesses the magnitude of impacts on its strategies and business activities and identifies risks for each scenario.
While the Group's current management strategy is established under the assumption that climate-related risks are controlled to a certain extent (refer to Scenario 1 below), the Group also considers mitigation and adaptation measures as necessary to respond to more severe scenarios (refer to Scenario 3 below). Furthermore, as described in the section "Capacity to adjust strategy and business model," the Group believes it has the capacity to strengthen its response, as necessary.
These scenarios are intended to identify risks and opportunities and assess strategic resilience under a range of reasonable climate projections, providing information across a diverse range while reflecting significant risks to the Group's business.

RCP level	Scenario overview	Analysis results
Scenario 1 1.5°C or 2°C Scenario SSP1/RCP2.6	・Governments around the world enact strict laws and regulations related to climate change, resulting in a sufficient reduction in GHG emissions. ・The rise in temperature is curbed, natural disasters do not increase much more than current levels, and the impact on agricultural yields is also limited. Natural disasters do not change significantly from current levels. ・The financial impact on companies of compliance with laws and regulations and energy usage is large, but the cost of using natural capital is acceptable. ・The impact of global warming on health is minimal.	・The impact on yields of agricultural products and procurement costs is minimal. ・The impact of floods and droughts caused by climate change on agricultural production areas, production, and delivery is minimal ・The impact of energy costs and agricultural prices due to carbon taxes is major. ・The impact of infectious diseases and heatstroke due to global warming continues.
Scenario 3 4°C scenario SSP3/RCP8.5	・Laws and regulations related to climate change are strict in developed countries, but insufficient globally, resulting in failure to achieve the required reduction in GHG emissions. ・Higher temperatures, droughts and heavy rains, and reductions in daily temperature ranges lead to significant decreases in the yield and quality of agricultural products. Natural disasters caused by climate change also become frequent and severe. ・The financial impact on companies of compliance with laws and regulations and energy usage is small, but it becomes difficult to use low-cost, high-quality natural capital. ・Global warming also leads to an increase in infectious diseases, heatstroke, etc.	・Significant decline in yields of major agricultural products. Possible decline in quality. Increase in procurement costs. ・Damage to agricultural production areas, production stoppages, and delivery difficulties due to floods and droughts caused by climate change. ・The increase in energy costs and agricultural prices due to carbon taxes is minimal. ・There is major harm from infectious diseases and heatstroke due to global warming.

Assumptions for scenario analysis
These scenarios are supported by the scientific research shown in the table below.

Climate change scenarios

Domain	Supporting evidence
Yield reduction in agricultural products	・Decreases in global beer supply due to extreme drought and heat, Nature Plants, VOL.4, NOVEMBER 2018, 964–973 (Xie, et al.) ・IPCC (2019) Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems Chapter 5: Food Security ・Risk of increased food insecurity under stringent global climate change mitigation policy. Nature Climate Change, volume 8, pages 699–703 (Hasegawa T, Fujimori S, HavlíkP, Valin H, BodirskyBL, DoelmanJC, FellmannT, Kyle P et al. 2018) ・Zebish et al (2005) "Climate Change in Germany Vulnerability and Adaptation of climate sensitive Sectors" FAO "Food and agriculture projections to 2050," etc.
Drought risk	・Aqueduct 3.0 (current risk), Aqueduct 2015 (risk assessment combining future projections, climate scenarios RCP4.5 and RCP8.5, and socioeconomic scenarios SSP2 and SSP3) ・Assessed by cross-referencing data on food production, demand, trade, prices, and hunger in countries and regions around the world from the WRI's Aqueduct Food and the International Food Policy Research Institute (IFPRI), etc.
Flood risk	・AIR Touchstone version 8.2
Financial impact on agricultural products due to carbon pricing	・IPCC (2019) Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems Chapter 5: Food Security and Risk of increased food insecurity under stringent global climate change mitigation policy. Nature Climate Change, volume 8, pages 699–703 (Hasegawa T, Fujimori S, HavlíkP, Valin H, BodirskyBL, DoelmanJC, FellmannT, Kyle Petal. 2018)
Financial impact on energy due to carbon pricing	・IEA "World Energy Outlook 2019" Annex A (rate of decline in future electric power emission factors), IEA WEO 2019 (Kirin Group Scenario 3: Current Policies Scenario, Group Scenario 1: SD Scenario, 1.5°C Scenario:

	IPCC Special Report on Global Warming of 1.5°C)

b. Analysis and assessment of risks and opportunities related to natural capital following the LEAP approach

The identification of dependencies, impacts, risks, and opportunities related to natural capital, both directly and in the upstream and downstream value chains, is assessed in accordance with the LEAP approach shown in the TNFD recommendations.

Based on an overview of the business domains and value chain of the entire Group, the Group has established the hypothesis that there is a high degree of dependence and impact on nature at the stage of procuring agricultural raw materials. Accordingly, the Group analyzed and evaluated 21 raw agricultural products with high procurement volumes, including items covered by the "Kirin Group Action Plan for the Sustainable Use of Biological Resources," on the two axes of "impacts of the business on nature" and "nature-related dependencies of the business." Through this process, the Group applied the LEAP approach to scope agricultural products for detailed analysis. The Group is currently proceeding sequentially with the analysis of these priority agricultural products in line with the LEAP approach.

Sri Lankan tea leaves, one of the priority agricultural products, underpin the flavor of "Kirin Gogo-no-Kocha." As their sustainable procurement has a significant impact on the Group's business and these plantations represent "locations" that are critical from both natural and social environmental perspectives, the Group has identified the relevant tea plantations as priority areas and has taken the lead in conducting assessment in line with the LEAP approach on the condition of the ecosystem, concerns, and necessary actions.

The results revealed that Sri Lankan tea plantations are exposed to various nature-related risks, including climate change, natural degradation, labor force reduction, and increased costs due to economic development and strengthened regulations. Conversely, mitigating these risks through regenerative agriculture, thorough human rights due diligence, and fair-trade procurement will lead to stable production and the acquisition of opportunities in the ethical consumption market. From the perspective of risk reduction and opportunity acquisition, supporting the acquisition of Rainforest Alliance (RA) certification—which the Group has provided since 2013—and promoting the "Regenerative Tea Scorecard" introduced in 2024 are considered effective. To manage progress, the Group is preparing to set targets that align with science-based and international goals related to nature.

Assumptions for analysis and evaluation

To identify priority agricultural products for which a more detailed assessment of risks and opportunities, as well as related trade-offs, should be conducted in line with the LEAP approach in the future, the Group has established a hypothesis—based on an overview of the business domains and value chain of the entire Group—that there is a high degree of dependence and impact on nature at the stage of procuring agricultural raw materials. Accordingly, the Group analyzed and evaluated these products on the two axes of "nature-related dependencies of the business" and "impact of the business on nature."

"Nature-related dependencies of the business" was assessed as the degree of dependence on the "provisioning services" of raw agricultural products, as indicated in the TNFD recommendations. The Group evaluated this using its own proprietary indicators, including "procurement amount," "impact on Group sales revenue," "substitutability of production areas for raw materials," and "concentration of import source country."

Concerning the "impact of the business on nature," the Group assessed indicators for which data is available on a per-crop basis, including "carbon footprint at the cultivation stage," "land use footprint," "water footprint by agricultural product," and "fertilizer usage." These fall under the five impact factors listed by IPBES (an intergovernmental organization that scientifically assesses trends related to biodiversity and ecosystem services and strengthens links between science and policy) that the TNFD recommendations state should be considered. Additionally, using external databases on risk incidents, the Group checked whether the target agricultural products are commodities with "reputation risk" on a global scale.

This analysis and evaluation are supported by the scientific research shown in the table below.

Nature capital scenarios

Domain	Supporting evidence
Carbon footprint at the cultivation stage	・ Carbon footprint: CarbonCloud | ClimateHub database ・ Data on agricultural production: FAO average over the past five years, emissions models based on IPCC guidelines, and global warming factors applied to IPCC GWP100 ・ Paper: CFP data from the Japan Paper Association (because it is not in the ClimateHub database)
Land use footprint	・ Area harvested (ha) per crop and production quantity (t): Calculation of acreage per unit yield (ha/t) using 2022 data in FAO FAOSTAT ・ Paper: Calculated using data from papers related to global forest product footprint estimation (because it is not included in FAOSTAT)
Water footprint by agricultural product	・ M. M. Mekonnen and A. Y. Hoekstra (2011) The green, blue and grey water footprint of crops and derived crop products Hydrol. Earth Syst. Sci., 15, 1577–1600. If not included in this, the water footprint was identified in another paper by Schyns et al. (Joep F. Schyns, Martijn J. Booij, Arjen Y. Hoekstra (2017) The water footprint of wood for lumber, pulp, paper, fuel and firewood Advances in Water Resources Volume 107, September 2017, Pages 490-501)
Commodity risk	・ Judged based on whether or not agricultural products are included in the SBTN's High Impact Commodity List ・ Judged based on whether or not they are included in the list of commodities covered by the European Regulation on Deforestation Free Products (EUDR)
Fertilizer usage	・ International Fertilizer Association (IFA) database "IFASTAT": Inputs of nitrogen, phosphorus, and potassium per hectare (kg/ha) by crop
Reputation risk	・ RepRisk database

c. Financial impacts and responses based on analysis results

The Group measures the impact of significant risks based on the magnitude of financial impact and the likelihood of occurrence. These risks are managed in a unified manner on a risk map, and for risks with high impact, the Board of Directors conducts monitoring and implements countermeasures.

The following table summarizes the financial impacts identified through scenario analysis and other estimations, along with the corresponding response strategies. In the Group's major businesses, the Group estimates the financial impact according to the risk, using the quantities of procurement items and assets affected by the risk and academic data as assumptions. The Group updates the financial impacts whenever there are significant changes in business activities or assumptions.

	Business risks / social issues	Financial impacts	Responses
Climate change (physical risk) Natural capital (raw materials)	Decline in yields of agricultural products*1	2°C scenario: Approx. ¥1.2 billion to ¥3.2 billion 4°C scenario: Approx. ¥3.1 billion to ¥12.2 billion (2050)	・Brewing technology that does not rely on barley ・Mass plant propagation technologies ・Support for farms to acquire certification for sustainable agriculture
	Disruptions to operations owing to floods*2	Approx. ¥1.0 billion (once-in-200-year disaster, a total of 20 locations in Japan)	・Sharing of knowledge concerning responses to floods ・Capital investment for flooding at facilities
	Disruptions to operations owing to droughts*3	Approx. ¥0 billion to ¥0.6 billion	・Sharing of knowledge concerning responses to droughts ・Advanced technologies for water use reduction
Climate change (transitional risk) Natural capital (raw materials)	Financial impact of energy due to carbon pricing*4	2°C scenario: Approx. ¥9.1 billion 4°C scenario: Approx. ¥5.4 billion (2030)	・Realization of GHG emissions reduction ・Profit and loss neutral energy conversion
	Financial impact of agricultural products due to carbon pricing*5	2°C scenario: Approx. ¥0.9 billion to ¥4.0 billion 4°C scenario: Approx. ¥2.2 billion to ¥8.0 billion (2050)	・Mass plant propagation technologies ・Support for farms to acquire certification for sustainable agriculture
Natural capital (raw materials, containers and packaging)	Difficulty in procuring certified products from farms with sustainable farm certification*6	Approx. ¥0.1 billion	・Support for farms to acquire certification for sustainable agriculture ・Procurement of sustainable raw materials
	External costs associated with marine pollution caused by the improper disposal of PET bottles*7	Approx. ¥1.1 billion	・Expansion of mechanical recycling ・Expanding use of chemical recycling

*1: Estimated from standard prices for beer by country as shown in the results of research using the economic models of Xie et al., and the research results of Hasegawa et al., as presented in the IPCC "Special Report on Climate Change and Land (SRCCL)."

*2: The sum of the results of estimations for 200-year disasters for 20 locations in Japan using the wind and flood damage model flood simulation.

*3: Hypothetical situation where production is affected by a drought for a certain period of time.

*4: Estimated from Current Policies Scenario and Sustainable Development Scenario in Annex A of the IEA "World Energy Outlook 2019," and the IPCC Special Report on Global Warming of 1.5℃, etc.

*5: Estimated from the research results of Hasegawa et al., as presented in the IPCC "Special Report on Climate Change and Land (SRCCL)."

*6: Estimation of expenses from switching to tea and coffee procured from certified sustainable farms to the extent currently possible.

*7: Estimated the financial impact in the event of a negative influence on natural capital from improperly disposed of used PET bottles that leak into the ocean from available statistics based on the company's own production volume ratios.

(c) Strategy

As with other themes, based on various guidance and the Group's business model, the sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects identified for this theme are as follows.

(i) Climate-related risk—physical risk

Risks such as a decline in yields of agricultural raw materials caused by climate change, and disruptions to operations or impacts on transportation due to floods or droughts.

(ii) Climate-related risk—transition risk

Risks of increased energy procurement costs, logistics costs, and agricultural commodity prices in the event that carbon pricing is introduced.

(iii) Natural capital risk—raw materials

Risk of incidents occurring where the environment in agricultural raw material production areas and forests is not protected within the Group's supply chain.

(iv) Natural capital risk—containers and packaging

Risks such as regulations on virgin plastics, expansion of mandatory use of recycled materials, and environmental pollution caused by the improper disposal of used PET bottles.

Society has reached a major turning point against the backdrop of growing global environmental problems, including the climate crisis, the ongoing loss of biodiversity, and plastic pollution of the oceans. Industries such as the Group’s Alcoholic Beverages and Non-alcoholic Beverages domains, which rely on the blessings of nature such as water and agricultural products, are susceptible to environmental problems and there is a need to address such issues urgently to overcome these challenges.
Through scenario analysis based on the TCFD recommendations, which has been conducted since 2017, the Group has grasped the seriousness of the impact that climate change has on agricultural products and water resources (mentioned above). The Group learned that in order to pass on a sustainable Earth to future generations, it is not enough to simply minimize negative impacts and achieve neutrality. Furthermore, corporate environmental policies are expected to evolve from being self-contained within a company to having a positive impact on society as a whole.
In order to respond to such societal demands, the Group has further developed the idea of an “integrated” approach that holistically addresses complex and four interrelated environmental issues (biological resources, water resources, containers and packaging, and climate change), and incorporated this approach into the revised the “Kirin Group’s Environmental Vision 2050” and “Positive Impact” approach, which were discussed and resolved by the Board of Directors in 2020. Furthermore, the Group recognizes that there is a risk of trade-offs in resolving individual risks with standalone solutions and is promoting initiatives by addressing issues from multiple perspectives, such as by adopting a landscape approach.

Under this environmental vision, together with the young people who will lead future generations and society as a whole, the Group will pass on a prosperous Earth to the next generation.
In the current fiscal year, the Group has been promoting these initiatives in accordance with the plan envisioned at the end of the previous fiscal year.

(i) Climate-related risk—physical risk
In the Group’s Alcoholic Beverages and Non-alcoholic Beverages domains, the Group recognizes that climate change poses significant risks to upstream suppliers in the value chain, as well as to water resources used at manufacturing sites. The Group identifies a decline in yields of agricultural products, disruptions to operations due to floods, and disruptions to operations due to droughts as material physical risks.
Barley farmers, who are essential for producing beer, the Company’s mainstay product, are expected to be significantly affected by environmental changes accompanying climate change, such as floods. In addition to a direct decline in barley yields, increased procurement costs and negative impacts on cost of sales are anticipated due to the need to secure alternative sources of supply and to restore facilities in the event of flooding.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	Physical risks such as a decline in yields of agricultural raw materials caused by climate change, and disruptions to operations or impacts on transportation due to floods or droughts	Business partners, Global environ-ment		Business partners, Consumers	Effects on the business model/value chain ・Inhibiting the stable procurement of raw materials ・Disruptions to operations at manufacturing sites Financial effects ・Increase in raw material procurement and transportation costs ・Decrease in sales due to temporary loss of sales opportunities ・Decrease in sales and rise in fixed cost ratio due to reduction in production capacity	High	Large	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Short term Medium term Long term

Disruptions to operations due to extreme weather (water risks and water stress represented by floods and droughts) are examples of physical risks that have actually affected the Group in the past. Based on these cases, the Group recognizes (a) procurement risk (the risk of a decline in yields of agricultural products due to climate change) and (b) water risk and water stress as the two most significant physical risks. The Group estimates the Group’s vulnerability to physical risks based on the respective ratios of business activities exposed to these two risks within the Group.

a. Vulnerability to physical risks related to procurement risk (risk of a decline in yields of agricultural products due to climate change)
Regarding physical risks from procurement risk (the risk of a decline in yields of agricultural products due to climate change), the Group estimates that a maximum of ¥13.7 billion per year in procurement costs could be incurred at seven operating companies that account for 77% of group revenue. Business activities vulnerable to physical risks (procurement costs) correspond to the seven operating companies listed in the table below (77% of group revenue).

Operating companies	Key raw materials identified regarding the impact of climate change
Kirin Brewery	Barley, hops, corn, soybeans, etc.
Lion	
Mercian	Wine grapes, etc.
Kirin Beverage	Tea leaves, coffee beans, etc.
Kyowa Hakko Bio	Corn, soybeans, etc.
Kyowa Pharma Chemical	
Kyowa Kirin	

b. Vulnerability to physical risks related to water risk and water stress

Vulnerability to physical risks from water risk and water stress is estimated based on the ratio of the number of manufacturing sites located in countries where these levels are high to the total number of manufacturing sites across all countries within the Group. The estimation uses site data as of 2023. These estimates are updated as appropriate, and vulnerability is assessed relative to the number of sites at each point in time. The latest Aqueduct 4.0 (WRI) is used, with "Baseline Water Stress" referenced for water stress and "Physical Risks Quantity" referenced for water risk. For the manufacturing sites affected, each risk and stress level is classified into five stages; accordingly, a scoring system is applied in which a low level is assigned a score of "1" and a high level a score of "5." As the manufacturing sites in the countries listed in the table below have a combined risk and stress score of 6 or higher, the Group has determined that business activities vulnerable to physical risks (water) correspond to the sites in these countries (totaling 57%).

Country of location of manufacturing sites	Number of domestic manufacturing sites	Number of manufacturing sites with a combined water risk and water stress score of 6 or higher
Japan	28	14
United States	7	3
China	3	2
Thailand	1	1
Vietnam	2	2
New Zealand	3	-
Australia	9	8
Total	53	30 (=57%)

Response strategy for risks and opportunities

Strategy 1: Diversification of suppliers (climate change)

The Group is developing alternative raw materials and new production technologies. For example, since barley, a raw material for beer, faces the risk of declining yields due to climate change, the Group considers technical expertise to achieve beer-like flavor without depending on barley to be one of the adaptation measures. Furthermore, for agricultural products used as raw materials for the isomerized sugar needed in beer-flavored beverages, the Group investigates and analyzes the medium- to long-term yield impacts of climate change by region. By combining production areas, crop types, and brewing technologies, the Group is able to respond to medium- to long-term yield fluctuations under climate change. The Group considers possessing brewing technology that reproduces beer flavor using raw materials for which a stable supply is expected to be an effective adaptation measure for physical risks. As a result, "Kirin Nodogoshi Nama," a beer-flavored alcoholic beverage sold by Kirin Brewery in Japan, is brewed using soybeans.

In addition, the Group is developing plant mass propagation technology, which is expected to contribute to the stable procurement of key agricultural products and the sustainability of agriculture, along with breeding technology improvements that address global warming. Kirin Central Research Institute has also successfully developed mass propagation technology for hops by using a world-first approach to promote the formation of axillary buds.

Strategy 2: Support for obtaining sustainable farm certifications

The Group continues its support for acquiring Rainforest Alliance (RA) certification as sustainable farm certifications to secure agricultural production areas resilient to climate change and to mitigate risks from climate change and environmental changes. By conducting training on natural disaster countermeasures and techniques that maintain crop yields while reducing the use of pesticides and fertilizers, the Group mitigates the impact of environmental changes on raw agricultural products and contributes to reducing the environmental footprint of agriculture. The Group has supported the acquisition of RA certification for tea farms in Sri Lanka, which produce raw agricultural products for "Kirin Gogo-no-Kocha," and for coffee farms in Vietnam, from which Kirin sources 30% of its coffee beans. In the future, by promoting regenerative agriculture, the Group will strive to minimize changes in the natural state while working toward its restoration. Kirin Holdings and Kirin Beverage, in collaboration with the Rainforest Alliance, have developed the "Regenerative Tea Scorecard" to support the transition to regenerative agriculture, and its operation began in December 2024. By the end of 2025, this tool has been implemented in one large farm and 30 small farms in Sri Lanka. This checklist-style guideline is designed for use in Sri Lankan tea farms to evaluate farming practices and environmental impact, making visible the practices needing improvement. The Regenerative Tea Scorecard assesses the current state of farms based on indicators such as soil health, biodiversity conservation, ecosystem restoration, and improvement of working conditions, and provides specific improvement measures for transitioning to sustainable agriculture. Farms can use this scorecard to gradually advance their transition to regenerative agriculture.

Strategy 3: Evaluation and countermeasures for water stress and water risk

i. Evaluation and analysis of water issues across the Group

Based on its experience of operating businesses in Japan and Australia, both countries with significantly different levels of water stress, the Group recognizes that water issues vary by country and region and are highly dependent on specific basins and locations, and has been conducting periodic scientific surveys since 2014.

In 2024, the Group investigated and analyzed the water risk of its manufacturing sites using Aqueduct 4.0 and hazard maps created by local governments. As a result, the Group identified that water stress and water risk have worsened at many business sites compared to previous assessments.

ii. Introduction of advanced technologies for water use reduction and sharing of knowledge on drought responses

After obtaining scientific evidence through assessments of water stress and water risk, the Group will implement appropriate water reduction measures tailored to the different levels of water stress in each country and region. Furthermore, the Group is enhancing the resilience of each business by sharing the knowledge and insights gained from drought experiences across its global sites. For example, Australia faces chronic water shortages, and within the Group, Castlemaine Perkins Brewery in Queensland experienced a serious long-term drought. In 2011, the company partnered with the state government to install a reverse osmosis (RO) water recycling plant to recover and reuse water used in the production process, thereby maintaining a world-class level of water use intensity. In 2024, the Group deployed this technology to Tooheys Brewery.

iii. Evaluation of the necessity of insurance coverage utilizing wind and flood damage simulations, etc., and on-site surveys

Regarding water-related natural disaster risks, including floods, the Group conducts periodic evaluations using simulations utilizing external models, etc., and, as necessary, combines these with on-site surveys. Based on the risk condition and financial impact for each site, the Group considers and determines appropriate response policies. In light of these evaluation results, for sites determined to have relatively high water risk, the Group aims to maintain insurance coverage from a business continuity perspective, and arranges or reviews insurance coverage according to risk conditions.

Furthermore, as the necessity of insurance coverage and the scope of coverage for flood disasters are determined on a case-by-case basis, taking into account evaluation results, business characteristics, and other factors, the Group has not set uniform quantitative metrics or targets regarding insurance coverage.

Strategy 4: Responding to water stress in raw agricultural production areas

The Group narrows down priority sites after analyzing water risks in production areas and other locations. Within these priority sites, the Group identifies specific locations for activities and conducts water resource conservation activities and related training, while promoting appropriate disaster mitigation measures and sustainable water use management. Through these actions, the Group aims to contribute to reducing the risk of reduction in crop yields caused by extreme weather and ensuring a stable supply of agricultural products.

At Sri Lankan tea farms, water source conservation activities within the farms began, and 27 water source sites were conserved by the end of 2025. Having accumulated knowledge, the Group has been providing similar support to coffee farms in Vietnam since 2020.

Financial effects

Regarding the physical risks of climate change, the response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the response to those risks and opportunities, are as follows.

In the current fiscal year, these risks have not materialized. However, if a decline in yields of agricultural raw materials caused by climate change, or disruptions to operations or impacts on transportation due to floods or droughts were to occur, revenue may decrease due to factors such as the inhibition of stable procurement of raw materials, and these effects may extend over the short, medium, and long term. Furthermore, quantitative information is not disclosed, as it is difficult to separately identify the impact on procurement and transportation resulting from the materialization of physical risks.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	Physical risks such as a decline in yields of agricultural raw materials caused by climate change, and disruptions to operations or impacts on transportation due to floods or droughts	・Diversification of suppliers ・Support for obtaining sustainable farm certifications ・Introduction of advanced technologies for water use reduction ・Responding to water stress in raw agricultural production areas ・Monitoring water use intensity at manufacturing sites with high water stress ・Evaluation of the necessity of insurance coverage utilizing wind and flood damage simulation, etc., and on-site surveys ・Insurance coverage for business sites as an effective measure as necessary	Profit or loss effects ・Support costs for obtaining farm certifications ・Research and development expenses for reducing procurement costs ・Water resource conservation activities ・Insurance costs	210	Approx. 150	Approx. 120	Approx. 80
			Financial position effects ・Not applicable	-	-	-	-
Total			Profit or loss effects	210	Approx. 150	Approx. 120	Approx. 80
			Financial position effects	-	-	-	-
			Cash flows effects*2	210	Approx. 150	Approx. 120	Approx. 80

*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

Expected changes in financial position over the short, medium and long term

No investments or disposals are planned, and no financing is planned to fund the execution of the strategy. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

(ii) Climate-related risk—transition risk

As transition risks, if carbon pricing such as carbon taxes, emissions trading schemes, and carbon border adjustment mechanisms are introduced, the Group anticipates that energy procurement costs, logistics costs, and the prices of agricultural products may soar. In Japan, the Group assumes the expansion of emissions trading schemes by the GX League and, in the future, the introduction of systems that require generators of electric power to purchase emission allowances; the Group identifies the possibility that additional costs may arise from these.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	Transition risks to a decarbonized society	Business partners, Global environ-ment		Business partners, Consumers	Effects on the business model/value chain ・Introduction of carbon pricing in countries where the Group operates its businesses Financial effects ・Increase in energy procurement costs ・Increase in raw material procurement costs	High	Large	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Short term Medium term Long term

a. Vulnerability to transition risks

Regarding transition risks, based on the premise that the financial effects of carbon pricing are the most significant for the Group, the Group determines that business activities involving manufacturing sites (factories) correspond to "business activities vulnerable to transition risks." Of the Group's revenue, 91% is generated by business companies with manufacturing sites; the Group determines that these business activities are vulnerable to transition risks.

Response strategy for risks and opportunities

The Group is proceeding with the steady achievement of greenhouse gas (GHG) emissions reduction based on roadmaps demonstrating the Group's transition plan, which are aligned with the "SBT 1.5°C" target for 2030 and the "SBT Net-Zero" target for 2050. This roadmap follows Science Based Targets initiative (SBTi) guidance and serves as a transition plan that prioritizes emission reductions through the Group's own efforts in Scopes 1, 2, and 3, and has been formulated under the assumption that the agreements made in the Paris Agreement will not significantly regress in the future. Under this roadmap, the Group has established science-based targets for reducing GHG emissions. Specifically, with 2019 as the base year, the Group has set interim targets to reduce Scope 1 and Scope 2 GHG emissions by 50% and Scope 3 GHG emissions by 30% by 2030, all of which are aligned with the SBT 1.5°C level. The Group's transition plan cannot be completed solely through existing technologies and currently available infrastructure. To achieve the "SBT Net-Zero" target by 2050, the Group considers the development of energy infrastructure and progress in decarbonization-related technologies anticipated after 2030 as one of the key assumptions. In addition, regarding the reduction of Scope 3 emissions, which account for a significant portion of the Group's greenhouse gas emissions, progress in GHG emission reductions at upstream suppliers is essential; therefore, the transition plan is premised on initiatives across the entire supply chain. For resources to be utilized, please refer to "(c) Strategy (ii) Climate-related risk—transition risk: Investment and disposal plans." Furthermore, in addition to reducing GHG emissions, the Group will consider strategies for both climate change mitigation and adaptation and implement them in an integrated manner.

Strategy 1: Reduction of Scope 1 and Scope 2 emissions

Regarding the reduction of Scope 1 and Scope 2 emissions, the Group has established a roadmap to net-zero and is implementing steady responses by combining three approaches: "promotion of energy conservation," "expansion of renewable energy," and "energy transition," while also developing ways to optimize production and logistics. Specific examples of actions are shown in the table below.

	Action
Promotion of energy conservation	・Kirin Brewery introduced heat pump systems at the wastewater treatment facilities of six plants in 2019 ・At Shinshu Beverage, waste heat that is difficult to use directly in the bottle and cap rinse water production processes is reused via heat pump units ・Reuse of waste heat in hot water sterilization equipment for cans and heat in the air at the Kirin Brewery Okayama Plant
Expansion of renewable energy	・Large-scale solar power generation facilities were introduced at nine Kirin Brewery plants (including eight plants using the PPA model), the Mercian Fujisawa Plant, the Kyowa Kirin Ube Plant, the Kyowa Hakko Bio Yamaguchi Production Center, and Lion's Castlemaine Perkins Brewery and Little Creatures Geelong ・Achieved a 100% renewable energy ratio for purchased electricity at all Kirin Brewery plants and sales sites, Kyowa Kirin's Takasaki and Ube plants and research laboratories, all Lion sites in Australia and New Zealand, and all Château Mercian wineries ・Lion acquired carbon neutral certification in Australia and Toitū carbon zero certification in New Zealand
Energy transition	・Completed the transition of fuel to natural gas at all Kirin Brewery and Kirin Beverage plants, as well as the Mercian Yatsushiro plant ・Lion installed electric boilers and expanded the use of renewable energy electricity ・At Kirin Brewery Hokkaido Chitose Plant, a demonstration project to transition energy from fossil fuels to green hydrogen will commence in June 2026

Strategy 2: Reduction of Scope 3 emissions

Regarding the reduction of GHG Scope 3 emissions, the Group targets "containers and packaging" and "agricultural raw materials" in Category 1 (manufacture of ingredients and materials), which accounts for approximately 71% of the categories in the GHG Protocol "Scope 3 Standard," of the "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)" (hereinafter referred to as "GHG Protocol (2004)"), and "transportation" in Category 4 (upstream transportation and distribution), which accounts for approximately 12%. The Group is progressing with the reduction of Scope 3 emissions by approaching these targets through two aspects: "company-led reductions" and "promotion of reductions by suppliers."

In "company-led reductions," transportation and containers and packaging are the targets. The Group possesses the Institute for Package Innovation, among the largest research institutes owned by a consumer goods manufacturer worldwide. Leveraging the technological capabilities of this institute, one of the Group's distinctive strengths, the Group is working to reduce GHG Scope 3 emissions.

The targets for "promotion of reductions by suppliers" are GHG emissions generated during the manufacture of containers and packaging and their materials, and GHG emissions arising from the production of raw agricultural products. The Group has determined that regenerative agriculture is effective for reducing GHG emissions from agricultural products and is advancing related investigations.

Specific examples of Scope 3 emissions reduction actions in which the Group takes the lead and creates reduction effects jointly with other companies are shown in the table below.

	Action
Materials and ingredients (Approximately 70% of Scope 3 emissions)	・Refine Scope 3 emission calculations by accurately capturing actual GHG emission reduction amount through the Supply Chain Environmental Program
Containers and packaging (Approximately 30% of Scope 3 emissions)	・In addition to reducing the weight of cans, the Group will also increase the rate of CAN to CAN recycling, reducing the use of virgin materials and increasing the rate of use of recycled materials as much as possible ・For aluminum cans, considering the practical application of GHG-free aluminum refined with renewable energy and low-emission aluminum with a higher recycling rate, the Group is exploring the introduction of carbon-free aluminum cans ・Joint adoption of "EcoEnd" can lids with a higher recycled aluminum ratio by four beer manufacturers ・For PET bottles, in order to increase the bottle-to-bottle closed-loop recycling rate, the Group will increase the use of recycled PET resin, while also reducing GHG emissions from the manufacturing process ・The Group will contribute to the reduction of GHG emissions from transportation by reducing the weight of containers and packaging

	・Strengthen Scope 3 emissions reduction efforts through participation in the Australian Climate Leaders Coalition
Agricultural raw materials (Approximately 30% of Scope 3 emissions)	・Initiation of joint research on the accurate measurement of GHG emissions from soil at Mariko Vineyard and carbon storage using biochar from pruning debris, and exploring its application to the supply chain ・New Belgium Brewing in the United States is considering the procurement of barley through regenerative agriculture
Transportation (Approximately 10% of Scope 3 emissions)	・Optimize production and logistics (including the use of AI and on-site warehouses), level transportation volumes, conduct joint deliveries, and shift to modal transportation ・Reduce emissions during maritime transportation by importing wine in large-capacity bags ・Consideration of conversion to fuel cell trucks and EV trucks

At present, the Group has not determined any plans for the purchase of carbon credits (a mechanism that enables the trading of greenhouse gas emission reductions or removals among companies) to achieve GHG emissions (Scope 1, 2, and 3) reduction targets. However, as part of the "SBT Net-Zero" target for 2050, the Group has set a gross target of a 90% reduction compared to the base year by 2050. Regarding the 10% assumed as residual emissions, the Group will consider utilizing carbon credits based on the concept of neutralization of residual emissions.

In preparation for this, the Group established the "Kirin Group Carbon Credit Policy" in March 2025 and created policies and checklists so that each business company can autonomously verify and implement values and quality that prioritize impacts on biodiversity and social co-benefits for the Group when utilizing carbon credits. In recent years, concerns have been raised in the carbon credit market regarding the wide variation in the quality of credits, including the reliability of data demonstrating emission reduction effects and the sustainability of the projects underlying such credits. Low-quality carbon credits may not contribute to actual GHG reduction, potentially failing to realize expected environmental contributions and damaging the reliability of entities that use such credits. The Kirin Group Carbon Credit Policy is a set of measures to ensure the purchase of high-quality and reliable carbon credits. In addition, although such purchases are not included as contributions toward the SBT Net-Zero target, there are cases where carbon credits are purchased to offset emissions as part of the Group's product strategy. The Group considers this checklist to be effective in supporting procurement in such cases.

Furthermore, the Group has introduced an internal carbon price of ¥7,000/t-CO_2 and utilizes it to estimate potential future financial impacts, thereby incorporating it into investment decision-making aimed at minimizing the risk of cost increases.

Financial effects

Regarding climate-related transition risks, the Group's response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows.

In the current fiscal year, these risks have not materialized; however, if carbon pricing is introduced, the Group identifies the possibility that energy procurement costs and raw material procurement costs may increase, and that these effects may occur over the short, medium and long term. The Group estimates that the carbon pricing cost avoided in 2025 by promoting the GHG emissions reduction strategy is ¥1,867 million for Scope 1 and Scope 2 (calculated as the reduction in Scope 1 and Scope 2 emissions from the base year 2019 to 2025, 266,668 t-CO_2 × the Group's internal carbon price of ¥7,000/t-CO_2). Furthermore, quantitative information is not disclosed, as it is difficult to separately identify the effects on procurement costs resulting from the materialization of transition risks.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	Transition risks to a decarbonized society	・Research and development for climate change ・Steady implementation of the roadmap toward the SBT 1.5°C target ・GHG emission reduction through logistics optimization ・Long-term or agile equipment renewal and introduction through the identification of technological trends and adaptive updates to roadmaps	Profit or loss effects ・Research and development expenses ・Cost of regulatory response ・Costs for the procurement and expansion of renewable energy	851	Approx. 900	Approx. 3,000	Approx. 6,000
			Financial position effects ・Installation costs of energy-saving, renewable energy, and energy transition equipment for the reduction of GHG emissions	1,996	Approx. 4,000	Approx. 3,000	Approx. 1,000
Total			Profit or loss effects	851	Approx. 900	Approx. 3,000	Approx. 6,000
			Financial position effects	1,996	Approx. 4,000	Approx. 3,000	Approx. 1,000
			Cash flows effects*2	2,847	Approx. 4,900	Approx. 6,000	Approx. 7,000

*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

Expected changes in financial position over the short, medium and long term

For investment plans regarding transition risks, please refer to the following investment and disposal plans. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

Investment and disposal plans

The Company raised funds through transition-linked loans (executed in January 2023: ¥50 billion, loan term from 2023 to 2033, maturity in 2033; executed in July 2023: ¥30 billion and ¥37 billion, loan terms from 2023 to 2028 and from 2023 to 2030, respectively, and maturities in 2028 and 2030, respectively). The Company uses Net Present Value (NPV) as an indicator for environmental investments aimed mainly at reducing GHG emissions and has introduced internal carbon pricing into its framework for making investment decisions. The KPIs for the loan are the reduction of Scope 1 and Scope 2 GHG emissions (base year: 2019); the Company utilizes these results for the promotion of energy conservation and measures for the expansion of renewable energy. For the period beyond 2030, the Company plans to conduct further examination based on the development of infrastructure and technological innovation. Furthermore, while considering the "Scope 3 transition plan" in the future, the Company will also consider transition plans related to "Nature Positive" and "Circular Economy," and will plan investments and expenses as an integrated plan. The investment amount for the current fiscal year was ¥1,996 million.

(iii) Natural capital risks—raw materials

The Group expects that the implementation of environmental measures and GHG Scope 3 emissions reduction measures at the procurement sources of agricultural raw materials will lead to the strengthening of a sustainable supply chain.

By deepening engagement with suppliers and production areas to identify various issues and solve them collaboratively, the Group aims to enhance the resilience of suppliers, production areas, and the Group.

Through scenario analysis based on the TCFD recommendations, which the Group has been conducting since 2017, the Group has identified the significant impacts of climate change on agricultural products and water resources. It has become evident that merely minimizing negative impacts and achieving neutrality is insufficient to limit impacts on natural capital and to pass on a sustainable planet to future generations. Accordingly, the Group has recognized the need to evolve its environmental initiatives from those that are self-contained within the Group to those that can generate positive impacts across society as a whole, and has been advancing these initiatives.

a. Effects on the business model and value chain

Regarding natural capital risks—raw materials, the risks are concentrated in agricultural production areas of suppliers, and in the vulnerability assessment for physical risks, raw materials recognized as being at risk include barley, corn, tea leaves, and coffee beans. (Please refer to "(c) Strategy (i) Climate-related risk—physical risk: a. Vulnerability to physical risks related to procurement risk (risk of a decline in yields of agricultural products due to climate change).") In addition, analysis using the LEAP approach recognizes raw materials such as corn, barley, and tea leaves as raw materials on which the Group's business is highly dependent. If these risks were to materialize, effects such as instability in the procurement of these raw materials are expected.

Based on the above, sustainability-related risks identified as natural capital risks (raw materials) that could reasonably be expected to affect the Group's prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	Risk that environmental protection is insufficient at agricultural production areas and forests within the Group's supply chain	Business partners, Global environ-ment		Consumers	Effects on the business model/value chain ・Instability in the procurement of raw materials Financial effects ・Decrease in revenue due to loss of sales opportunities resulting from loss of customer trust	Medium	Large	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Short term Medium term

Response strategy for risks and opportunities

Strategy 1: Sustainable farm certification support

Please refer to "Physical risk" Strategy 2 described above.

Strategy 2: Sustainable forest certification

The Group continues efforts to expand sustainable forestry and agriculture and will increase the proportion of certified paper and raw materials derived from certified farms.

The Group established the use of sustainable paper in the "Action Plan for the Sustainable Use of Biological Resources," and in 2020, achieved 100% use of FSC-certified paper or recycled paper for paper containers and packaging in the domestic non-alcoholic beverages business. In the 2021 revision of the "Action Plan for the Sustainable Use of Biological Resources," the scope of companies was expanded, and the target was updated to achieve 100% use of sustainably sourced paper for containers and packaging by 2030. We are steadily advancing initiatives in line with this target.

Strategy 3: Sustainable palm oil procurement

The Group has established a policy on palm oil use under the "Action Plan for the Sustainable Use of Biological Resources" and is promoting a transition to RSPO-certified palm oil used in both primary and secondary raw materials. The Group addresses this through a combination of RSPO-certified credits (Book & Claim method) and the physical procurement of RSPO-certified palm oil. In collaboration with the RSPO, suppliers, NGOs, and various stakeholders, the Group will work to enable its suppliers to use RSPO-certified palm oil as raw materials. The Group is a regular member of the RSPO and participates in the "Japan Sustainable Palm Oil Network (JaSPON)."

Financial effects

Regarding natural capital risks (raw materials), the Group's response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows.

In the current fiscal year, these risks have not materialized; however, in the event that cases occur where environmental protection is insufficient at agricultural production areas and forests, the Group identifies the possibility that revenue may decrease due to the loss of sales opportunities associated with the deterioration of relationships with existing customers, and that these effects may occur over the short and medium term. Furthermore, quantitative information is not disclosed, as it is difficult to estimate the extent to which existing customers would be affected in the event that the risk materializes. In addition, the financial effects related to support for obtaining farm certifications also constitute part of the response strategy for physical risks. As these amounts cannot be separately identified by individual risk category, quantitative information is disclosed under the financial effects of physical risks.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)*1			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	Risk that environmental protection is insufficient at agricultural production areas and forests within the Group's supply chain	・Sustainable farm certification ・Sustainable forest certification ・Sustainable palm oil purchase	Profit or loss effects ・Procurement costs for certified products*2	27,422	Approx. 28,000	Approx. 29,000	Approx. 30,000
			Financial position effects ・Not applicable	-	-	-	-
Total			Profit or loss effects	27,422	Approx. 28,000	Approx. 29,000	Approx. 30,000
			Financial position effects	-	-	-	-
			Cash flows effects*3	27,422	Approx. 28,000	Approx. 29,000	Approx. 30,000

*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

*2: Procurement costs for forest certification are collected for the eight target companies under the "Kirin Group Action Plan for the Sustainable Use of Biological Resources." For the target companies, please refer to (e) Metrics and targets (iii) Natural capital (raw materials) *1 (Definition).

*3: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

Expected changes in financial position over the short, medium and long term

In addition to investment plans for transition risks, the Group will also consider transition plans related to nature-positive approach in the future, and will plan investments as an integrated plan. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

(iv) Natural capital risks—containers and packaging

Containers and packaging are essential to deliver products to consumers while maintaining product quality. However, GHG emissions during their manufacture and transportation are unavoidable, and excessive use of materials or improper disposal of used containers and packaging could lead to the degradation of natural capital. To address these various issues brought about by containers and packaging, the Group will promote the 3Rs (Reduce, Reuse, and Recycle), and advance the lightweighting of containers and packaging, the utilization of returnable containers, and the use of recycled materials.

a. Effects on the business model and value chain

Regarding natural capital risks—containers and packaging, there is growing societal concern regarding the environmental impacts of the improper disposal of plastic containers, particularly PET bottles, which account for the majority of the Group's plastic container usage. In response, the establishment of social systems to facilitate the transition to a circular economy across the entire value chain is considered necessary. If these risks were to materialize, effects such as shortages in the supply of recycled plastics from business partners and increased costs associated with the improper disposal of used containers are expected.

Based on this assumption, sustainability-related risks identified as natural capital risks (containers and packaging) that could reasonably be expected to affect the Group's prospects are as follows.

Risks and opportunities		Value chain (Stakeholders of the Group)			Effects on the business model/value chain and financial effects that occur when risks and opportunities materialize	Likelihood	Financial materiality	Segments affected by risks and opportunities	Time horizons over which the effects of risks and opportunities are expected to occur
		Up-stream	The Group	Down-stream					
Risk	Risk of the tightening of regulations on virgin plastics, the expansion of mandatory use of recycled materials, and environmental pollution caused by the improper disposal of used PET bottles	Business partners		Consumers Environment	Effects on the business model/value chain ・Decrease in the supply of virgin plastics due to the introduction of regulations ・Shortages in the supply of recycled plastics Financial effects ・Increase in regulatory compliance costs ・Increase in costs associated with addressing improper disposal	Medium	Large	Alcoholic beverages Non-alcoholic beverages Pharmaceuticals Health science	Medium term

Response strategy for risks and opportunities

Aiming for a society where plastic containers sustainably circulate, the Group has adopted the following strategies to increase the usage ratio of recycled PET resin. Taking into account changes in the Group's business portfolio, the Group will expand its strategies overseas in addition to these domestic initiatives going forward.

Strategy 1: R100 PET bottles

In accordance with the Kirin Group Plastic Policy established in 2019, the Group is sequentially expanding the adoption of "R100 PET bottles," which use 100% recycled PET resin.

This recycled PET resin can reduce the amount of petroleum-based resin used by 90% and greenhouse gas (GHG) emissions by 50% to 60%. The Group began using recycled PET resin for a portion of the packaging for "Kirin Gogo-no-Kocha Oishii Muto (sugar-free)" in 2014; subsequently, in 2019, the Group first adopted "R100 PET bottles" using 100% recycled PET resin for "Kirin Nama-cha Decaf." and is expanding the range of products using R100 PET bottles.

Strategy 2: Expanding use of chemical recycling

Starting in April 2025, nine companies from different industries jointly launched an initiative to recycle various PET bottles—such as those used for cosmetics and beverages—through chemical recycling using beverage PET bottles and non-food grade PET as raw materials. This initiative aims to address the challenge that conventional recycling methods have not achieved sufficient plastic resource circulation, by expanding part of the chemical recycling feedstock for beverage PET bottles to include non-food-grade PET. Notably, this is the first initiative in Japan to recycle non-food grade PET into beverage PET bottles.

Since 2023, the Group has introduced chemical recycling resin in 3L PET bottles used as containers for beer servers for "Tap Marché" and "TAPPY" deployed by Kirin Brewery at restaurants. This is the first time in Japan that chemical recycling resin has been introduced for PET bottles of alcoholic beverages. Furthermore, starting in December 2025, the use of chemically recycled resin was expanded to include 1-liter PET bottles used for the subscription-based draft beer service, "Kirin Home Tap."

Strategy 3: Construction of a social system for used PET bottle collection

As a member of the PET Bottle Recycling Promotion Council, the Group promotes the recycling of PET bottles. In the council's Fourth Voluntary Action Plan (FY2021-FY2025), members of the council are working toward a target recycling rate of at least 85%. The recycling rate in 2024 was 85.1%, achieving the target.

In October 2022, Kirin Beverage introduced new recycling boxes, specially designed by soft drink industry to prevent other objects than PET bottles, next to vending machines, in order to reduce contamination by foreign substances, and has installed a cumulative total of more than 20,000 units by the end of 2024. The Group will continue to promote "bottle-to-bottle" closed-loop recycling initiatives together with the industry.

Financial effects

Regarding natural capital risks (containers and packaging), the Group's response strategies for sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and the financial effects arising from the responses to those risks and opportunities, are as follows.

In the current fiscal year, these risks have not materialized; however, compliance with regulations on the use of virgin plastics may increase costs, and such impacts could extend over the medium term. In addition, reputational risks may arise from criticisms regarding the handling and disposal of plastics, potentially leading to a decrease in revenue. Quantitative information is not disclosed, as it is difficult to estimate the extent to which existing customers would be affected in the event that the risk materializes.

Risks and opportunities		Response strategy for risks and opportunities	Financial effects of response strategy	Financial effects (¥ millions)[*1]			
				Current fiscal year	Short term (1 year later)	Medium term (3 years later)	Long term (10 years later)
Risk	Risk of regulations on virgin plastics, the mandatory use of recycled materials, and environmental pollution caused by the improper disposal of used PET bottles	・Expansion of mechanical recycling ・Expanding use of chemical recycling ・Construction of a social system for used PET bottle collection	Profit or loss effects ・Research and development expenses ・Recycled resin purchase costs	7,449	Approx. 7,500	Approx. 8,800	Expected to increase from the medium-term level
			Financial position effects ・Not applicable	-	-	-	-
Total			Profit or loss effects	7,449	Approx. 7,500	Approx. 8,800	Expected to increase from the medium-term level
			Financial position effects	-	-	-	-
			Cash flows effects[*2]	7,449	Approx. 7,500	Approx. 8,800	Expected to increase from the medium-term level

*1: The Group defines the short-, medium-, and long-term time horizons over which sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects may arise as follows: the short term as one year after the end of the current fiscal year, the medium term as two to three years, and the long term as four to ten years. However, to enable an understanding of the trends in quantitative information, the Group presents figures for a single fiscal year occurring one year later for the short term, three years later for the medium term, and ten years later for the long term.

*2: As it is difficult to accurately calculate cash flows effects, the total amount of profit or loss effects and financial position effects is presented.

Expected changes in financial position over the short, medium and long term

In addition to investment plans for transition risks, the Group will also consider transition plans related to circular economy in the future, and will plan investments as an integrated plan. The Group does not expect that the risks described above will result in any material adjustments to the carrying amounts of assets and liabilities reported in the related financial statements during the next annual reporting period.

(d) Strategy—Resilience

For details of the scenario analysis related to climate change and the analysis and assessment related to natural capital used in the resilience assessment, please refer to "(b) Risk management."

(i) Climate change (physical risks and transition risks)

a. Climate change resilience

By formulating and executing strategies in response to the risks identified, the Group seeks to reduce uncertainty and enhance management resilience through responses that leverage the Group's strengths.

b. Effects on management strategy and business model

i. Physical risks

An assessment of water risks and water stress at manufacturing sites (plants) using the latest available data (Aqueduct 4.0) indicates that overall risk levels have increased. With respect to agricultural raw materials as well, the Group has determined that, in a scenario where climate change mitigation and adaptation measures are insufficient (corresponding to Scenario 3), significant impacts on yields of major agricultural raw materials and on water risks and water stress would be unavoidable by 2050 (and by 2100 for certain items). However, based on the strategies that the Group has implemented to date, the Group currently considers that no changes to its business model are required.

ii. Transition risks

Regarding the impact of carbon pricing on energy costs, it was estimated that achieving the "SBT 1.5°C" target at an early stage would result in energy cost reduction effects of ¥4.6 billion (by 2030 under a 2°C scenario). If net zero is not achieved by 2050, the impact of carbon pricing on energy costs could reach a non-negligible level. The estimated results of the financial impact of carbon pricing on agricultural product prices are comparable to the financial impact on agricultural prices due to the physical effects of climate change on such prices. To address these risks, the Group has developed a roadmap aligned with the "SBT Net-Zero" target for 2050 and is proceeding with the steady execution of GHG emissions reduction strategies based on this roadmap. For investments in strategy execution, the Group is working toward achieving the "SBT 1.5°C" target while minimizing the risk of cost increases through investment decisions using estimates based on internal carbon pricing, fundraising through transition-linked loans, and the preparation of an environment for the adoption of high-quality carbon credits. Based on these existing strategies, the Group believes that it is not necessary to change its business model at this time.

c. Significant areas of uncertainty

Modeling various scenarios and their associated climate-related impacts requires a high degree of uncertainty and judgment. Significant areas of uncertainty considered in the Group's climate resilience assessment are as follows.

i. Potential impacts on profit in different scenarios

The Group responded at an early stage to scenario analysis recommended in the TCFD guidance and has estimated potential financial impacts under multiple scenarios. For example, regarding water risk, based on the actual financial impact from past flood disasters (equivalent to ¥1.0 billion to ¥5.0 billion), the Group is advancing the investigation and analysis of water risks at manufacturing sites using Aqueduct 4.0 and hazard maps prepared by local governments. The Group is also working to estimate potential damage associated with flood risks using wind and flood damage simulation systems. However, the effects of climate change assumed in the scenario analysis and the estimates of calculated financial effects may differ from the actual impacts of future climate change.

ii. Frequency and severity of future floods

There is a significant uncertainty regarding how climate change—particularly increases or decreases in greenhouse gas emissions—will affect the frequency and intensity of droughts and heavy rain floods in the Group's major supply regions. These uncertainties arise from the variability of climate forecasts and unexpected changes in rainfall due to changing weather patterns and evolving climate conditions.

d. Capacity to adjust strategy and business model

The Group's strategy and business model are based on the most likely baseline scenario (Scenario 1 mentioned above), which includes adaptation plans and actions. These adaptation plans and actions include the exploration of alternative materials and production processes, the diversification of suppliers, and the reallocation of resources to support these initiatives. The Group's approach is to maintain agility, and it evaluates its capacity to adjust or adapt its strategy and business model in response to climate change as follows.

i. Availability and flexibility of financial resources

The Group has mechanisms and governance in place to raise the necessary funds in the event of an emergency (including the occurrence of disasters caused by climate change).

The Group utilizes various long- and short-term financing methods and is capable of responding flexibly, including access to short-term funding when necessary.

ii. Redeployment, reuse, and upgrading of existing assets

The Group has mechanisms in place to make decisions regarding the redeployment and reuse of resources. Based on scenario analysis, these mechanisms indicate that the Group maintains sufficient assets, and it is not expected that large-scale redeployment, reuse, or upgrading of assets will be required in the short term.

Past examples demonstrating the effectiveness of these mechanisms include cases where production volumes were covered by nearby manufacturing sites following flood damage at affected facilities, thereby minimizing financial impacts. Specific measures that enable this mechanism include the ownership of multiple manufacturing sites and the development of procurement systems that take business continuity planning (BCP) into account.

iii. Investments in climate-related mitigation, adaptation, and opportunities

For the purpose of mitigating climate change, the Group will organize the necessary investments and estimate the financial effects associated with executing measures to achieve the reduction ratio targets for Scope 1, 2, and 3 emissions, and will then execute the investments to promote the measures. For details, please refer to "(c) Strategy (ii) Climate-related risk—transition risk: Investment and disposal plans." In this process, the Group has implemented fundraising through transition-linked loans, and Scope 1, 2, and 3 emissions are being steadily reduced through capital expenditures such as capital investments in facilities. To achieve the reduction ratio targets for Scope 1 and 2 emissions, the Group is working on "energy conservation," "expansion of renewable energy," and "energy transition." For example, in "energy conservation," the Group is investing in the promotion of electrification (using renewable energy) and improving energy efficiency through the introduction of heat pumps. Reductions are proceeding in line with the plan. Looking ahead, the Group has investment plans for transitioning to hydrogen energy beyond 2030, which are expected to further enhance the Group's capabilities. To achieve the reduction ratio target for Scope 3 emissions, the Group is also making continuous investments in initiatives such as lightweighting of materials, as well as in research and development activities to explore, develop, and deploy raw materials and products that are expected to contribute to greenhouse gas reductions. For future investment plans, the Group is considering the expansion of renewable energy generation within its own sites and switching to EVs and fuel cell trucks.

iv. Consideration of trade-offs between risks and opportunities

The Group recognizes that addressing risks through isolated solutions may give rise to trade-offs. Accordingly, it advances its initiatives by adopting a landscape approach and addressing issues from multiple perspectives. For example, the Group recognizes that "additionality," which involves creating new renewable energy power sources in the world, and "ethicality," which involves using energy while considering environmental impact and human rights, may result in a trade-off. Therefore, when adopting and procuring renewable energy, the Group conducts prior assessments in accordance with the Kirin Group Policy on the Introduction of Environmental Value, which includes checkpoints that emphasize these considerations. To date, no events resulting in trade-offs have materialized in these prior assessments.

(ii) Natural capital (raw materials, containers and packaging)

a. Natural capital (raw materials) resilience

The results of climate change scenario analysis (for details, please refer to "(b) Risk management, (ii) Identification of risks") also identify a decline in agricultural yields as a risk; however, as shown in "b. Effects on management strategy and business model, i.," the Group believes that it is not necessary to change its business model at this time based on existing strategies.

Furthermore, in addition to the evaluation results of "nature-related dependencies of businesses" and "the impact of businesses on nature," the

Group has made a comprehensive judgment based on factors such as whether items are listed under the European Union Deforestation Regulation (EUDR) and Science Based Targets Network (SBTN) lists, procurement volumes, and strategic priorities, and has identified priority agricultural products for which a more detailed assessment of risks and opportunities should be conducted in the future. Currently, the Group is proceeding with the detailed analysis of priority agricultural products in line with the LEAP approach. Based on the case of tea farms in Sri Lanka, which is a leading example of analysis following the LEAP approach, the Group considers that support for obtaining Rainforest Alliance certification and the dissemination of the Regenerative Tea Scorecard are effective from the perspective of risk reduction and opportunity acquisition, and has positioned them as one of the metrics for achieving targets.
As the Group further advances analysis in line with the LEAP approach, it will continue to examine the need to review its response strategies and business model.

b. Natural capital (containers and packaging) resilience

Based on the time horizon over which sustainability-related risks that could reasonably be expected to affect the Group's prospects regarding the negative impact of natural capital (containers and packaging) are expected to occur, the Group evaluates its resilience on this issue over a medium-term time horizon. The Group formulated the "Kirin Group Plastic Policy" in 2019 as an initiative policy to resolve the "plastic waste issue," one of the major social issues related to the "containers and packaging." The Group seeks to understand the fundamental challenges associated with plastics and to promptly advance appropriate initiatives for plastic containers and packaging provided by each Group company, thereby promoting the sustainable use of plastics and resource circulation. Even if usage restrictions were to arise as a result of introduction of regulations on the use of virgin plastics, or if the mandatory use of recycled materials were to be imposed, the Group's policy is to minimize the impact by reducing the use of virgin plastics, leveraging its technologies for adopting recycled plastics and its container and packaging development capabilities that also cover other materials. The Group operates the Institute for Package Innovation, which develops and improves containers and packaging and solves their issues in-house. Leveraging this strength, the Group aims to contribute to the realization of a circular economy through the transformation of containers and packaging. In addition to reducing GHG emissions from transportation, which account for approximately 12% of Scope 3 emissions, through measures such as lightweighting containers and packaging, the Group is also working on the expanding use of chemical recycling and on initiatives to promote the circulation of plastics across society, thereby contributing to a circular economy.
Based on the results of the above analysis of impacts on the business model, the Group evaluates that even if the negative impact of natural capital (containers and packaging) were to occur beyond the Group's expectations over the medium term, the Group has the capacity to respond to the manifestation of such uncertainties and there is no need to change its current business model for natural capital (containers and packaging).
In addition, in addressing the resilience of natural capital (raw materials) and natural capital (containers and packaging), the Group recognizes that certain constraints (trade-offs) may arise, such as short-term cost increases and the need to prioritize among variable options. Taking these assumptions into account, the Group makes selections and decisions that emphasize the reduction of medium- to long-term risks and the enhancement of business resilience.

(e) Metrics and targets

To realize CSV management that creates social and economic value, the Group sets non-financial targets in collaboration with operating companies and functional departments. Targets are verified for consistency in the annual planning process based on the Group's "Vision" and material themes, and items to be focused on in the next fiscal year are determined as key non-financial indicators linked to executive remuneration under the supervision of the Board of Directors. Progress is aggregated quarterly, consolidated by the CSV Strategy Department, and reviewed Group-wide, and evaluation results are also reflected in the non-financial evaluation for executive remuneration.

(i) Physical risk

The Group has established the following targets related to physical risk, as described below. These targets have been developed as the Group's proprietary targets. In addition, the Group has established performance metrics to measure performance against the set targets, as shown below.

Risks and opportunities		Metrics	Source	Unit	Targets*1 (Target year)	Interim targets	Results
Risk	Physical risks such as reduced yields of raw agricultural products caused by climate change, or business suspension or impacts on transportation due to floods or droughts	Number of farms where the Regenerative Tea Scorecard has been implemented (tea) [Mitigation and adaptation]	Proprietary metric*2	Number of farms	50% or more of the procurement volume and sourcing farms in the Kandy area in Sri Lanka are RA-certified or SC-implementing farms (2030)*3	-	Scorecard implemented at 1 large farm and 30 small farms*3
		Water use intensity at manufacturing sites with high water stress [Adaptation]	Proprietary metric*4	L/L	Water use intensity at manufacturing sites with high water stress: less than 2.4 L/L (2027)	-	2.6 L/L
		Percentage of water usage in regions where "baseline water stress" is "high" or "extremely high"	SASB*5	%	-	-	4.2%
		Water usage	Proprietary metric*6	Thousand m^3	-	-	40,443 thousand m^3

*1: Unless otherwise stated, the targets cover the entire Group.

*2: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards.
The metric is an absolute measure and has not been validated by a third party.
(Definition) Number of tea farms in the Kandy area of Sri Lanka with which Kirin has business relationships where the Regenerative Tea Scorecard (SC) has been rolled out.
(Calculation method) Confirm the number of tea farms in the Kandy area of Sri Lanka with which Kirin has business relationships where the Regenerative Tea Scorecard has been rolled out.
The target is a relative measure (%) and has not been validated by a third party.
(Definition) Percentage of tea farms in the Kandy area of Sri Lanka with which Kirin has business relationships that have obtained Rainforest Alliance (RA) certification or where the Regenerative Tea Scorecard (SC) has been rolled out.
(Calculation method) The tea farms in the Kandy area of Sri Lanka with which Kirin has business relationships,
(Number of Rainforest Alliance certified farms + Number of farms where the Regenerative Tea Scorecard has been rolled out) / Total number of tea farms × 100

*3: The Group recognizes that the metrics and results and the target values cannot be directly compared because they are presented in different units. The Group plans to transition to management using unified units going forward. The Group has confirmed that the actual results for the current fiscal year are progressing steadily in line with the plan toward the target.

*4: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards. It is an absolute measure and has not been validated by a third party.
(Definition) Water use intensity for manufacturing at sites judged to have high stress (drought risk) as a result of analysis
(Calculation method) Based on Aqueduct's Water Stress and WRF's (Water Risk Filter) Baseline Water Depletion, the target covers three sites of Lion: Tooheys Brewery, James Boag Brewery, and Castlemaine Perkins. Water use intensity is calculated as water usage divided by production volume.

*5: FB-AB-140a.1, FB-NB-140a.1, FB-PF-140a.1

*6: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards. It is an absolute measure and has not been validated by a third party.
(Definition) Total water usage at each site of the Group
(Calculation method) Sum of tap water (city water) usage + industrial water usage + river water usage + groundwater usage + rainwater usage + recycled water (city water) usage at each site.

The target for water use intensity at manufacturing sites with high water stress is aligned with management targets in the Group's Medium-Term Business Plan.

Regarding physical risks (vulnerable business activities) arising from procurement risk (risk of reduced yields of agricultural products due to climate change), the vulnerability was high for malting barley, hops, and corn. However, the Group has formulated strategies to address procurement risks associated with tea leaves, for which there is a high dependence on specific production areas and limited availability of substitute sourcing options. Accordingly, the Group has established its metrics and targets with a particular focus on tea leaves. While "supplier diversification" is also one of the strategies for addressing physical risks, it has not been established as a metric because it is influenced by procurement strategies and cannot be managed solely from the perspective of non-financial information.

Supplementary explanation regarding target setting
The targets, metrics, and related methodologies have not been validated by a third party.

Analysis of trends or changes in the entity's performance
Initiatives for reducing physical risks are progressing in line with the plan.

(ii) Transition risk
The Group has established targets related to transition risk. Among these targets, the targets for transition risks to a decarbonized society are set as interim targets for fiscal 2030, in line with Japan's initiatives for climate change based on the Paris Agreement. The Group has established performance metrics to measure performance against the targets as shown below.

Risks and opportunities		Metrics	Source	Unit	Targets[*1] (Target year)		Results
						Interim targets	
Risk	Transition risks to a decarbonized society	Reduction ratio for Scope 1 + 2 GHG emissions [Mitigation; Alignment with science-based initiatives]	Proprietary metric[*2]	%	Net Zero[*3] (2050)	50% reduction (2030 / compared with 2019, gross target)	32%
		Ratio of renewable energy [Mitigation]	Industry-based guidance[*4]	%	100% (2050)	100% of electric power used (2040)	18%
		Total energy consumption	Industry-based guidance[*4]	GJ	-	-	10,147,536
		Number of manufacturing sites	Industry-based guidance[*5]	Number of sites	-	-	72

*1: Unless otherwise stated, the targets cover the entire Group.
*2: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards.
It is a relative measure and has not been validated by a third party.
The Group has set GHG emission reduction targets in accordance with the SBTi Corporate Net-Zero Standard. However, since there is no setting applicable to the Group in the sectoral approach under the SBTi, the target has not been calculated using a sectoral decarbonization approach.
(Definition) Increase or decrease in GHG emissions derived from Scope 1 and 2 compared with the base year (2019), based on the boundary of business activities covered by SBT validation
(Calculation method) Please refer to "Cross-industry metrics—GHG emissions, a. Assumptions for calculating GHG emissions iii. Measurement approach, inputs and assumptions."
*3: As part of the "Net-Zero (2050)" target, the Group has set a gross target of a 90% reduction compared with the base year.
*4: FB-AB-130a.1, FB-NB-130a.1, FB-PF-130a.1
*5: FB-AB-000.B, FB-NB-000.B, FB-PF-000.B

The Group has set GHG emission reduction targets for Scope 1 and 2, and Scope 3 in accordance with the criteria of the SBTi, and obtained validation of its "SBT 1.5°C" target in 2020 and its "SBT Net-Zero" target in 2022. Accordingly, the reduction ratio for Scope 1 and 2 emissions and related targets are managed based on the boundary of business activities covered by SBT validation, which differs from the reporting boundary for which disclosure is required under the SSBJ Standards. For GHG emissions within the reporting boundary for which disclosure is required under the SSBJ Standards, please refer to "Cross-industry metrics—GHG emissions" below. Additionally, the reduction ratio targets for Scope 1 and 2 emissions are aligned with the Group's non-financial indicators. The ratio of renewable energy is aligned with the management targets in the Group's rolling three-year Medium-Term Business Plan.

Analysis of trends or changes in the entity's performance
Initiatives for reducing transition risks are progressing in line with the plan.

Cross-industry metrics—GHG emissions

	2025 Results (Unit: tCO_2e)
Scope 1	375,414
Scope 2 (Location-based)	343,860
Scope 2 (Market-based)	190,705

a. Assumptions for calculating GHG emissions

i. Time horizons for target values

Regarding the target values for GHG emissions, the Group has set the following time horizons, taking into consideration that the impacts of GHG emissions are expected to extend over a longer period than other risks and opportunities. In addition, the Group has obtained SBT validation for net-zero and established the transition plan aligned with that timeline, namely "Kirin Group Environmental Vision 2050."

Short-term (from 2025 to 2027)
Medium-term (from 2028 to 2030)
Long-term (from 2031 to 2050)

Accordingly, the target years for the net-zero and the gross target have been set for 2050 and 2030, respectively.

ii. Reporting boundary (data collection scope)

The Group's consolidation boundary is based on the operational control approach under the GHG Protocol. The Group considers the use of this approach to be the most appropriate method for measuring its greenhouse gas emissions, as there are multiple entities and assets over which the Group exercises operational control regardless of ownership. Including these entities and assets in the measurement is considered to appropriately reflect the actual state of the Group's GHG emissions and to be relevant to the disclosure objectives related to metrics and targets.

GHG emissions from entities, assets, and operational activities over which the Group exercises operational control are included in the greenhouse gas emissions reported by the Group at 100%, regardless of the ownership percentage. These are reported as Scope 1 or Scope 2 greenhouse gas emissions. Additionally, additional emissions occurring in the value chain of these entities, assets, and operations are reported as Scope 3 emissions. Relevant portions of greenhouse gas emissions from entities, assets, and operations within the value chain where the Group does not exercise operational control are reported as part of the Group's Scope 3 emissions.

iii. Measurement approach, inputs and assumptions

Scope 1

The Group calculates emissions in accordance with the "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)" (hereinafter referred to as the "GHG Protocol (2004)"), using either "activity data × emission factor × global warming potential" or "activity data × emission factors converted to CO_2 equivalents." Furthermore, as the Group does not fall under any specific business sectors defined by SBT, calculations using the Sectoral Decarbonization Approach (SDA) are not performed. As the Group does not directly measure greenhouse gas emissions, such as by monitoring exhaust gas concentrations and flow rates for all emission sources, Scope 1 greenhouse gas emissions are estimated based on the methodologies described below.

Calculated gases and activity data

The primary factors generating Scope 1 emissions within the Group are mainly (1) CO_2, CH_4, and N_2O emissions associated with the combustion of fossil fuels (factory equipment, product transportation (in-house transportation), and sales vehicles), (2) atmospheric releases of purchased CO_2 derived from fossil fuels, (3) leakage of HFCs and PFCs from equipment using refrigerants, and (4) CH_4 and N_2O emissions associated with wastewater treatment.

For these emissions, activity data used for the fiscal year are: (1) fuel consumption, (2) the amount of purchased CO_2 derived from fossil fuels released into the atmosphere, (3) the amount of HFC and PFC leakage from equipment using refrigerants, and (4) the pollution load and nitrogen content included in wastewater before treatment.

Emissions factors

In principle, the Group uses the latest emission factors available at the end of the current fiscal year. The Group uses the global warming potential (GWP) values from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). However, this does not apply if the emission factors used have already converted the constituent greenhouse gases into CO_2 equivalents.

Australia:	Australian National Greenhouse Accounts Factors
New Zealand:	NZ Ministry for the Environment. Measuring Emissions guide
United States:	U.S. EPA Emission Factors Hub
Countries other than the above:	Emission factors set forth in the "Emission Factors from Greenhouse Gas Emissions Calculation and Reporting Manual" issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry (Japan)

Scope 2

The Group calculates emissions in accordance with the "GHG Protocol (2004)," using "activity data × emission factor × global warming potential" or "activity data × emission factors converted to CO_2 equivalents." Furthermore, as the Group does not fall under any specific business sectors defined by SBT, calculations using the SDA are not performed.

Disclosure is provided based on the location-based method. In addition, because the Group possesses the contractual instruments necessary to provide information that contributes to the understanding of the primary users, the Group also discloses emissions calculated on a market-based method. As the Group does not directly measure greenhouse gas emissions, such as by monitoring exhaust gas concentrations and flow rates for all emission sources, Scope 2 greenhouse gas emissions are estimated based on the methodologies described below.

Calculated gases and activity data

The primary factors generating Scope 2 emissions within the Group are CO_2, CH_4, and N_2O emissions associated with the use of electricity, steam, hot water, and cold water supplied by third parties. Activity data used are the usage of electricity, steam, hot water, and cold water supplied by third parties in the fiscal year.

Emissions factors (Location-based)

In the location-based method, the Group uses the average factors of the supply grid in each country. Since the location-based method reflects the emission intensity of the entire system, the Group utilizes it as a metric to indicate the risks and opportunities associated with regional power source mixes. Regarding the emission factors for electricity supplied by third parties, when using the national average emission factors from the “Emission Factors by Electric Power Business Operator” published by the Ministry of the Environment and Ministry of Economy, Trade and Industry, the Group uses factors based on the transmission end, taking into account the transmission and distribution loss rate, and also accounts for CH_4 and N_2O emissions from power generation.

In principle, the Group uses the latest emission factors available at the end of the current fiscal year. The Group uses the global warming potential (GWP) values from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). However, this does not apply if the emission factors used have already converted the constituent greenhouse gases into CO_2 equivalents.

Electricity

Japan:	National average emission factors from the “Emission Factors by Electric Power Business Operator” published by the Ministry of the Environment and Ministry of Economy, Trade and Industry
Countries other than the above:	“Emission Factors” published by the International Energy Agency (IEA)

Steam

United States:	U.S. EPA Emission Factors Hub
Countries other than the above:	Emission factors published in the “Emission Factors from Greenhouse Gas Emissions Calculation and Reporting Manual” issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

Hot water and cold water

All countries:	Substitute values from the “Emission Factors by Heat Supply Business Operator” published by the Ministry of the Environment and Ministry of Economy, Trade and Industry

Emissions factors (Market-based)

In the market-based method, the Group uses emission factors published by each electric power business operator, or if unavailable, the average factors of the supply grid in each country. Regarding the emission factors for electricity supplied by third parties, when using the “Emission Factors by Electric Power Business Operator” published by the Ministry of the Environment and Ministry of Economy, Trade and Industry, the Group uses factors based on the transmission end, taking into account the transmission and distribution loss rate, and also accounts for CH_4 and N_2O emissions from power generation.

For renewable electricity or steam (including electricity or steam deemed renewable through the use of certificates), the emission factor is treated as zero. The Group procures renewable energy by utilizing non-fossil certificates, REC/I-REC, and other instruments. Certificates are adopted after confirming that (1) they are issued in the same electric power market as the relevant business site, and (2) the power generation period falls within six months before to three months after the relevant fiscal year.

In principle, the Group uses the latest emission factors available at the end of the current fiscal year. The Group uses the global warming potential (GWP) values from the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). However, this does not apply if the emission factors used have already converted the constituent greenhouse gases into CO_2 equivalents.

Electricity

Japan:	Basic emission factors of the applicable menus of the electricity suppliers used, in the “Emission Factors by Electric Power Business Operator” published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry
Countries other than the above:	Emission factors published by each electric power business operator
If the above are unavailable:	
Japan:	National average emission factors from the “Emission Factors by Electric Power Business Operator” published by Ministry of the Environment and Ministry of Economy, Trade and Industry
Countries other than the above:	“Emission Factors” published by the International Energy Agency (IEA)

Steam

United States:	U.S. EPA Emission Factors Hub
Countries other than the above:	Emission factors published in the “Emission Factors from Greenhouse Gas Emissions Calculation and Reporting Manual” issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

Hot water and cold water

All countries:	Substitute values from the “Emission Factors by Heat Supply Business Operator” published by Ministry

The quantification of greenhouse gas emissions is subject to uncertainties regarding the measurement of activity data and the determination of emission factors, as well as scientific uncertainty regarding the determination of global warming potential (GWP).

Cross-industry metrics–capital expenditure and internal carbon price

Please refer to "(c) Strategy (ii) Climate-related risk—transition risk: Investment and disposal plans."

(iii) Natural capital (raw materials)

The Group has set targets related to strengthening its sustainable supply chain.

These targets were developed as the Group's proprietary targets. Furthermore, the Group has established performance metrics to measure its performance against these targets, as shown below.

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)	Interim targets	Results
Risk	Risk that environmental protection is insufficient at agricultural production areas and forests within the Group's supply chain	Number of companies achieving 100% use of certified paper for sustainable forest management (containers and packaging) (FSC, etc.) [Mitigation]	Proprietary metric*1	Number of companies	22 companies across the entire Group (TBD)	8 companies (2030)	4 companies
		Percentage of palm oil and palm kernel oil used as primary and secondary raw materials for which RSPO certification has been obtained or credits have been purchased [Mitigation]	Proprietary metric*2	%	-	-	99.5%*3

*1: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards.
It is an absolute measure and has not been validated by a third party.
The number of companies across the entire Group subject to the targets is stated as of the end of 2025.

(Definition) Number of companies achieving 100% usage rate of FSC®-certified paper and PEFC-certified paper for paper containers and packaging materials
Based on the definitions and target companies (Kirin Holdings, Kirin Brewery, Kirin Beverage, Mercian, Kyowa Hakko Bio, Koiwai Dairy Products, Kyowa Kirin, Lion) in the "Kirin Group Action Plan for the Sustainable Use of Biological Resources." From 2031 onwards, the Group plans to consider revisions to this plan, including targets.

(Calculation method) Number of companies where the ratio calculated by "Purchase amount of paper-based packaging materials certified for sustainable forest management (FSC, etc.) / Purchase amount of paper-based packaging materials × 100 (%)" is 100%

*2: This metric has not been adjusted from metrics obtained from information sources other than the SSBJ Standards.
It is a relative measure and has not been validated by a third party.

(Definition) Percentage of palm oil and palm kernel oil for which RSPO certification has been obtained or credits have been purchased at the following operating companies:
Kirin Brewery, Kirin Beverage, Mercian, Koiwai Dairy Products, Kyowa Hakko Bio, FANCL, Blackmores

(Calculation method) (Amount of certified palm oil and palm kernel oil used (t) + RSPO credit purchase volume (t)) / Palm oil/palm kernel oil usage volume (t) × 100 (%)
Based on the Book & Claim method, RSPO credits are obtained according to the purchase volume of non-certified palm oil/palm kernel oil.

Analysis of trends or changes in the entity's performance

Initiatives for reducing natural capital (raw materials) risks are progressing in line with the plan.

(iv) Natural capital (containers and packaging)

The Group has established targets related to the use of recycled PET resin for its operations in Japan, and plans to expand these targets to include overseas operations in the future.

These targets were developed as the Group's proprietary targets. In addition, as shown below, the Group has established performance metrics to measure its performance against these targets.

Risks and opportunities		Metrics	Source	Unit	Targets (Target year)	Interim targets	Results
Risk	Risks such as regulations on virgin plastics, expansion of mandatory use of recycled materials, and environmental pollution caused by the improper disposal of used PET bottles	Usage ratio of recycled PET resin in Japan [Adaptation]	SASB*1	%	50% (2027)	-	42%
		Global usage ratio of recycled PET resin [Adaptation]	SASB*2	%	-	-	38%

*1: FB-AB-410a.1, FB-NB-410a.1
The scope comprises three companies: Kirin Brewery, Kirin Beverage, and Mercian
*2: FB-AB-410a.1, FB-NB-410a.1
The scope comprises eight companies: Kirin Brewery, Kirin Beverage, Mercian, Lion, New Belgium Brewing Company, Inc., Coca Cola Beverages Northeast, Interfood Shareholding, and Vietnam Kirin Beverage.

Analysis of trends or changes in the Group's performance
Initiatives toward achieving the target for recycled PET resin usage in Japan are progressing in line with the plan.

3. BUSINESS RISK FACTORS

(1) APPROACH TO RISK MANAGEMENT

The Kirin Group defines risk as uncertainty, including both opportunities and threats, with the potential to seriously impede the accomplishment of business targets or impact business continuity. The Group also defines crisis as a threat-related risk manifested at a certain point and requiring urgent action. The Group's fundamental risk management policy is to identify and appropriately control various risks that occur in the course of business activities by establishing and operating a risk management system under the following concepts so that we can earn long-lasting trust of our customers, employees, shareholders, and society. Risk information is disclosed in a timely and appropriate manner on our corporate website and through other means.

Basic policies

1) Under the Corporate Philosophy and the values, the Kirin Group implements risk management to accomplish business targets, ensure business continuity, fulfill its corporate responsibility to society, and enhance the corporate value over the medium to long term.
2) The Group views strategy and risk as two sides of the same coin to implement appropriate risk taking.
3) The Group builds an organization and systems that promote risk management and seek to improve the organization's ability to adapt flexibly to environmental changes.
4) The Group identifies various risks associated with business activities, conduct risk identification, analysis, evaluation, prevention and monitoring, and take appropriate responses (retention, reduction, avoidance, and transfer) to risks.
5) Recognizing that risk management is an activity in which all employees participate and are involved, the Group increases their awareness of risks through awareness raising activities including education and training.
6) The Group enforces crisis prevention and minimizes the impact of a crisis through early detection, prompt reporting, information sharing, and immediate response. After responding to a crisis, if any, the Group analyzes the cause and countermeasures to prevent a recurrence.
7) The Group discloses information on risks surrounding the Group, including the details of risks and countermeasures, to stakeholders in a timely and appropriate manner.

In addition to the above policies, we have established a basic approach to risk, clearly distinguishing between "controlling risks while taking them" and "risks that are not taken." By setting risk tolerance, we promote sustainable business growth through effective risk management (Figure 1).

(Figure 1)

Risk perspective	**Basic approach to risk**	
	Controlling risks while **taking them**	**Risks that are not taken**
Promotion of innovation	・The Kirin Group will proactively develop new, high-value products and services through innovation while maintaining financial soundness	・The Kirin Group will not adopt strategies that are inconsistent with its policies
Stable supply of high-quality, safe products and services	・The Kirin Group will enhance its global supply chain management and maintain and improve its quality management system while balancing costs to ensure a stable supply of high-quality products and services	・The Kirin Group will never provide products or services to patients or consumers that raise doubts about the safety of pharmaceuticals or food & beverages
Communication with consumers and patients	・The Kirin Group will continue to communicate the value of its products and services to consumers and patients in a more appropriate and understandable manner	・The Kirin Group will not engage in activities that violate the three principles of advertising: "Do not lie, do not be vulgar, and do not slander"
Social responsibility (Compliance)	・The Kirin Group prioritizes the sustainable growth of its business by resolving social issues and aims to address environmental issues while maintaining cost efficiency	・The Kirin Group will not take risks that violate human rights policies throughout the supply chain, including business partners ・The Kirin Group defines compliance as "fulfilling our legal and ethical responsibilities to society" and will not violate compliance policies and guidelines

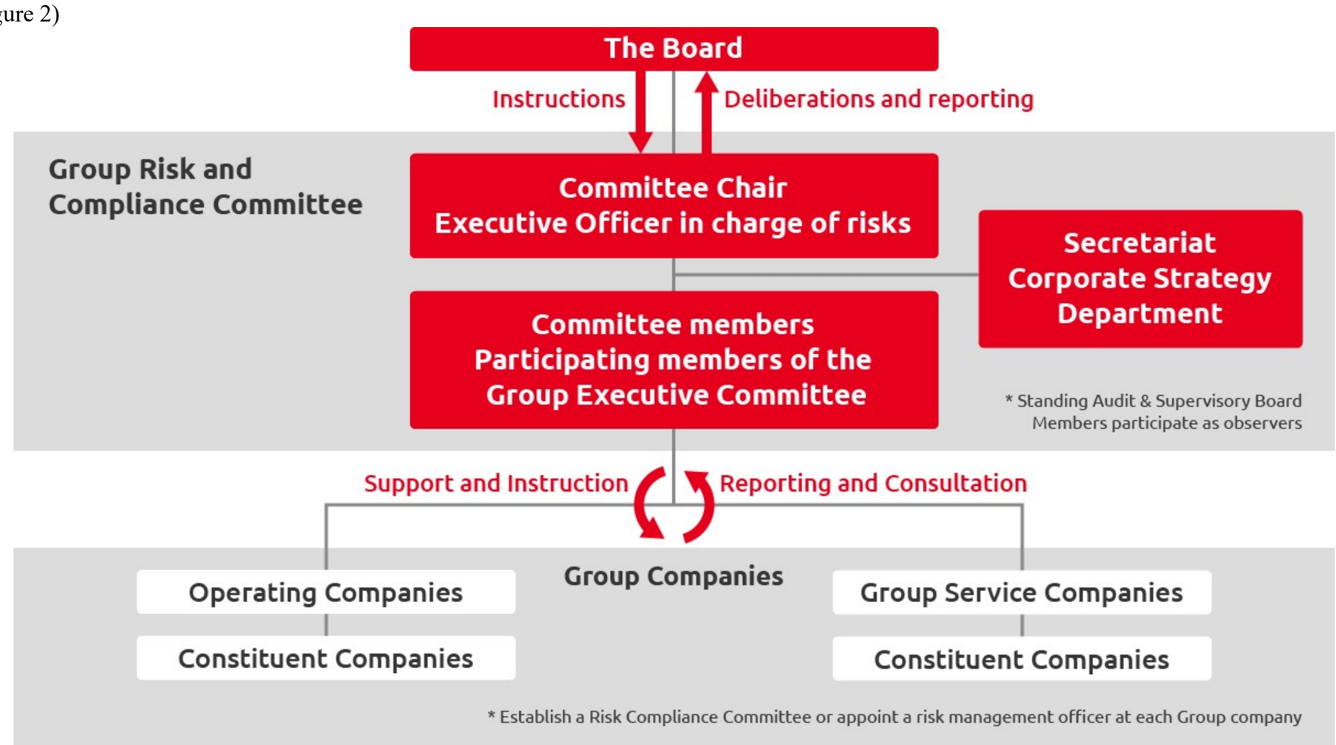
(2) RISK MANAGEMENT STRUCTURE AND PROCESS FOR DETERMINING AND MONITORING MAJOR RISKS

The Group has established the Group Risk and Compliance Committee consisting of the Company's Senior Executive Officers or higher and chaired by the Executive Officer in Charge of Risk. The committee oversees the Group's risk management activities, including collecting risk information, formulating the Group risk management policy and priority issues, promoting integrated consideration of strategy and risk, encompassing not only risk mitigation but also risk taking, and sharing information and considering countermeasures in the event of a crisis. The Board also oversees the effectiveness of risk management through deliberations and reporting of the Group's major risks (Figure 2).

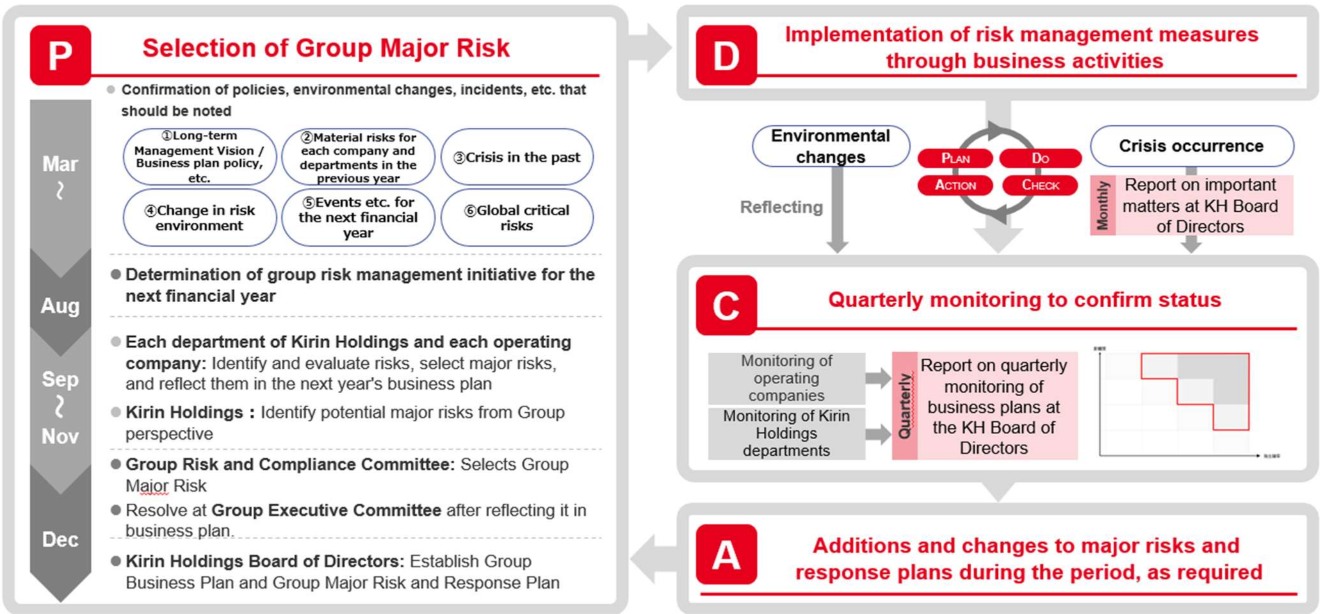
The Group's major risks are identified by aggregating risks from two perspectives: (i) risks related to the entire Group's goals, strategies, and business execution, and (ii) business-specific risks. Each risk is assessed in terms of both quantitative and qualitative impact on the Group while also taking into account the likelihood of occurrence. The materiality of each risk is determined based on the two axes of impact and likelihood. Furthermore, major risks are centrally managed through a risk map. The Group Risk and Compliance Committee discusses the Group's major risks identified through this process, including responses to each risk and the level of risk tolerance. In addition, the Group's major risks are deliberated by the Board, which reviews changes in conditions and assesses countermeasures (Figure 3).

The Company and other Group companies promote and exercise risk management in cooperation with each other by formulating and implementing measures tailored to each risk. Meanwhile, through monitoring conducted from the dual perspectives of business and function, we manage and control strategic risks, while establishing a risk management system designed to prevent the manifestation of risks that could develop into a crisis and minimize any potential negative impact when such a crisis occurs, thereby striving for risk mitigation and appropriate management (Figure 4).

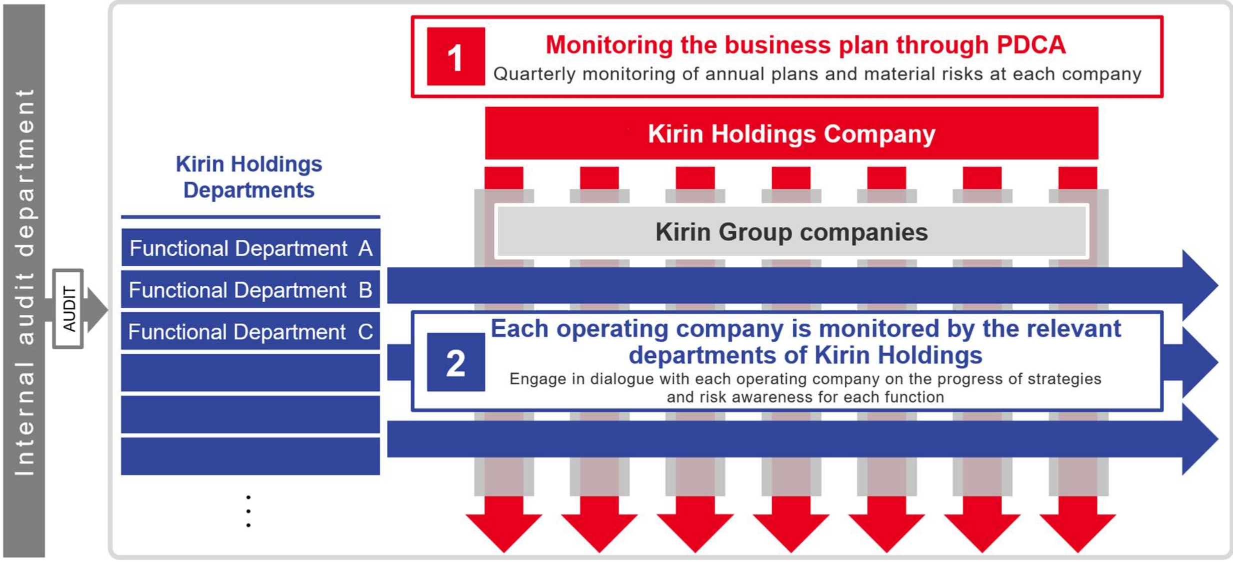
(Figure 2)



(Figure 3)



(Figure 4)


Internal audit department
AUDIT
Kirin Holdings Departments
Functional Department A
Functional Department B
Functional Department C
1
Monitoring the business plan through PDCA
Quarterly monitoring of annual plans and material risks at each company
Kirin Holdings Company
Kirin Group companies
2
Each operating company is monitored by the relevant departments of Kirin Holdings
Engage in dialogue with each operating company on the progress of strategies and risk awareness for each function

(3) KIRIN GROUP MAJOR RISKS

Below is a list of key matters presenting risk to the Kirin Group strategies, businesses, and other activities, which could significantly impact investor assessment of the Group. These major risks are described in categories of "Risks in each business domain" and "Risks common to each business domain." Please note that matters determined to present potential risk in the future are based on the judgment of the Company as of the end of this fiscal year unless otherwise stated.

1) Risks in each business domain

<table>
<tr><th>Business area</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Food & Beverages</td><td>• Risks related to responses to business environment changes
• Risks related to increase in raw materials and fuel prices
• Risks related to failure of new businesses</td><td>• Sales targets fall short due to changes in the market environment and preferences, fluctuations in product prices, actions of competitors or other factors.
• An increase in procurement costs due to increases in raw materials and fuel prices affects manufacturing costs.
• New businesses fail to penetrate the market, resulting in a downturn in sales and profits and a delay in business plans.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">The Food & Beverages domain, as Kirin Group's main business domain, is expected to be seriously affected in the case of a threat-related risk being actualized. For existing businesses in the Food & Beverages domain, we have implemented measures against risks based on the knowledge we have amassed on changes in business environments. In new businesses, we are working not only to reduce risk but also to maximize opportunities by assuming the possibility of facing new risks, including opportunities and threats, that differ from those we have faced in the past and implementing countermeasures. Moreover, we consider the potential direct impact of hikes in raw materials and fuel prices attributable to geopolitical risks on our revenue and the impact of the success or failure of the expansion of high value-added products on our medium- to long-term business plans as the Group's major risks. We will continue to closely monitor the situation and take appropriate risk control measures.
(Specific countermeasures are stated in "1. MANAGEMENT POLICY, BUSINESS ENVIRONMENT, AND FUTURE CHALLENGES.")</td></tr>
</table>

<table>
<tr><th>Business area</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Pharmaceu-ticals</td><td>• Risk associated with maximizing the value of global strategic products
• Risk related to product quality and stable supply
• Risk related to research and development
• Risk related to government measures to reduce medical costs</td><td>• Market penetration is not successful because of the expansion of the business area being slowed by delays in launch preparation and other factors, or difficulty in connecting with potential patients.
• Stable product supply is impeded by a sharp increase in demand or a tight supply and demand balance that raises concerns about product safety or quality.
• Growth potential and profitability in the future decline due to delayed enhancement of the pipeline
• Product prices are reduced due to pressure to lower medical costs in Japan and overseas and the ongoing shift to generic drugs is accelerated.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">In the Pharmaceuticals domain, to maximize the value of global strategic products, we are implementing initiatives to stimulate market uptake and expanding business reach, centered on the United States and Europe. We believe it is also important that we strengthen our foundations such as a product quality assurance system and a stable production and supply system. More specifically, we have worked to secure product quality through monitoring by the Global Quality Assurance Committee and implementing product quality audits by an independent team specialized in audit within the Group and contractors. Also, we are expanding our network of contractors, investing in Group plants, visualizing a demand and supply plan, and rolling out digital technology to enhance manufacturing operational efficiency. Japan and other countries are under growing pressure to curb medical costs. We closely monitor healthcare policy trends in each country and are strategically exploring ways to evaluate the value of products from various perspectives to ensure that we deliver life-changing pharmaceuticals and other products to patients. We are also assessing how the pricing of products put on the market impacts our business to earn reasonable revenues and continue to create innovative pharmaceutical products in compliance with rules and regulations in each country, while also gaining the understanding of our stakeholders.
(Further details are stated in the Annual Securities Report of Kyowa Kirin Co., Ltd.)</td></tr>
</table>

<table>
<tr><th>Business area</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Health Science</td><td>• Risk of changes in laws and regulations in existing countries of operation, and delays in complying with laws and regulations in new countries of operation
• Risks associated with product quality assurance, safety, or stockouts
• Risk of lack of human resources and organizational capabilities to conduct business</td><td>• Brands and reputations are damaged by product shortages, quality problems, insufficient evidence, inappropriate information dissemination, and other factors.
• The Group is unable to create synergy and build a high-profit model that involves the creation of new value.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">In the Health Science domain, we contribute to the more effective and efficient resolution of our customers' health issues. We do so by helping them build a foundation for health to tackle well-being issues that arise in response to medium- to long-term changes in the social environment and enhancing the natural abilities of the human body. With the growth of newly acquired Blackmores Limited and FANCL CORPORATION and the creation of synergies within the Group as our top priorities, we are working to establish a business model that will enable us to achieve sustainable growth. In promoting business in domains other than our main business of Food & Beverages, we will enhance our organizational capability and strengthen governance from a risk management viewpoint to ensure prompt and bold decision-making and also to enable timely and appropriate risk control.
(Specific countermeasures are stated in "1. MANAGEMENT POLICY, BUSINESS ENVIRONMENT, AND FUTURE CHALLENGES.")</td></tr>
</table>

2) Risks common to each business domain

<table>
<tr><th>Item</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Securing and training of human resources</td><td>• Risk of inability to adequately secure human resources to advance Group management and with a high level of expertise necessary for business activities
• Risk of the human resource management system not progressing as planned</td><td>• Organizational capabilities with competitive advantage are not achieved and management strategies cannot be promoted.
• Stagnant transition to an assumed system results in a decline in organizational capabilities, causing adverse effect in accomplishing management strategies.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">The Kirin Group sees human resources as a source of value creation and competitive advantage. To acquire and nurture the human resources required for executing our management strategies, we have introduced and are operating a human resources management system that places greater emphasis on professional expertise centered on function. The number of career hires is also steadily increasing, and we are promoting initiatives and establishing an environment aimed at nurturing a corporate culture that brings together human resources with diverse experience, values, and expertise to create innovation throughout the Group. We will strengthen the linkage between our management strategies and human resources strategies from a medium- to long-term perspective and will strive to achieve the Group's sustainable growth and improve its corporate value.</td></tr>
</table>

<table>
<tr><th>Item</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Accelerating the use of digital technology</td><td>• Risk that the Group will be inferior to competitors due to lack of progress in the use of digital technology, including AI
• Risk of falling behind in acquiring and training of DX experts</td><td>• The inability to solve business issues leads to a decline in competitiveness and increased costs, resulting in a decrease in sales and profits.
• A shortage of employees required to promote DX results in a failure to increase organizational capability, delaying the achievement of positive outcomes of efficiency improvement and value creation.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">With the promotion of DX, the Kirin Group has been working to create new value by transforming business processes through the use of digital technology and data, improving the efficiency of existing operations, and promoting the use of technology, including AI, even in the processes for ensuring customer understanding and product and service development. We will strive to enhance our organizational structure and strengthen organizational capabilities to realize autonomous DX promotion in each Group company and division, by promoting internal human resource development through our unique programs and by securing specialized human resources necessary for DX promotion from outside the Group. We will continue to utilize and promote digital technology in all domains throughout the Group, leading to the creation of innovation.</td></tr>
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<tr><th>Item</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Quality</td><td>• Risk of quality issues occurring in products and services
• Risk of receiving orders for improvement or administrative guidance from relevant authorities due to failure to detect deficiencies in compliance with various quality-related laws and regulations</td><td>• Discontinuation of sales or provision of products and services, recalls, or compensation claims lead to incurrence of high costs or restriction on business activities.
• A loss of trust of customers erodes our brand value.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">Based on “Pioneer with Innovation,” “Consumer/Patient at Heart,” and “Quality in Mind,” which are the Group’s common values, we have established in the Kirin Group’s Quality Policy that providing safe and reliable products and services to our customers and patients is our top priority, and have declared our actions and approach to achieving this in the Commitments to Action. We have established the Principles of the Kirin Group’s Global Quality Management, which embodies the Quality Policy and the Commitments to Action, and by reflecting them in the quality management system retained by each Group company, we are continuously improving our quality assurance systems and operations to provide products and services of reliable quality. To comply with laws and regulations, we are building a quality assurance system by keeping abreast of trends in quality-related law amendments in each domain and taking necessary measures, acquiring international certification at food manufacturing plants, and introducing a centralized management and traceability system for raw material information at our main domestic operating companies. We will continue our efforts to foster an organizational culture that values quality across the Group, and will provide safe and reliable products and services to our customers and patients.</td></tr>
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<tr><th>Item</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Human rights</td><td>• Risk of direct or indirect adverse effect on human rights for all people involved with the Kirin Group, including employees and business partners</td><td>• Our corporate value is undermined or we are forced to scale down or withdraw from business.
• We may have to pay fines or face litigation risks in cases we have violated laws and regulations, or we are subject to other economic penalties.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">Based on the recognition that respect for human rights is the foundation of all business activities, the Kirin Group formulated the Kirin Group Human Rights Policy in 2018, which complies with the United Nations Guiding Principles on Business and Human Rights. In 2023, the Group revised the policy in line with international human rights norms. As before, we prohibit all forms of discrimination based on race, color, ethnicity, nationality, social status, family origin, gender, disability status, health status, religion, ideology and creed, sexual orientation and gender identity, and differences in job type and employment status, and we do not tolerate human trafficking, slave labor, forced labor, and child labor in any part of our value chain. The revised version is more specific, including clarification of the key human rights issues assumed for each type of stakeholder. We are committed to respecting human rights and making a positive impact on society by seeking understanding of and compliance with this policy from all employees of Group companies in Japan and overseas as well as from various business partners involved in the value chain.</td></tr>
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<tr><th>Item</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Environment</td><td>• Physical risks of climate change
• Transition risks to a decarbonized society
• Risks of a delay in the development of technologies, etc., which could impede or delay the solution of environmental issues</td><td>• Procurement costs increase due to decreased yields of agricultural raw materials caused by global warming, droughts and floods, or operations are suspended due to droughts and floods.
• Fuel costs and agricultural product costs increase due to carbon taxes.
• Inability to adequately respond to society’s expectations results in a decline in corporate value.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">The Kirin Group has formulated the Kirin Group’s Environmental Vision 2050 for comprehensively addressing various environmental issues, and is working to achieve its goal. We recognize physical risks such as decreased yields of agricultural raw materials caused by climate change, and transition risks including carbon pricing, as significant risks that may affect business continuity and profitability. In response to these risks, we assess financial impacts and the resilience of our strategies through scenario analysis based on the TCFD recommendations, and selectively implement measures that contribute to risk reduction and the capture of opportunities. In areas where both the reduction of environmental impact and the improvement of corporate value over the medium to long term are expected, we position them as risks to proactively take toward establishing a competitive advantage in the future, and promote related initiatives. As for the issue of plastic containers, we are steadily progressing toward our target of achieving 50% of recycled resin used in PET bottles in Japan by 2027 (Kirin Group Plastic Policy). We will solve interrelated environmental issues on biological resources, water resources, containers and packaging, and climate change in an integrated manner, so we can pass a sustainable global environment on to the next generation. We clearly classify risks that could undermine corporate value or are inconsistent with the Group policy, Environmental Vision 2050, as risks that are not taken, even if business opportunities are expected.</td></tr>
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<tr><th>Item</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Adverse effect of alcohol consumption</td><td>(Threats)
• Risk of globally strengthening restrictions on sale and advertisement/promotion of alcoholic beverages
• Risk of strengthening restrictions on sale and advertisement/promotion of alcoholic beverages worldwide
(Opportunities)
• Expansion of markets and sales of non-alcoholic and low-alcoholic products</td><td>(Threats)
• Alcohol consumption reduces.
• Corporate value declines.
(Opportunities)
• Markets and sales of non-alcoholic and low-alcoholic products expand.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">Regarding the adverse effect of harmful alcohol consumption, the WHO is discussing the tightening of global regulations on the sale and marketing of alcohol. In addition, interest in the relationship between drinking and health is also increasing in Japan. The Kirin Group is promoting initiatives to eradicate harmful alcohol consumption as a responsible corporate group engaged in the alcoholic beverage business. In developing the alcoholic beverages business, we comply with laws and regulations, the Kirin Group Global Marketing Code for Responsible Drinking and strict voluntary standards, and promote activities in cooperation with IARD and other industry groups in Japan and overseas. We are also working to spread knowledge and raise awareness of responsible drinking. In addition, as part of our efforts to eradicate harmful alcohol consumption, we promote initiatives to expand the lineup of non-alcoholic and low-alcoholic beverages. We will continue to make progress in our efforts to eradicate harmful alcohol consumption in line with changes in social conditions.</td></tr>
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<table>
<tr><th>Item</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Supply chain</td><td>• Risk of supply chain disruption caused by large-scale natural disasters such as earthquakes and typhoons, infectious diseases, impacts of geopolitical risks, cyber-attacks, or damage to subcontractors</td><td>• A disaster may force the closure of business sites, or cause a reduction or suspension of business activities.
• External environmental factors such as a sharp rise in sales volume due to abnormal weather and a shortage of drivers may cause delays in distribution or stockouts due to a lack of procurement, production, and logistics capabilities to keep up with supply.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">In the supply chain, in addition to the effects of disasters and accidents, there are concerns about impacts on transportation capacity due to the progression of labor shortages and changes in systems and operational environments surrounding logistics in Japan, and the disruption of supply chains due to terrorism or political unrest overseas. In each business, we are working to reduce risks by improving the accuracy of supply and demand forecasts, strengthening logistics capacity, and considering alternative strategies. To respond to disasters and accidents, the Kirin Group has formulated a business continuity plan (BCP) with an all-hazard approach that focuses on management resources as the starting point to develop countermeasures. We have provided a BCP drill to multiple Group companies to check whether logistics operations function properly. We will continue to strengthen our ability to respond to critical events and improve our resilience.</td></tr>
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<tr><th>Item</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Procurement</td><td>• Market and exchange rate fluctuation risks
• Geopolitical and disaster risks, and risks of business withdrawal or industry realignment of suppliers
• Risk of violating laws and regulations such as the Act on Ensuring the Properness of Subcontracting Transactions of Japan (the revised Subcontract Act)
• Human rights and environmental risks in the supply chain</td><td>• Greater than expected procurement costs suppress profits from business operations.
• Inability to secure raw materials required or delay in their delivery affects our manufacturing plans, leading to supply and demand adjustment and its prolongation.
• Reputational risks manifest, such as a decline in corporate image and consumer boycott.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">To address market and exchange rate fluctuation risks, we are working to reduce and stabilize costs through long-term contracts and currency hedging. To address geopolitical and disaster risks, we are diversifying suppliers and raising raw material inventory levels. We also monitor trends in the implementation and revision of laws and regulations related to procurement work, such as the revised Subcontract Act, and work with related departments to take appropriate action. In addition, recognizing responses to risks associated with human rights and the environment in our supply chain as one of our key management issues, we have been making efforts to establish a robust corporate structure and strengthen our organizational capabilities to fully meet growing expectations, such as by implementing human rights due diligence. We have provided suppliers with an explanation of the Kirin Group Sustainable Supplier Code, requesting them to submit written consent to the code, and regularly confirming their status of compliance. Moreover, with a hotline and grievance mechanism for suppliers to report issues in place, we have been promoting sustainable procurement, by building close ties with suppliers.</td></tr>
</table>

<table>
<tr><th>Item</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="4">Information security</td><td>• Risk of suspension of business operations due to cyber-attacks from external parties, and the leakage, falsification, or loss of critical data held by the Group such as customer information and corporate confidential information
• Risk of the leakage, falsification, or loss of critical data held by the Group, such as customer information and corporate confidential information, as well as interruption or delay in business processes due to internal fraud, negligence, or accidents by employees, subcontractors, or other parties.</td><td>• Liability for damages to customers and other stakeholders arises.
• Social credibility declines, brand image is damaged, and reputation deteriorates.
• Transactions with customers are reduced or suspended, resulting in lost business opportunities.
• Employee operational efficiency and morale decline due to disruption to operations associated with post-incident responses.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">The Group has established the Group Information Security Regulations, which set forth our basic approach to information security, and is working to ensure the importance of information security is thoroughly communicated across Group companies. We also provide training and education to officers and employees to raise awareness and ensure compliance. In addition, as measures against various cyber-attacks and other threats, we are strengthening security infrastructure and developing processes for “governance,” “identify,” “protect,” “detect,” “respond,” and “recover” throughout the Group. We have also established a system capable of responding to security incidents through the KIRIN-CSIRT (Computer Security Incident Response Team). Furthermore, we continuously strengthen and enhance our security by visualizing and improving the status of risk management through the evaluation and monitoring of security risks at Group companies in Japan and overseas. We recognize that these initiatives have reduced risks to a certain level. However, to prepare for unknown cyber threats, we will continue multifaceted information gathering and improvement efforts, such as utilizing threat intelligence, strengthening collaboration with external specialized organizations, and responding to cloud and AI environments. Going forward, we will continue to work to prevent future incidents, enable early recovery, and maintain and enhance the overall security level of the Group.</td></tr>
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<table>
<tr><th>Item</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Compliance</td><td>• Risk of behavior that is illegal or counter to social norms</td><td>• Legal punishment, litigation, or social sanctions lead to a loss of customer trust.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">The Kirin Group defines compliance as “fulfilling both legal and ethical responsibilities that society expects from us, not to mention adhering to laws, internal and external regulations and rules.” We regularly hold training on compliance related matters, such as human rights, prevention of harassment and acts of corruption (including bribery), and responsible drinking, thereby facilitating the understanding and raising awareness of related rules. We also conduct an employee compliance awareness survey each year, which helps identify potential risks. Depending on the feedback from respondents, we verify and investigate the feedback and implement necessary measures, seeking to reduce risks. We also have put in place a whistleblowing system so that we can early detect potential risk events. This system includes a reporting desk in each Group company, direct lines to officers in charge of compliance or Audit & Supervisory Board Members, and global hotlines available to employees of overseas Group companies. We will continue to raise employees’ awareness of compliance so that we can nurture a strong sense of ethics as expected by society, as well as complying with relevant laws and regulations.</td></tr>
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<table>
<tr><th>Item</th><th>Assumed risks</th><th>Major impacts in the event of risk occurrence</th></tr>
<tr><td rowspan="3">Finance and taxes</td><td>• Risk of fluctuations in value of Japanese yen due to exchange rate volatility
• Risk of inability to raise necessary funds due to changes in financial markets/rating, or risk of fluctuations in financing cost
• Risk of greater than expected tax expenses due to changes in taxation system in each jurisdiction or a disagreement with tax authorities in filing tax returns</td><td>• Exchange rate fluctuations cause a change in the yen-translated value of financial statements denominated in local currencies and in the cost of procuring raw materials through foreign currency denominated transactions.
• Restrictions on fund procurement lead to a shortage of working capital and borrowings at high interest rates increase finance costs.
• Additional tax burdens will worsen business performance and social credibility.</td></tr>
<tr><td colspan="2">Main countermeasures, awareness of risk situation, and other considerations</td></tr>
<tr><td colspan="2">Although the impact of changing market environments and exchange rates cannot be fully eliminated, the Kirin Group has managed to lower the probability that such changes significantly impact its operating results and financial position by using derivatives and other hedging instruments. We have reduced the potential impact of risks associated with funds by diversifying the sources of funding and improving capital efficiency by centrally controlling the Group’s cash position. We have also lowered the probability of significant tax risks by thoroughly fulfilling our tax payment obligations in compliance with the applicable taxation system.</td></tr>
</table>

We are exposed to a variety of risks other than the above, including reputational risks, geopolitical risks, risks associated with business investments, and risks associated with a revision to relevant laws and regulations. By recognizing these risks, we will strive to prevent them from occurring and ensure prompt response.

4. MANAGEMENT ANALYSIS OF FINANCIAL POSITION, OPERATING RESULTS, AND CASH FLOWS

Forward-looking statements contained in this document are based on the assessment that the Kirin Group made as of the end of this fiscal year.

(1) SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The consolidated financial statements of the Kirin Group are prepared in accordance with the International Financial Reporting Standards. In preparing the consolidated financial statements, estimates deemed necessary are made in accordance with reasonable standards.
The details are as stated in "V. FINANCIAL INFORMATION, Consolidated Financial Statements, Notes to Consolidated Financial Statements."

(2) OPERATING RESULTS

1) Overall business conditions

In 2025, the world continued to undergo rapid and drastic changes, significantly impacting the business environment surrounding the Group. In addition to subdued consumer sentiment globally, heightened health consciousness intensified regulatory measures to curtail alcohol and sugar consumption, further exacerbating business conditions. Advances in AI rapidly transformed people's values and lifestyles, while climate change, regional conflicts, and economic instability stemming from change of government in the United States and other factors required management to accurately identify and respond to these environmental changes.
In these circumstances, the Group has consistently placed CSV at the core of its management, aiming for long-term and sustainable growth. At the same time, to respond swiftly and flexibly to environmental changes, we transitioned to a new management cycle to annually review our three-year plan in 2025.
Furthermore, alongside our alcoholic beverages, non-alcoholic beverages, and pharmaceuticals businesses, we have aimed to position our Health Science business, which views solving health issues as a business opportunity, as the Group's growth driver. In 2025, profitability improved following the completion of the acquisition of 100% ownership of FANCL Corporation and the sale of the amino acid business and so forth of Kyowa Hakko Bio Co., Ltd. This established a solid business foundation for the growth of our Health Science business. Our existing alcoholic beverages, non-alcoholic beverages, and pharmaceutical businesses also performed steadily, delivering results exceeding our plan. Consequently, consolidated normalized operating profit reached a record high for the third consecutive year.
Our ESG initiatives also received high recognition from external organizations. In the MSCI ESG Rating*, an ESG indicator, we achieved an "AA" rating for the fifth consecutive year, placing us alongside global leaders in CSV management.
Furthermore, in the 7th Nikkei SDGs Management Survey, the Company secured the highest position in the overall "SDGs Management" ranking for the seventh consecutive year, receiving the top "Grand Prize" awarded to only one company.

* A rating system developed by Morgan Stanley Capital International (MSCI) in the United States, measuring resilience to environmental, social, and governance risks and assigning ratings from AAA to CCC.

Lion Pty Ltd has been certified as a B Corp, joining the ranks of companies meeting high standards in social and environmental performance, accountability, and transparency. A North American company New Belgium Brewing Company, Inc. and an Australian company Blackmores Limited are also certified, demonstrating the high regard for the initiatives undertaken by the Group's major overseas operating companies.

(¥ billions, unless otherwise stated)

	FY2025	FY2024	Change	
Consolidated revenue	2,433.4	2,338.4	95.0	4.1%
Consolidated normalized operating profit	251.8	211.0	40.8	19.3%
Consolidated operating profit	209.7	125.3	84.3	67.3%
Consolidated profit before tax	237.9	139.7	98.1	70.2%
Profit attributable to owners of the Company	147.5	58.2	89.3	153.4%

(Key performance indicators)

ROIC	7.6%	4.1%		
EPS (yen)	182	72	110	153.4%

Consolidated revenue for this fiscal year increased due to steady progress in each business and the full-year contribution of FANCL CORPORATION, reaching a record high. Consolidated normalized operating profit increased significantly and reached a record high, driven by steady progress in each business including the Alcoholic Beverages businesses in Japan and Australia, the full-year contribution of FANCL CORPORATION, and improved profitability of the Health Science business including the early realization of structural reforms at Kyowa Hakko Bio Co., Ltd. In addition, profit attributable to owners of the Company increased significantly by more than 2.5 times year on year due to an increase in normalized operating profit, and other factors.
Among the key performance indicators, ROIC was 7.6%, achieving the initial target due to an increase in profit. EPS increased significantly along with the increase in profit attributable to owners of the Company, and increased by 110 yen from the previous fiscal year to 182 yen.

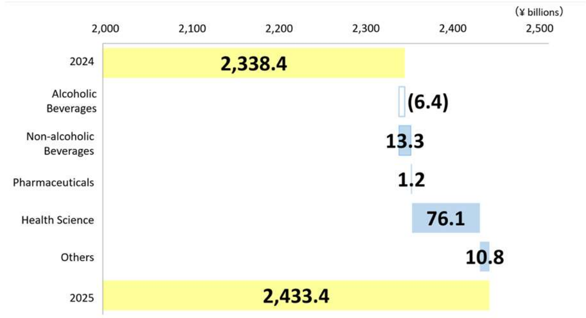
2) Performance by reportable segment

Results by segment are as follows.

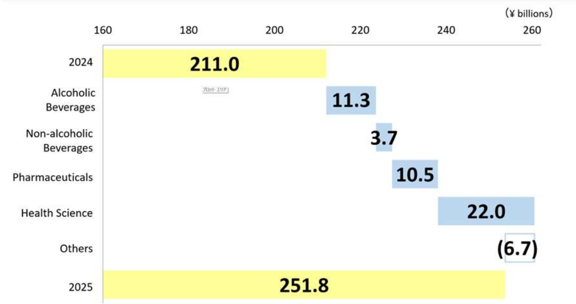
(¥ billions, unless otherwise stated)

	FY2025	FY2024	Change	
Consolidated revenue	2,433.4	2,338.4	95.0	4.1%
Alcoholic Beverages	1,075.3	1,081.7	(6.4)	(0.6)%
Non-alcoholic Beverages	578.2	564.9	13.3	2.4%
Pharmaceuticals	496.5	495.3	1.2	0.2%
Health Science	251.4	175.3	76.1	43.4%
Others	32.0	21.3	10.8	50.6%
Consolidated normalized operating profit	251.8	211.0	40.8	19.3%
Alcoholic Beverages	135.4	124.0	11.3	9.1%
Non-alcoholic Beverages	67.7	64.0	3.7	5.8%
Pharmaceuticals	102.3	91.9	10.5	11.4%
Health Science	11.1	(10.9)	22.0	–
Others	(64.7)	(58.0)	(6.7)	–

Consolidated revenue (year-on-year analysis)



Consolidated normalized operating profit (year-on-year analysis)



Alcoholic Beverages Business

Kirin Brewery Company, Limited strengthened investment, primarily in its core brands, and worked to build an attractive brand portfolio, anticipating the 2026 liquor tax revisions in Japan, including the unification of beer taxes. Although sales volume declined against backdrops of continuing population decline and ageing trends, both revenue and normalized operating profit exceeded the previous year through brand portfolio restructuring, the effect of price revisions, and rigorous cost management.

Within the beer category, *KIRIN ICHIBAN* brand performed robustly. By enhancing shelf presence with a trio of distinct products – including the April launch of *KIRIN ICHIBAN White Beer* and *KIRIN ICHIBAN Zero Sugar* - the core *KIRIN ICHIBAN* maintained strong sales, driving the overall brand to exceed the previous year.

In addition, *Kirin Good Ale*, launched in October 2025, surpassed its initial target of 600,000 cases within eight days of release and became such a major hit that the annual sales exceeded 1,300,000 cases. This contributed to revitalizing the beer category and expanding the range of high-value-added products.

In the craft beer category, we refreshed the *Spring Valley* logo, packaging and product name in March 2025, undertaking a major rebranding as *Spring Valley Brewery*.

In the non-alcoholic category, we launched *Kirin Authentic Brew Non-Alcoholic Lager Zero* in September 2025. Achieving the closest taste to beer in Kirin Brewery's history and meeting the unmet demand for "authentic flavor," this contributed to further revitalizing the non-alcoholic market and improving revenues and profit margins.

In the RTD category, the *KIRIN HYOKETSU Sugar-Free* series performed strongly, achieving double-digit percentage growth in value terms compared to the previous year, driving *KIRIN HYOKETSU* brand as a whole.

Furthermore, the rollout of the next-generation beer dispenser, *TAPPY*, which maintains beer freshness and contributes to reducing food waste, progressed, with the number of stores in Japan adopting it exceeding 30,000. Adding *Kirin Beer Harekaze* to the beer *TAPPY* dispenses also contributed to stimulating commercial demand and revitalizing the beer market.

Lion Pty Ltd achieved an increase in sales volume, while the overall Australian beer market saw a slight decline. Revenue remained on par with the previous year on a local currency basis, while normalized operating profit increased both on a local currency and JPY basis. The premium craft beer brand *Stone & Wood* and the health-conscious *Hahn* brand performed strongly. Alongside appropriate pricing strategies, cost reductions achieved through structural reforms proved effective, leading to improved profitability. Within the expanding RTD market, *Hyoketsu*, launched in 2024, performed well through the expansion of multiple flavors, creating new growth opportunities.

In North America, despite the challenging environment of a shrinking craft beer market and rising raw material costs, *Voodoo Ranger* brand from New Belgium Brewing Company, Inc. performed robustly, exceeding the market average. Furthermore, the transfer of manufacturing and sales operations for *KIRIN ICHIBAN* to New Belgium Brewing Company, Inc. was completed, aiming to strengthen the brand in North America and enhance logistics efficiency within the Group.

Lion Pty Ltd, which had overseen Australia, New Zealand, and North America until September 2025, shifted to a management structure focused solely on Oceania from October 2025 onwards.
As a result, revenue decreased by 0.6% from the previous year to ¥1,075.3 billion and normalized operating profit increased by 9.1% from the previous year to ¥135.4 billion mainly due to price revisions and cost controls.

Non-alcoholic Beverages Business
Amidst a shrinking Japanese non-alcoholic beverages market, Kirin Beverage Company, Limited achieved increased revenue and normalized operating profit by focusing on enhancing its flagship brand *Kirin Gogo-no-Kocha* and expanding health science beverages centered on immune care to improve profitability.
Kirin Beverage worked to maintain and expand year-round black tea demand by renewal of *Kirin Gogo-no-Kocha Oishii Muto (sugar-free)*, *Kirin Gogo-no-Kocha Oishii Muto (sugar-free) Fragrant Lemon*, *Kirin Gogo-no-Kocha Oishii Muto (sugar-free) Milk Tea* under the *Kirin Gogo-no-Kocha* brand as well as through seasonal communications, such as *Summer Ice Tea* and *Winter Hot Milk Tea*. Furthermore, in September 2025, a new product *Kirin Gogo-no-Kocha FRUITS & ICE TEA* was launched. As *Kirin Gogo-no-Kocha* is the leading black tea brand in Japan, Kirin Beverage aimed to revitalize the black tea market by proposing new value propositions.
In health science beverages, we focused on expanding sales of beverages containing Lactococcus lactis strain Plasma (LC-Plasma, a postbiotic). From the *iMUSE* brand, we newly launched *Kirin iMUSE Off-White Yoghurt Taste* in March 2025. From *Kirin Oishii Immune Care* series, we newly launched *Kirin Oishii Immune Care + Double Vitamin* in November 2025. By broadening the choice of beverages containing LC-Plasma, we advanced initiatives responding to the growing awareness of everyday health. Furthermore, in June 2025, the company launched the LC-Plasma drink for children, Mutekids, in parts of Japan, working to broaden its consumer base. By expanding retail outlets and enriching the product line-up, consumer touchpoints increased, contributing to the establishment of “immune care” as a lifestyle habit.
Coca-Cola Beverages Northeast, Inc., which operates in North America, maintained strong profitability despite rising raw material costs, driven by steady sales primarily of carbonated beverages. In addition to price management, stable sales volumes were secured through sales activities, resulting in revenue exceeding the previous year. Furthermore, capital investments in sales centers evoked multiple effects such as further enhancement of operational efficiency and increased the profit both on a local currency and JPY basis.
As a result, revenue increased by 2.4% to ¥578.2 billion. Normalized operating profit increased by 5.8% to ¥67.7 billion due to price revisions and cost controls on selling expenses and other items.

Pharmaceuticals Business
Kyowa Kirin steadily grew *Crysvita* and *Poteligeo*, the products in its key therapeutic area by expanding the markets and increasing market penetration. Revenue and normalized operating profit increased despite the impact of foreign exchange rates, the revision of drug prices in Japan, and the decrease in sales resulting from the business restructuring in the Asia-Pacific region implemented in the previous year.
Within the development pipeline, *ziftomenib* (product name in America: *KOMZIFTI*), intended for the treatment of acute leukaemia, was approved in the United States. Furthermore, we steadily advanced initiatives to achieve sustainable growth as a Japan-based global specialty pharmaceutical company. These included the completion of the HB7 building at the Takasaki Plant, which was under construction to further accelerate biopharmaceutical development, and the construction of a biopharmaceutical active ingredient manufacturing plant in North America.
As a result, revenue increased by 0.2% to ¥496.5 billion and normalized operating profit increased by 11.4% to ¥102.3 billion.

Health Science Business
Amidst rising global health consciousness, the nutritional supplement market continued to expand in 2025. In the Health Science business, we strengthened our operational foundations across supplements, health foods, and skincare to address consumer health issues, particularly in the Asia-Pacific region. The completion of the sale of Kyowa Hakko Bio Co., Ltd.’s business such as amino acid and the full-year consolidation of FANCL CORPORATION contributed to enabling the Health Science business to achieve profitability and establish a foundation for future growth.
At FANCL CORPORATION, within its cosmetics business centered on skincare, sales of the flagship *FANCL Mild Cleansing Oil* remained robust, while the *Attenia* brand increased sales revenue both domestically and internationally. *Skin Clear Cleanse Oil** from *Attenia* brand won the Grand Prize in the skincare category for the second consecutive year, a first in the history of the award, at the “Best Cosmetics Awards” hosted by @cosme, Japan’s largest comprehensive cosmetics and beauty website. In the supplements business, efforts to expand overseas sales channels for Age Bracket-Based Supplements and refine marketing approaches proved successful, driving overall growth.
Blackmores Limited saw robust sales performance for its flagship brand *Blackmores* and *BioCeuticals* brand, sold through pharmacists and other professional channels. Revenue and normalized operating profit increased year-on-year across all operating regions – Oceania, Southeast Asia and South Korea, and China. Furthermore, to enhance future profitability, the company commenced efforts to streamline its supply chain in Australia by consolidating its manufacturing and logistics facilities.
In the LC-Plasma business, revenue grew robustly, increasing by approximately 20% year-on-year. For supplements, alongside strong performance in Japan, we advanced the global rollout of products containing LC-Plasma, including new product launches in Taiwan leveraging Blackmores Limited’s distribution channels. Notably, shipments of bacterial cultures for overseas markets grew significantly, increasing by approximately 50% year-on-year on a sales value basis.
As a result, revenue increased by 43.4% to ¥251.4 billion. Normalized operating profit increased significantly to ¥11.1 billion (a normalized operating loss of ¥10.9 billion in the previous fiscal year) due to improved profitability of the Health Science business such as the early realization of structural reforms at Kyowa Hakko Bio Co., Ltd.

* *Skin Clear Cleanse Oil Aroma Type Refreshing Citrus Scent* won the Grand Prize at the @cosme Best Cosmetics Awards 2025.

3) Overview of production, orders received, and sales

(a) Production

Production by segment for this fiscal year is as follows:

Segment	Amount (¥ millions)	YoY change (%)
Alcoholic Beverages	999,941	(5.1)
Non-alcoholic Beverages	309,034	3.2
Pharmaceuticals (Note 2)	373,176	(10.9)
Health Science	210,262	60.9
Others	–	–
Total	1,892,413	(0.6)

Notes:

1. Amounts are based on selling prices.
2. Due to a change in the calculation method from the current fiscal year, year-on-year changes are calculated using restated figures for the previous fiscal year.

(b) Orders received

The information on orders received is omitted since the Group's products are mostly produced under a make-to-stock production arrangement.

(c) Sales results

Sales results by segment for this fiscal year are as follows:

Segment	Amount (¥ millions)	YoY change (%)
Alcoholic Beverages	1,075,261	(0.6)
Non-alcoholic Beverages	578,190	2.4
Pharmaceuticals	496,514	0.2
Health Science	251,366	43.4
Others	32,031	50.6
Total	2,433,363	4.1

Notes:

1. Sales results by key customer and the corresponding percentage to total sales are as follows. For this fiscal year, the information is omitted since there is no customer accounting for 10% or more of total sales.

Customer	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Amount (¥ millions)	Percentage (%)	Amount (¥ millions)	Percentage (%)
Mitsubishi Shokuhin Co., Ltd.	234,844	10.0	–	–

2. The above amounts do not include consumption taxes.

(3) FINANCIAL POSITION

1) General overview

Total assets at the end of this fiscal year were ¥3,494.0 billion, an increase of ¥139.9 billion from the end of the previous fiscal year. Property, plant and equipment, goodwill and intangible assets increased by ¥131.9 billion in total from the end of the previous fiscal year, mainly due to an increase in intangible assets associated with the in-licensing of development products at Kyowa Kirin Co., Ltd. and an increase in property, plant and equipment associated with the progress of plant construction.

Equity increased by ¥61.4 billion from the end of the previous fiscal year to ¥1,595.1 billion due to an increase in retained earnings of ¥70.2 billion, an increase in reserves of ¥44.4 billion, and a decrease in non-controlling interests of ¥44.0 billion. The increase in reserves was mainly attributable to an increase in foreign currency translation differences on foreign operations of ¥41.5 billion due to a weak yen. The decrease in non-controlling interests was mainly attributable to the impact of the additional acquisition of FANCL Corporation.

Liabilities increased by ¥78.5 billion from the end of the previous fiscal year to ¥1,898.9 billion. Bonds and borrowings increased by ¥65.9 billion mainly due to new issuances of bonds.

As a result, the equity ratio attributable to owners of the Company and the gross debt equity ratio stood at 36.8% and 0.72 times, respectively.

2) Financial status of reportable segments

Alcoholic Beverages Business

Segment assets of the Alcoholic Beverages Business at the end of this fiscal year increased by ¥66.0 billion to ¥1,433.5 billion from the end of the previous fiscal year mainly due to an increase in property, plant and equipment as a result of capital expenditures.

Non-alcoholic Beverages Business

Segment assets of the Non-alcoholic Beverages Business at the end of this fiscal year increased by ¥38.4 billion to ¥364.7 billion from the end of the previous fiscal year mainly due to an increase in property, plant and equipment as a result of capital expenditures.

Pharmaceuticals Business

Segment assets of the Pharmaceuticals Business at the end of this fiscal year increased by ¥43.9 billion to ¥1,056.6 billion from the end of the previous fiscal year mainly due to an increase in marketing rights and trade receivables.

Health Science Business

Segment assets of the Health Science Business at the end of this fiscal year remained at the same level as the end of the previous fiscal year at ¥764.1 billion mainly due to an increase in short-term loans receivable despite a decrease in inventories.

(4) CASH FLOWS

1) Cash flows and liquidity status

The balance of cash and cash equivalents (hereinafter, “net cash”) at the end of this fiscal year was ¥125.3 billion, an increase of ¥17.4 billion (excluding a decrease of ¥10.7 billion due to changes in accounting policy) from the end of the previous fiscal year. Cash flows for each activity were as follows:

Cash flows from operating activities

Net cash provided by operating activities increased by ¥52.6 billion year on year to ¥295.4 billion. Despite decreases in non-cash items, namely a ¥18.3 billion decrease from the absence of a loss on step acquisition and a ¥19.3 billion decrease from the absence of an impairment loss on equity-accounted investments recorded in the previous fiscal year, as well as a ¥12.3 billion increase in outflow of working capital, a ¥98.1 billion increase in profit before tax year on year to ¥237.9 billion, resulted in an increase of ¥38.4 billion in the sub-total. Below the sub-total line, cash flows from operating activities increased year on year due to factors such as a ¥17.8 billion decrease in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities decreased by ¥144.4 billion year on year to ¥185.0 billion. The main factor for the decrease was expenditure for the acquisition of shares of subsidiaries, which decreased by ¥144.9 billion year on year to ¥14.9 billion due to a reactionary decrease from consolidating Orchard Therapeutics Limited and FANCL Corporation as subsidiaries in the previous fiscal year. Net cash provided by investing activities for this fiscal year included ¥8.1 billion in proceeds from sale of property, plant and equipment and intangible assets, and ¥0.6 billion in proceeds from sale of investments through our continuous efforts to reduce cross-shareholdings. In addition, expenditures for the acquisition of property, plant and equipment and intangible assets decreased by ¥5.0 billion year on year to ¥175.6 billion, and proceeds from sale of equity-accounted investments decreased by ¥2.9 billion year on year to ¥0.6 billion.

Cash flows from financing activities

Net cash used in financing activities was ¥110.5 billion (net cash provided by financing activities was ¥58.1 billion in the same period of the previous fiscal year). This was mainly due to proceeds from the issuance of bonds amounted to ¥100.0 billion, proceeds from long-term borrowings decreased by ¥268.9 billion year on year to ¥28.0 billion, repayments of bonds increased by ¥5.0 billion year on year to ¥35.0 billion, and repayments of long-term borrowings decreased by ¥48.4 billion year on year to ¥30.0 billion. In the current fiscal year, due to the additional acquisition of shares of FANCL Corporation, a consolidated subsidiary, payments for acquisition of non-controlling interests amounted to ¥81.8 billion. In addition, the Company has been paying dividends targeting a consolidated dividend on equity (DOE) of 5% or more since this fiscal year, and dividends paid, including non-controlling interests, amounted to ¥73.5 billion.

The Group, with due consideration to its cost of capital, will continue its dividend policy of targeting a DOE of 5% or more and, in principle, adopting a progressive dividend approach in order to achieve more stable and sustainable dividends. We place top priority on stable dividends, and consider investments and shareholder returns in accordance with cash balance while repaying interest-bearing debt and investing in intangible assets for future growth.

2) Basic capital policy

The Company will allocate resources to its businesses and distribute profits to its shareholders as set out below.

Regarding resource allocation to businesses, giving top priority to growth investment with a focus on the Health Science domain, the Company will make investments that contribute to enhancement of existing businesses and profitability improvement. The Company will also implement a stable and continuous allocation of resources to intangible value (such as brands, research and development, information and communication technology (ICT), and human resources) as well as new business creation that sustain the growth of future cash flows. The Company will take a disciplined approach to investments in terms of maintaining and improving the Kirin Group’s capital efficiency.

We view the distribution of profits to shareholders as a key management matter. Since our listing in 1949, we have continued to pay dividends without fail in every fiscal year. We paid dividends until FY2024 with a target payout ratio of 40% or more on a normalized EPS basis. From FY2025 onwards, in order to achieve more stable and sustainable dividends, we have changed our dividend policy to one that aims for a consolidated dividend on equity (DOE) of 5% or more. In principle, we will pay a progressive dividend per share. As part of management that is conscious of capital costs with the aim of increasing corporate value, we will strive to further enhance the return of profits to shareholders and improve capital efficiency. We will continue to consider whether or not to repurchase our own shares as an additional form of shareholder return, taking into account the optimal capital structure, the market environment, and our capital capacity after the investment.

With regard to financing, we will utilize sustainable finance to promote CSV management. Funds raised will be allocated to initiatives aimed at solving social issues in line with the CSV Purpose. In preparation for rapid changes in the economic environment and other factors, priority is given to debt financing while maintaining a high credit rating that is not affected by financial conditions. When raising funds through the issuance of shares for investments required to achieve medium- to long-term goals, we will fulfill our accountability to shareholders by carefully considering the impact on stakeholders and other factors, after verification and review by the Board.

5. MATERIAL CONTRACTS

(Financial covenants attached to loan agreements and bonds)

The major loan agreements with financial covenants entered into by the Company and outstanding at the end of this fiscal year are as follows:

Contract date	Loan period	Balance at end of this fiscal year (¥ millions)	Lender type	Collateral	Financial covenants
March 10, 2020	March 13, 2020 – March 12, 2027	20,000	Regional bank Cooperative financial institution	None	・Maintain total equity at not less than 50% of the total equity as of the end of the previous quarter. ・Not record a loss before tax for two consecutive fiscal years. ・Not record a loss for the year for two consecutive fiscal years.
October 5, 2022	October 7, 2022 – October 7, 2027	10,000	Regional bank Cooperative financial institution	None	・Maintain total equity at not less than 50% of the total equity as of the end of the previous quarter. ・Not record a loss for the year for two consecutive fiscal years.
	October 7, 2022 – October 5, 2029	20,000	City bank Regional bank Cooperative financial institution	None	・Maintain total equity at not less than 50% of the total equity as of the end of the previous quarter. ・Not record a loss for the year for two consecutive fiscal years.
July 25, 2023	July 28, 2023 – July 28, 2028	30,000	City bank Regional bank Cooperative financial institution	None	・Maintain total equity at not less than 50% of the total equity as of the end of the previous quarter. ・Not record a loss for the year for two consecutive fiscal years.
	July 28, 2023 – July 26, 2030	37,000	City bank Regional bank Cooperative financial institution	None	・Maintain total equity at not less than 50% of the total equity as of the end of the previous quarter. ・Not record a loss for the year for two consecutive fiscal years.
March 13, 2024	March 18, 2024 – March 18, 2030	5,000	Regional bank Cooperative financial institution	None	・Maintain total equity at not less than 50% of the total equity as of the end of the previous quarter. ・Not record a loss before tax for two consecutive fiscal years. ・Not record a loss for the year for two consecutive fiscal years.
	March 18, 2024 – March 18, 2031	43,000	City bank Regional bank Cooperative financial institution	None	・Maintain total equity at not less than 50% of the total equity as of the end of the previous quarter. ・Not record a loss before tax for two consecutive fiscal years. ・Not record a loss for the year for two consecutive fiscal years.
	March 18, 2024 – March 18, 2032	52,900	City bank Regional bank Cooperative financial institution	None	・Maintain total equity at not less than 50% of the total equity as of the end of the previous quarter. ・Not record a loss before tax for two consecutive fiscal years. ・Not record a loss for the year for two consecutive fiscal years.
November 13, 2024	November 18, 2024 – November 18, 2027	28,500	Regional bank Cooperative financial institution	None	・Maintain total equity at not less than 50% of the total equity as of the end of the previous quarter. ・Not record a loss before tax for two consecutive fiscal years. ・Not record a loss for the year for two consecutive fiscal years.
September 25, 2025	September 30, 2025 – September 30, 2031	18,000	Regional bank Cooperative financial institution	None	・Maintain total equity at not less than 50% of the total equity as of the end of the previous quarter. ・Not record a loss before tax for two consecutive fiscal years. ・Not record a loss for the year for two consecutive fiscal years.
	September 30, 2025 – September 28, 2035	10,000	City bank Regional bank	None	・Maintain total equity at not less than 50% of the total equity as of the end of the previous quarter. ・Not record a loss before tax for two consecutive fiscal years. ・Not record a loss for the year for two consecutive fiscal years.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

The Kirin Group has designated "Core technology that creates solid value" in the Long-Term Management Vison "Kirin Group Vision 2027" (KV2027) as one of its organizational capabilities for achieving innovation. We have worked to further develop our technological capabilities in fermentation and biotechnology, packaging, and engineering, which have been our strengths to date, as well as to focus on intellectual property initiatives. For the Alcoholic Beverages, Non-alcoholic Beverages, and Health Science domains, the Group engages in research and development activities at five research institutes of Kirin Holdings Company, Limited (Kirin Central Research Institute, Institute of Health Sciences, Institute for Future Beverages, Institute for Package Innovation, and Institute for Technology of Microbial Science (formerly Institute for Bioprocess Technology)) and other research institutes of its operating companies. For the Pharmaceuticals domain, Kyowa Kirin Co., Ltd. primarily undertakes research and development activities to create life-changing value, moving forward with joint initiatives with Kirin Holdings Company, Limited with the aim of delivering value beyond pharmaceuticals. Going forward, under the new Long-Term Management Vision "Innovate2035!", we will further promote research and development activities as a source of innovation.
The Kirin Group's research and development expenses for the fiscal year under review amounted to ¥118.1 billion. Major outcomes of our research and development efforts by segment are set out below. Research and development expenses incurred in Kirin Holdings Company, Limited are included in "Group-wide."

Group-wide
Kirin Holdings Company, Limited promotes Group-wide research and development activities with a view to enhancing corporate value over the medium to long term. By strengthening foundational technologies, including those in the environmental and digital domains, we aim to achieve both future business growth and solutions for social issues.
In the environmental area, to address the social issue of improving resource circulation, we conducted research on food safety[*1] in connection with expanding the raw materials for chemical recycling[*2] of PET[*3] to include non-food contact material grade PET[*4]. Through cross-industry collaboration, we successfully conducted manufacturing trials[*5] at a factory. The chemically recycled resin produced was adopted for use in a portion of PET bottles for beverages at Kirin Beverage Company, Limited. Through this initiative, we are exploring the effective use of plastic resources that have not been sufficiently utilized in the past. This initiative is expected to create new value by contributing to the expansion of the scope of plastic resource circulation and the reduction of environmental impact.
In addition, in order to ensure a sustainable supply of raw materials under climate change, we developed a technology to impart heat and drought tolerance in hop seedlings through acquired tolerance. This technology enables hops to gain resilience without compromising flavor quality and is expected to contribute to stable raw material procurement and climate change adaptation in the agricultural field.
In the digital area, utilizing preference data and AI, we independently developed the "FJWLA"[*6] preference AI, which scientifically identifies flavor components contributing to the "delicious taste" perceived by consumers. This technology enables integrated analysis of data such as sensory evaluation data and component analysis data and is expected to advance research and development processes and accelerate value creation. Furthermore, we launched joint research with Hitachi, Ltd., leveraging preference data and AI, to elucidate the factors influencing beverage selection and drinking behavior. Through this research, we expect to generate insights that contribute to solving social issues not only in alcoholic beverages but also across the broader beverage business and health promotion, and to contribute to the realization of CSV.
Our intellectual property activities, which link research and development activities to the enhancement of corporate value and competitiveness, were recognized for our framework, under which Business X R&D X Intellectual Property are integrated and promoted in coordination with management throughout the entire value chain. As a result, we received the FY2025 Intellectual Property Achievement Award, "Award from Commissioner of the Japan Patent Office: Intellectual Property Utilization Company (Patents)." We strive to enhance our corporate value sustainably by integrating our research and development activities with our intellectual property initiatives, ensuring that our research and development efforts contribute to creating social value.

Research and development expenses for the Administration business totaled ¥9.9 billion for the fiscal year under review.

*1 By establishing concept and analytical method for safety assessment when recycling non-food contact material grade PET as a raw material into food containers, we expanded the scope of recycled materials for recycling into food containers, which was previously limited to PET bottles for beverages, to include non-food grade PET.
*2 A method of synthesizing PET back again from a PET intermediate material that has been chemically degraded to the molecular level and purified.
*3 Polyethylene terephthalate
*4 Specifically, this refers to industrial PET film offcuts generated during the manufacturing of electronic components, PET bottles for cosmetics, and product samples for vending machines.
*5 Conducted at the chemical recycling plant of PET REFINE TECHNOLOGY CO., LTD.
*6 Flavor Judgment for Whole Liking Analysis

Alcoholic Beverages Businesses
In the Alcoholic Beverages Businesses, Kirin Brewery Company, Limited (Kirin Brewery), Mercian Corporation, and Lion Pty Ltd. conduct research, technological development, and product development in cooperation with the research institutes of Kirin Holdings Company, Limited.
In the beer category, we renewed *KIRIN ICHIBAN Zero Sugar* in June. Through the "Double Decoction Method"[*1], we brought out the richness of ingredients and enhanced its bright aroma by using new hops. It offers a well-balanced taste that combines both a satisfying mouthfeel and smooth drinkability, with a flavor that never grows tiring. In October, we launched *Kirin Good Ale*. We adopted the rare Cryo Hop®, which extracts only the aromatic components of hops, for the first time at a Kirin Brewery Company, Limited plant. By using our proprietary "Bright Aroma Method," we reduced off-flavors, creating a beer with a satisfying flavor that balances a fruity aroma and taste with a refreshing aftertaste. In December, we offered *Italian Red - Tomato & Pasta*, jointly developed with Nisshin Seifun Welna Inc., in limited quantities at Spring Valley Brewery Tokyo. This is an upcycled[*2] beer in which a portion of the barley, the primary ingredient in beer, was replaced with pasta that would otherwise go to waste.

In the RTD category, we launched *Kirin Tokusei Mikan Cider Sour (Limited Time Offer)* from the “Kirin Tokusei” brand in October. This product uses a fermented ingredient derived from coffee cherries that had previously not been utilized in the coffee production process and was developed by the Company. In addition to enhancing body and aroma, this ingredient is expected to contribute to improving the sustainability of coffee farms, reducing environmental impact, and helping address alcohol-related social issues.
In the non-alcoholic category, we launched *Kirin Authentic Brew Non-Alcohol Lager Zero* in September. Through Kirin Brewery’s first[*3] dealcoholization process, we balanced the umami of malt with the aroma and bitterness of hops, achieving a beer-like taste that offers a satisfying mouthfeel with a crisp finish.
In the Japanese whisky category, in May, the three year-round products of *Kirin Japanese Whisky Fuji* (*Kirin Single Grain Japanese Whisky Fuji*, *Kirin Single Blended Japanese Whisky Fuji*, and *Kirin Single Malt Japanese Whisky Fuji*) won Gold in the Japanese Whisky category at the International Spirits Challenge (ISC) 2025 for the third consecutive year.
In the wine category, at the “2025 Annual Meeting of American Society for Enology & Viticulture - Japan Chapter” held in November, we received the “Technical Award” for the “Establishment of subculture technology for grape downy mildew pathogen using aseptic cultured plants.” In fruit tree cultivation, where pesticide-resistant pathogens have become a challenge, we developed a bioassay method for downy mildew pathogens using aseptic grape plants, as well as technologies for cryopreservation and subculturing of downy mildew pathogens. This has enabled the precise selection of pesticides according to the characteristics of individual fields.
In Oceania, Lion Pty Ltd. is working on product development that matches the tastes of the Australian and New Zealand markets and customers while utilizing the technology of Kirin Holdings Company, Limited. Regarding the Kirin brand *Hyoketsu*, we expanded the flavor lineup in 2025 with the aim of further strengthening the brand. Specifically, we newly introduced *KIRIN HYOKETSU GREEN APPLE* as a core flavor, and developed *KIRIN HYOKETSU LEMON 4%*, which maintains the flavor of the conventional *LEMON 6%* while reducing the alcohol content. We will continue to work together to enhance brand value through product development suited to local markets.
In July, Kirin Brewery Company, Limited and the Research and Development Center for Lifestyle Innovation, University of Tsukuba commenced a comprehensive joint research program on evidence-based drinking practices that take health into consideration. Amid growing health consciousness, this research aims to clarify the scientific basis for “health-conscious drinking” and contribute to the development of a moderate drinking culture and to bringing joy to society.

Research and development expenses for this business totaled ¥0.9 billion for the fiscal year under review.

*1 A brewing method in which the process of boiling a portion of the wort is repeated twice.
*2 The process of transforming materials that would otherwise have to be discarded, such as waste materials and non-standard food ingredients, into products with higher added value by applying additional processing.
*3 The first non-alcoholic product launched by Kirin Brewery Company, Limited.

Non-alcoholic Beverages Businesses

In the Non-alcoholic Beverages Businesses, Kirin Beverage Company, Limited (Kirin Beverage) conducts research, technological development, and product development in cooperation with the research institutes of Kirin Holdings Company, Limited.

We advanced the development of beverages containing Kirin's proprietary ingredient, "Lactococcus lactis strain Plasma (LC-Plasma)." In March, we renewed *Kirin Oishii Immune Care*, *Kirin Oishii Immune Care Calorie Off*, and *Kirin Oishii Immune Care Sleep*. In addition to achieving a flavor that balances "satisfaction" with a "refreshing aftertaste," we extended the shelf life from nine months to twelve months to improve customer convenience and enable efficient inventory management at stores.

Regarding *Gogo-no-Kocha*, we renewed the *Kirin Gogo-no-Kocha Oishii Muto* series in March. To make it easier to enjoy on a daily basis as a "sugar-free iced tea," we used Darjeeling tea leaves*1, known as the "Champagne of teas," in part and adjusted the balance of the aroma. As a result, while maintaining the overall body, we refined the taste to a cleaner profile. In September, we launched the *Kirin Gogo-no-Kocha FRUITS & ICE TEA* series, which combines the sweet-and-tart flavor of whole-squeezed fruit juice with refreshing black tea.

In addition, research results relating to the "Elucidation of the Photodegradation Mechanism in Green Tea Beverages," including the "Photodegradation Suppression Technology for Green Tea Beverages" (patent application pending) developed by the Laboratory for New Product Development of Kirin Beverage Company, Limited, received the "Japan Soft Drink Association Award" at the 34th Society of Soft Drink Technologists, Japan (secretariat: the Japan Soft Drink Association). This research not only clarified the mechanism by which photodegradation off-odors are generated in green tea beverages, but also developed a photodegradation suppression technology to reduce the occurrence of such off-odors in PET-bottled green tea beverages.

Research and development expenses for this business totaled ¥1.0 billion for the fiscal year under review.

*1 Darjeeling tea leaves account for 20% of the total tea leaves used in *Kirin Gogo-no-Kocha Oishii Muto (sugar-free)* and *Kirin Gogo-no-Kocha Oishii Muto (sugar-free) Fragrant Lemon*, while they account for 10% in *Kirin Gogo-no-Kocha Oishii Muto (sugar-free) Milk Tea*.

Pharmaceuticals Business

Kyowa Kirin Group continuously and actively invests management resources in research and development activities. Kyowa Kirin Group aims to continually create new drugs with Life-changing value by including bone and mineral, intractable hematological diseases and hemato oncology, and rare disease in the disease science field in which is the area of focus for its in-house research and development, and, with regard to drug discovery technology, strengthening innovative modalities such as advanced antibody technologies and hematopoietic stem cell gene therapy. As part of the value creating process, Kyowa Kirin Group will also promote open innovation activities, collaborate with partners, invest in venture capital funds, and utilize corporate venture capital. In research and development, Kyowa Kirin Group will focus on creating Life-changing value and utilize a business model that not only aims to maximize value through our own global deployment, but also through strategic collaboration with external partners.

Note: Regarding the discontinuation of clinical trials involving rocatinlimab

On January 30, 2026, following a review by AMGEN INC. ("Amgen") of its strategic portfolio, Kyowa Kirin terminated an agreement with Amgen regarding the existing joint development and sales of KHK4083 (generic name: rocatinlimab) ("rocatinlimab") which is under development for atopic dermatitis, etc. and reacquired the rights to develop and commercialize rocatinlimab. However, on March 3, 2026, based on the latest safety information and a comprehensive risk-benefit assessment, Kyowa Kirin decided to discontinue all ongoing clinical trials for rocatinlimab.

Note that the "<Development status of major development products>" below reflect the status on December 31, 2025.

<Development status of major development products>

As of December 31, 2025

Code Name, Generic Name	Indication	Development status
KHK4083/AMG 451, rocatinlimab	Moderate and severe atopic dermatitis	Ph III clinical study: in progress
	Prurigo nodularis	Ph III clinical study: in progress
	Moderate and severe asthma	Ph II clinical study: in progress
Ziftomenib	Adult Relapsed or Refractory (R/R) NPM1-mutant Acute Myeloid Leukemia (AML) (monotherapy)	Approval obtained Ph II clinical study: detailed results reported
	Acute Lymphoblastic Leukemia (ALL) (monotherapy)	Ph I clinical study: in progress
	Acute Myeloid Leukemia (AML) (combination)	Ph I clinical study: in progress
		Ph III clinical study: in progress
OTL-203	Mucopolysaccharidosis type IH (Hurler syndrome)	Pivotal study (Equivalent to Ph III study): in progress
KK8398, infigratinib	Achondroplasia	Ph III clinical study: in progress
	Hypochondroplasia	Ph III clinical study: preparation underway
KHK4951, tivozanib	Neovascular Age-related Macular Degeneration (nAMD)	Ph II clinical study: in progress
	Diabetic Macular Edema (DME)	Ph II clinical study: in progress
OTL-201	Mucopolysaccharidosis type IIIA (Sanfilippo syndrome type A)	PoC study (Equivalent to Ph I/II study): in progress
KK4277	Systemic Erythematosus (SLE)/Cutaneous Lupus Erythematosus (CLE)	Ph I clinical study: in progress
KK2260	Advanced or metastatic solid tumors	Ph I clinical study: in progress
KK2269	Advanced or metastatic solid tumors	Ph I clinical study: in progress
KK2845	Acute Myeloid Leukemia (AML)	Ph I clinical study: in progress
KK8123	X-linked Hypophosphatemia (XLH)	Ph I clinical study: in progress
KK3910	Essential Hypertension	Ph I clinical study: in progress
OTL-200, atidarsagene autotemcel	Early-onset Metachromatic Leukodystrophy (MLD)	Clinical trial: preparation underway

- KHK4083/AMG 451 (rocatinlimab) is a potential T cell rebalancing monoclonal antibody that is designed to selectively inhibit and reduce pathogenic T cells by targeting the OX40 receptor. One of the major causes of chronic inflammatory diseases including atopic dermatitis is due to the activation of T cells through OX40 signaling, leading to an increase in pathogenic T cells and induction of their effector functions. By selectively targeting the OX40 receptor, rocatinlimab may promote T cell rebalancing by suppressing the activity and number of pathogenic T cells. Its novel mechanism of action may lead to reduced disease chronicity and relapse, particularly by directly acting on memory T cells, and thus may offer symptom control with reduced dosing frequency, distinguishing it from conventional cytokine blockers and JAK inhibitors. The initial antibody was discovered in collaboration between research team of Kyowa Kirin in United States and La Jolla Institute for Immunology. On June 1, 2021, Kyowa Kirin and Amgen entered into an agreement to jointly develop and commercialize rocatinlimab. Under the terms of the agreement, Amgen will lead the development, manufacturing, and commercialization for rocatinlimab for all markets globally, except Japan, where Kyowa Kirin will retain all rights. If approved, the companies will co-promote the asset in the United States and Kyowa Kirin has opt-in rights to co-promote in certain other markets including Europe and Asia. Phase III clinical studies evaluating rocatinlimab in moderate to severe atopic dermatitis (ROCKET Program) is composed of eight studies enrolling adult and adolescent patients. To date, over 3,300 patients have been enrolled in the ROCKET Program with all studies having completed enrollment. HORIZON, IGNITE, SHUTTLE, and VOYAGER, which are part of the phase III trials in the ROCKET Program, met their coprimary endpoints and all key secondary endpoints as of June 2025. Amgen and Kyowa Kirin also announced top-line results from the interim analysis of the ASCEND study, one of the eight studies. In addition to the ROCKET Program, a Phase II clinical study in moderate to severe asthma and a Phase III clinical study in prurigo nodularis are being conducted.

- Ziftomenib (Product name in the U.S.: KOMZIFTI) is an oral menin inhibitor in development by Kura Oncology, Inc. for the treatment of genetically defined AML patients with high unmet need. In November 2024, Kura Oncology and Kyowa Kirin entered into a global strategic collaboration to develop and commercialize ziftomenib in acute leukemias. Under the terms of the agreement, the companies will jointly develop and commercialize ziftomenib. Kura Oncology, Inc. will lead development, regulatory and commercial strategy in the U.S. Outside the U.S., Kyowa Kirin will lead development, regulatory and commercial strategy. Multiple clinical trials are currently in progress for AML. Kura Oncology, Inc. submitted a New Drug Application (NDA) for ziftomenib for the treatment of adult patients with R/R NPM1-mutant AML to the U.S. Food and Drug Administration (FDA) in March 2025, and it was accepted in May. Ziftomenib was fully approved in November. Furthermore, Kura Oncology, Inc. and Kyowa Kirin started Phase III KOMET-017 trial for newly diagnosed NPM1-mutant or KMT2A-rearranged AML patients in September 2025. They also started a cohort for newly diagnosed FLT3/NPM1 co-mutated AML patients in October 2025 in the ongoing Phase I KOMET-007 trial. In December 2025, they reported intermediate data for combination regimen of ziftomenib with venetoclax and azacitidine in newly diagnosed and R/R AML.

- OTL-203 is an investigational HSC gene therapy in development for the treatment of mucopolysaccharidosis type IH (Hurler syndrome). Orchard Therapeutics is currently implementing a registrational study (equivalent to a Phase III clinical study) of OTL-203 as a therapy to potentially correct the underlying cause of Hurler syndrome.

- KK8398 (infigratinib) is a small-molecular FGFR3 inhibitor, which has been developed for bone diseases by QED Therapeutics, wholly owned by BridgeBio. In February 2024, a partnership wherein QED Therapeutics, grants Kyowa Kirin an exclusive license to develop and commercialize infigratinib for achondroplasia, hypochondroplasia, and other skeletal dysplasias in Japan. The Company started Phase III clinical trial for achondroplasia in Japan in November 2025. The Company is currently preparing for Phase III clinical trial for hypochondroplasia in Japan.

- Tivozanib, the active ingredient of KHK4951, is a small-molecule vascular endothelial growth factor receptor (VEGFR) -1, -2, and -3 tyrosine kinase inhibitor (TKI) discovered and developed by Kyowa Kirin. KHK4951 is a novel nano-crystalized tivozanib eye drops designed to deliver it efficiently to the posterior ocular tissues and has the potential to provide a novel non-invasive treatment option for patients with neovascular age-related macular degeneration (nAMD) and diabetic macular edema (DME). Phase II clinical studies are ongoing.

- OTL-201 is an investigational HSC gene therapy in development for the treatment of mucopolysaccharidosis type IIIA (Sanfilippo syndrome). A proof-of-concept (Equivalent to Phase I / II study) is ongoing.

- KK4277 is an optimized antibody based on antibodies licensed from SBI Biotech. It has been enhanced with antibody-dependent cell-mediated cytotoxicity (ADCC) activity using our POTELLIGENT technology. Phase I clinical study for the treatment of systemic lupus erythematosus and cutaneous lupus erythematosus has been conducted.

- KK2260 is an EGFR-TfR1 bispecific antibody developed using Kyowa Kirin proprietary bispecific antibody technology REGULGENT. It is designed as an antibody that achieves selective iron depletion in cancer cells, and in non-clinical trials it showed high efficacy and tolerability. Phase I clinical trial is ongoing.

- KK2269 is an EpCAM-CD40 bispecific antibody developed using Kyowa Kirin proprietary bispecific antibody technology REGULGENT. It is designed as an antibody that activates only antigen-presenting cells near the tumor by cross-linking EpCAM, which is highly expressed in various tumors, with CD40 on antigen-presenting cells. In non-clinical trials, it was found to exhibit the therapeutic effects of anti-tumor immunity while suppressing systemic side effects. Phase I clinical trial is ongoing.

- KK2845 is Kyowa Kirin's first antibody-drug conjugate (ADC). The target molecule is TIM-3. Phase I clinical trial for acute myeloid leukemia (AML) is ongoing.

- KK8123 is a human antibody targeting FGF23. Phase I study for XLH is ongoing.

- KK3910 is an antibody developed by Kyowa Kirin. Phase I clinical trial for healthy adults and essential hypertension is ongoing.

- OTL-200 (atidarsagene autotemcel, Product name in US : Lenmeldy, Product name in Europe : Libmeldy) is an investigational HSC gene therapy aimed at correcting the underlying genetic cause of Metachromatic Leukodystrophy (MLD). OTL-200 received designation as an orphan regenerative medicine product for early-onset MLD in Japan in October 2025. Kyowa Kirin is preparing a clinical trial in Japan.

<Major collaboration and licensing information>

- In October 2025, Boehringer Ingelheim and Kyowa Kirin entered into a licensing agreement under which Kyowa Kirin will out-license to Boehringer Ingelheim a novel compound aimed at developing a new treatment for autoimmune diseases.

Major applications and approvals

Code Name, Generic Name, Product Name	Indication	Application/Under Review	Countries/Regions Received Approval in 2025
ziftomenib (Product name in the U.S.: KOMZIFTI)	Adult Relapsed or Refractory (R/R) Acute Myeloid Leukemia (AML) with a Nucleophosmin1 (NPM1) Mutation	–	U.S.

Research and development expenses for this business totaled ¥100.8 billion for the fiscal year under review.

Health Science Business

Kirin Holdings Company, Limited is accelerating the creation of health value in Japan and overseas by promoting research and development and commercialization based on scientific evidence in an integrated manner, with its proprietary ingredient "Lactococcus lactis strain Plasma (LC-Plasma)" at the core.

Sales of the product series using LC-Plasma exceeded ¥23.0 billion in 2024[*1] and surpassed ¥28.0 billion in 2025[*2], expanding steadily. As a result, our market presence in the immune care field has been further strengthened. On the research front, through intranasal inoculation of LC-Plasma, we elucidated part of the mechanism of action involved in the growth inhibitory effect on COVID-19 and influenza virus, mediated by the attraction and activation of pDCs[*3], the core of innate immunity, and the upregulation of antiviral gene expression. We also obtained findings suggesting the rapid induction of antiviral responses against adenoviruses and are exploring potential applications against a wide range of respiratory viruses. Furthermore, in a clinical trial involving healthcare professionals, we confirmed a downward trend in the number of days participants experienced fever and fatigue, supporting the usefulness of immune care habits. Additionally, we discovered for the first time in the world a factor enabling non-invasive visualization of pDC activity via urine tests and commenced the development of a new testing service that contributes to individualized assessment of immune status. We are promoting clinical research in conjunction with the quantification of immune markers in blood and other samples, with a view to practical application from 2026 onwards.

Regarding "citicoline," a brain function support ingredient manufactured and sold by Kyowa Hakko Bio Co., Ltd., we obtained findings suggesting a novel mechanism of action related to the gut-brain axis[*4] for the first time in the world, through the combined use of the AI-driven DX technologies for drug discovery[*5] (QSP model[*6]) and cell-based tests in joint research with Fujitsu Limited.

"Electric Salt," a tableware-type device that enhances the salty and umami taste of low-sodium foods through electrical stimulation, has received high social recognition, including the Gold Award at the 2025 Good Design Awards and the Minister of Agriculture, Forestry and Fisheries Award at the Well-being & Age-Tech 2025 Awards. Additionally, the "Electric Salt Spoon" received the Encouragement Award at the 17th Japan Marketing Awards. Going forward, through the expansion of tableware formats and collaboration with local governments, medical institutions, and nutrition counseling settings, we will contribute to the widespread practice of salt reduction and the promotion of health among consumers.

Through joint research between Kirin Holdings Company, Limited and the Graduate School of Agricultural and Life Sciences, The University of Tokyo, using human iPS cell-derived small intestinal organoids[*7], we confirmed for the first time in the world that cellular senescence reduces the absorption of sugars and amino acids in small intestinal epithelial cells. In addition to deepening our understanding of the mechanism behind the progression of Epithelial to Mesenchymal Transition and the loss of absorptive function, we successfully verified the efficacy of Human Milk Oligosaccharides (HMO) as an anti-aging ingredient, and are accelerating the research and development of food ingredients in the anti-aging field.

The FANCL Group, through fundamental technology research and product development research activities at its Research Institute in the areas of cosmetics, nutritional supplements, germinated brown rice, and Aojiru (green juice), promotes safety and functionality research centered on "safety and reliability," and conducts product development based on scientific evidence. In particular, the FANCL Group has been focusing on aging research, and through its proprietary research, identified that "Kinmizuhiki (Agrimonia pilosa)" and "agrimols derived from Kinmizuhiki" have an effect of eliminating senescent cells, and launched the "Wellage Premium" Foods with Function Claims product. In addition, the FANCL Group found that "goat milk-derived exosomes" suppress the aging of skin cells and promote the production of collagen and elastin, and launched the "Advanced Beauty Concentrate" aging care serum containing this ingredient. Products containing these proprietary ingredients have been selling in volumes exceeding plans, contributing to sales growth.

As part of collaboration leveraging cross-group product development capabilities, Kirin Holdings Company, Limited, FANCL CORPORATION, and AXXZIA Inc. jointly developed a supplement containing LC-Plasma and commenced sales through cross-border e-commerce in China, thereby promoting the expansion of the immune care business in overseas markets. In addition, together with the overseas group company Blackmores Limited, we are expanding sales of products containing LC-Plasma in the Asia region, advancing product appeals and brand penetration aligned with consumer needs in each country. Regarding Kyowa Hakko Bio Co., Ltd., following the completion of the transfer of certain businesses, we have optimized the allocation of R&D and investment resources and reorganized into a structure centered on the specialty materials business, including citicoline. Toward the strengthening of the R&D foundation, Cowellnex Corporation commenced joint research with Siolta Therapeutics on a live biotherapeutic product aimed at suppressing the onset of necrotizing enterocolitis in infants and is working to create next-generation health value by leveraging the gut microbiota. By maximizing synergies through these collaborations, we are underpinning the sustainable growth of the entire Health Science Business through market development in Japan and overseas, the integration of research expertise, and the expansion of supply and sales channels.

Research and development expenses for this business totaled ¥3.9 billion for the fiscal year under review.

*1 Based on the Company's sales amount for January to December 2024.

*2 Based on the Company's sales amount for January to December 2025.

*3 Abbreviation for plasmacytoid dendritic cells. Immune cells of the innate immune system that produce large amounts of type I interferon upon viral infection and play a role in antiviral defense. They also possess antigen-presenting functions as dendritic cells.

*4 A bidirectional network in which the gut and brain affect each other. The gut and brain are closely linked through neural, endocrine, immune, and metabolic pathways.

*5 A method that uses digital technologies such as AI to comprehensively elucidate the interactions between disease-related biological systems and drug discovery candidates, including pharmacokinetics and side effects, through mathematical modeling and computer-based analysis. This approach enables the analysis of large-scale molecular data and efficient identification of new drug candidates.

*6 Abbreviation for Quantitative Systems Pharmacology. An informatics-based approach that integrates physiological and pathophysiological networks using computational models to predict the biological activity and therapeutic effects of drugs, as well as the systemic effects of nutrients.

*7 Organoids are three-dimensional structures that mimic organs or tissues and are referred to as "artificial organs."

III. INFORMATION ABOUT FACILITIES

1. OVERVIEW OF CAPITAL EXPENDITURES

The Kirin Group has made capital expenditures to offer products that respond to customer needs while building an efficient production system. Capital expenditures for this fiscal year totaled ¥135,922 million.

In the Alcoholic Beverages Business, mainly Kirin Brewery Company, Limited has newly established and enlarged manufacturing facilities in plants to maintain its production base and improve productivity. Lion Pty Ltd has invested in manufacturing facilities to expand and streamline production facilities. As a result, capital expenditures in the Alcoholic Beverages Business amounted to ¥48,628 million.

In the Non-alcoholic Beverages Business, mainly Kirin Beverage Company, Limited has renewed vending machines. As a result, capital expenditures in the Non-alcoholic Beverages Business amounted to ¥18,178 million.

In the Pharmaceuticals Business, Kyowa Kirin Co., Ltd. has invested in manufacturing facilities and research facilities to expand and streamline production facilities and enhance R&D capabilities. As a result, capital expenditures in the Pharmaceuticals Business amounted to ¥45,540 million.

In the Health Science Business, mainly FANCL CORPORATION and Blackmores Limited have newly established and enlarged manufacturing facilities in plants to maintain their production bases and improve productivity. As a result, capital expenditures amounted to ¥10,878 million and capital expenditures in other businesses amounted to ¥12,698 million.

We recorded impairment losses of ¥4,324 million for this fiscal year. Details of impairment losses are as stated in “V. FINANCIAL INFORMATION, Consolidated Financial Statements, Notes to Consolidated Financial Statements, 9. IMPAIRMENT OF NON-FINANCIAL ASSETS.”

2. MAJOR FACILITIES

The Kirin Group’s major facilities as of the end of this fiscal year are as follows:

Amounts are carrying amounts under IFRS.

(1) BREAKDOWN BY SEGMENT

As of December 31, 2025

Segment	Carrying amount (¥ millions)					Number of employees (persons)
	Buildings and structures	Machinery, equipment and vehicles	Land	Others	Total	
Alcoholic Beverages	119,446	153,658	48,425	38,698	360,226	8,800 [1,528]
Non-alcoholic Beverages	39,669	41,869	14,251	21,298	117,087	7,849 [570]
Pharmaceuticals	60,201	15,035	16,529	50,762	142,528	5,161 [182]
Health Science	28,534	13,141	32,376	4,171	78,221	5,643 [1,353]
Others	13,691	9,517	6,366	1,121	30,695	2,200 [454]
Sub-total	261,541	233,220	117,948	116,049	728,758	29,653 [4,087]
Eliminations or corporate	4,702	(1,965)	16	7,476	10,229	1,491 [–]
Total	266,243	231,255	117,963	123,525	738,987	31,144 [4,087]

(2) INFORMATION ABOUT REPORTING COMPANY

As of December 31, 2025

Office (Location)	Segment	Description of facilities	Carrying amount (¥ millions)					Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (Area: thousand m^2)	Others	Total	
Head office, etc. (Nakano-ku, Tokyo, etc.)	Health science and corporate	Other facilities	6,714	2,336	972 (177)	6,841	16,863	1,124 [–]

(3) DOMESTIC SUBSIDIARIES

As of December 31, 2025

Company name	Office (Location)	Segment	Description of facilities	Carrying amount (¥ millions)					Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (Area: thousand m^2)	Others	Total	
Kirin Brewery Company, Limited	Yokohama Plant and 8 other plants (Tsurumi-ku, Yokohama, etc., Kanagawa)	Alcoholic Beverages	Manufacturing facilities	37,758	43,221	23,842 (2,669)	12,130	116,950	1,468 [113]
Kirin Beverage Company, Limited	Shutoken Regional Head Office (Chiyoda-ku, Tokyo)	Non-alcoholic Beverages	Other facilities	14	–	2,822	6,474	9,311	202 [60]
Kirin Beverage Company, Limited	Shonan Plant (Samukawa-machi, Koza-gun, Kanagawa)	Non-alcoholic Beverages	Manufacturing facilities	4,725	10,128	1,980 (74)	740	17,573	214 [12]
Kyowa Kirin Co., Ltd.	Takasaki Plant (Takasaki, Gunma)	Pharmaceuticals	Manufacturing facilities	24,612	8,751	546 (149)	15,054	48,964	543 [15]
Kyowa Kirin Co., Ltd.	Ube Plant (Ube, Yamaguchi)	Pharmaceuticals	Manufacturing facilities	4,655	1,650	2,883 (106)	1,725	10,913	196 [19]
Kyowa Kirin Co., Ltd.	Head Office (Chiyoda-ku, Tokyo)	Pharmaceuticals	Administrative facilities, etc.	6,742	808	312 (1)	767	8,629	1,168 [43]
FANCL CORPORATION	FANCL Building (Naka-ku, Yokohama, Kanagawa)	Health Science	Administrative facilities	1,153	2	6,097 (2)	310	7,562	664 [195]
FANCL CORPORATION	FANCL GINZA SQUARE (Chuo-ku, Tokyo)	Health Science	Sales site	733	–	14,200 (0)	15	14,948	– [27]
Kirin BioMaterials Co., Ltd.	Yamaguchi Office (Hofu, Yamaguchi)	Others	Clinical trial drug substance manufacturing facilities	3,028	9,146	–	975	13,149	106 [26]

(4) OVERSEAS SUBSIDIARIES

As of December 31, 2025

Company name (Primary location)	Segment	Description of facilities	Carrying amount (¥ millions)					Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (Area: thousand m^2)	Others	Total	
Lion Pty Ltd (Australia)	Alcoholic Beverages	Manufacturing facilities, etc.	35,190	69,832	21,336 (8,356)	9,891	136,249	2,394 [376]
Lion Global Craft Beverages Pty Ltd (Australia)	Alcoholic Beverages	Manufacturing facilities, etc.	20,661	25,019	3,024 (806)	1,291	49,994	1,353 [16]
Coca-Cola Beverages Northeast, Inc. (USA)	Non-alcoholic Beverages	Manufacturing facilities, etc.	28,964	23,375	6,407 (1,390)	6,679	65,425	3,486 [23]

Notes:
1. The carrying amounts of Lion Pty Ltd and Lion Global Craft Beverages Pty Ltd are their consolidated accounting figures. The carrying amount of Coca-Cola Beverages Northeast, Inc. is its non-consolidated accounting figures.
2. The above amounts and areas include the carrying amounts of right-of-use assets. The above amounts do not include consumption taxes.
3. The carrying amounts of "Others" include tools, fixtures and fittings, and construction in progress.
4. The number of temporary employees indicated in the square brackets represents the average number of temporary employees per year.
5. There are no major facilities that are currently out of operation.

3. PLANNED ADDITIONS, RETIREMENTS, AND OTHER CHANGES OF FACILITIES

Planned additions of major facilities as of the end of this fiscal year are as follows:
We have no planned retirements or other changes of major facilities.

Company name	Office (Location)	Segment	Description of facilities	Expected investment amount		Start date and expected completion date	
				Total amount (¥ millions)	Amount paid (¥ millions)	Start	Complete
Kyowa Kirin North America North Carolina, LLC	Sanford Plant (North Carolina, USA)	Pharmaceuticals	Establishment of a new biologics API manufacturing plant	U.S.$530 million	U.S.$140 million	August 2024	2027

Note:
We plan to procure the required funds above from cash on hand.

IV. INFORMATION ABOUT REPORTING COMPANY

1. COMPANY'S SHARES, ETC.

(1) TOTAL NUMBER OF SHARES, ETC.

1) Total number of shares

Class	Total authorized shares (shares)
Ordinary shares	1,732,026,000
Total	1,732,026,000

2) Outstanding shares

Class	Number of shares outstanding as of fiscal year end (shares) (December 31, 2025)	Number of shares outstanding as of filing date (shares) (March 27, 2026)	Name of financial instruments exchange on which securities are listed or authorized financial instruments firms association to which securities are registered	Description
Ordinary shares	914,000,000	816,000,000	The Tokyo Stock Exchange (Prime Market)	Note 1
Total	914,000,000	816,000,000	–	–

Notes:

1. Ordinary shares are shares with full voting rights and the Company's standard shares without any limitation on the rights of the shares. The number of shares constituting one unit is 100 shares.
2. In the United States, the Company's shares are traded in the secondary market for private equity in the form of ADR (American Depositary Receipt).
3. Pursuant to a resolution of the Board of Directors adopted on February 13, 2026, the Company cancelled treasury shares on March 3, 2026. As a result, the total number of outstanding shares decreased by 98,000 thousand shares to 816,000 thousand shares.

(2) SHARE ACQUISITION RIGHTS

1) Share option plans

Not applicable.

2) Rights plans

Not applicable

3) Share acquisition rights for other uses

Not applicable.

(3) EXERCISES OF MOVING STRIKE CONVERTIBLE BONDS, ETC.

Not applicable.

(4) CHANGES IN TOTAL OUTSTANDING SHARES, SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

Date	Increase (decrease) in total outstanding shares (thousand shares)	Balance of total outstanding shares (thousand shares)	Increase (decrease) in share capital (¥ millions)	Balance of share capital (¥ millions)	Increase (decrease) in additional paid-in capital (¥ millions)	Balance of additional paid-in capital (¥ millions)
February 27, 2015 (Note 1)	(51,000)	914,000	–	102,046	–	81,412

Notes:

1. The decrease was due to the cancellation of treasury shares.
2. Pursuant to a resolution of the Board of Directors adopted on February 13, 2026, the Company cancelled treasury shares on March 3, 2026. As a result, the total number of outstanding shares decreased by 98,000 thousand shares to 816,000 thousand shares.

(5) SHAREHOLDING BY SHAREHOLDER CATEGORY

As of December 31, 2025

Category	Shareholding status (Number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	3	160	48	2,117	793	633	442,778	446,532	–
Number of shares held (units)	123	2,736,420	524,176	276,886	2,355,767	1,737	3,226,062	9,121,171	1,882,900
Percentage of shareholdings (%)	0.00	30.00	5.75	3.04	25.83	0.02	35.37	100.00	–

Notes:
1. The number of treasury shares is 102,252,874, of which 1,022,528 units and 74 shares are included and presented in "Individuals and others" and "Shares less than one unit," respectively.
2. "Other corporations" include 70 units registered in the name of Japan Securities Depository Center, Incorporated.

(6) MAJOR SHAREHOLDERS

As of December 31, 2025

Name	Address	Number of shares held (thousand shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	Akasaka Intercity AIR, 8-1, Akasaka 1-chome, Minato-ku	141,758	17.46
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku	54,803	6.75
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	1-1, Marunouchi 2-chome, Chiyoda-ku (8-12, Harumi 1-chome, Chuo-ku)	31,346	3.86
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (Shinagawa Intercity Tower A, 15-1, Konan 2-chome, Minato-ku)	25,279	3.11
SMBC Nikko Securities Inc.	3-1, Marunouchi 3-chome, Chiyoda-ku	12,828	1.58
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity Tower A, 15-1, Konan 2-chome, Minato-ku)	11,619	1.43
JAPAN SECURITIES FINANCE CO., LTD.	2-10, Nihonbashi-Kayabacho 1-chome, Chuo-ku	10,578	1.30
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 7-3, Marunouchi 2-chome, Chiyoda-ku	9,577	1.17
Custody Bank of Japan, Ltd. (Trust account 4)	8-12, Harumi 1-chome, Chuo-ku	8,837	1.08
MOXLEY AND CO LLC (Standing proxy: MUFG Bank, Ltd.)	383 MADISON AVENUE, FLOOR 11 NEW YORK, NEW YORK 10179 U.S.A. (4-5, Marunouchi 1-chome, Chiyoda-ku; Transaction Services Division)	6,820	0.84
Total	–	313,450	38.61

Notes:
1. The number of shares held is rounded down to the nearest thousand shares.
2. The shareholding ratio (excluding treasury shares) is rounded down to two decimal places.
3. The Company holds 102,252 thousand treasury shares (11.18%), but is excluded from the major shareholders above.
4. Sumitomo Mitsui Trust Asset Management Co., Ltd. submitted a statement of large-volume holdings on September 19, 2025 with the joint holder of Amova Asset Management Co., Ltd. However, the Company is not able to fully confirm the number of shares held by these corporations as of December 31, 2025, therefore, they are not included in the list of major shareholders above.
According to the statement of large-volume holdings, the shareholding status of the corporations as of September 15, 2025 is as follows:

Name	Address	Number of shares held (thousand shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shibakoen 1-chome, Minato-ku, Tokyo	26,617	2.91

Amova Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	19,762	2.16
Total	–	46,379	5.07

5. BlackRock Japan Co., Ltd. submitted a statement of large-volume holdings (statement of changes) on August 19, 2021 with nine other corporations as joint holders. However, the Company is not able to fully confirm the number of shares held by these corporations as of December 31, 2025, therefore, they are not included in the list of major shareholders above.
According to the statement of large-volume holdings (statement of changes), the shareholding status of the corporations as of August 13, 2021 is as follows:

Name	Address	Number of shares held (thousand shares)	Shareholding ratio (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	12,550	1.37
BlackRock Advisers, LLC	251 Little Falls Drive, Wilmington, DE, United States	1,254	0.14
BlackRock Investment Management LLC	251 Little Falls Drive, Wilmington, DE, United States	1,168	0.13
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA Amsterdam, Netherlands	1,879	0.21
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, United Kingdom	1,508	0.17
BlackRock Asset Management Canada Limited	161 Bay St Suite 2500 Toronto, ON, Canada	1,279	0.14
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland	4,241	0.46
BlackRock Fund Advisors	400 Howard Street, San Francisco, CA, United States	13,247	1.45
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, CA, United States	17,071	1.87
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, United Kingdom	1,528	0.17
Total	–	55,730	6.10

(7) VOTING RIGHTS

1) Outstanding shares

As of December 31, 2025

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Ordinary shares 102,252,800	–	They are the Company's standard shares without any limitation on the rights of the shares. The number of shares constituting one unit is 100 shares.
Shares with full voting rights (other)	Ordinary shares 809,864,300	8,098,643	Same as above
Shares less than one unit	Ordinary shares 1,882,900	–	–
Total outstanding shares	914,000,000	–	–
Voting rights held by all shareholders	–	8,098,643	–

Notes:
1. "Shares with full voting rights (other)" of ordinary shares include 7,000 shares (voting rights of 70 units) registered in the name of Japan Securities Depository Center, Incorporated.
2. "Shares with full voting rights (other)" of ordinary shares include 1,599,000 shares (voting rights of 15,990 units) held in the Board Incentive Plan (BIP) Trust. The voting rights of 15,990 units are not exercised.
3. "Shares less than one unit" of ordinary shares include 74 treasury shares.

2) Treasury shares, etc.

As of December 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Shareholding ratio (%)
(Treasury shares) Kirin Holdings Company, Limited	10-2, Nakano 4-chome, Nakano-ku, Tokyo	102,252,800	–	102,252,800	11.18
Total	–	102,252,800	–	102,252,800	11.18

Note: The above treasury shares do not include 1,599,000 shares held in the BIP Trust.

(8) SHARE OWNERSHIP PLAN FOR DIRECTORS, OFFICERS, AND EMPLOYEES

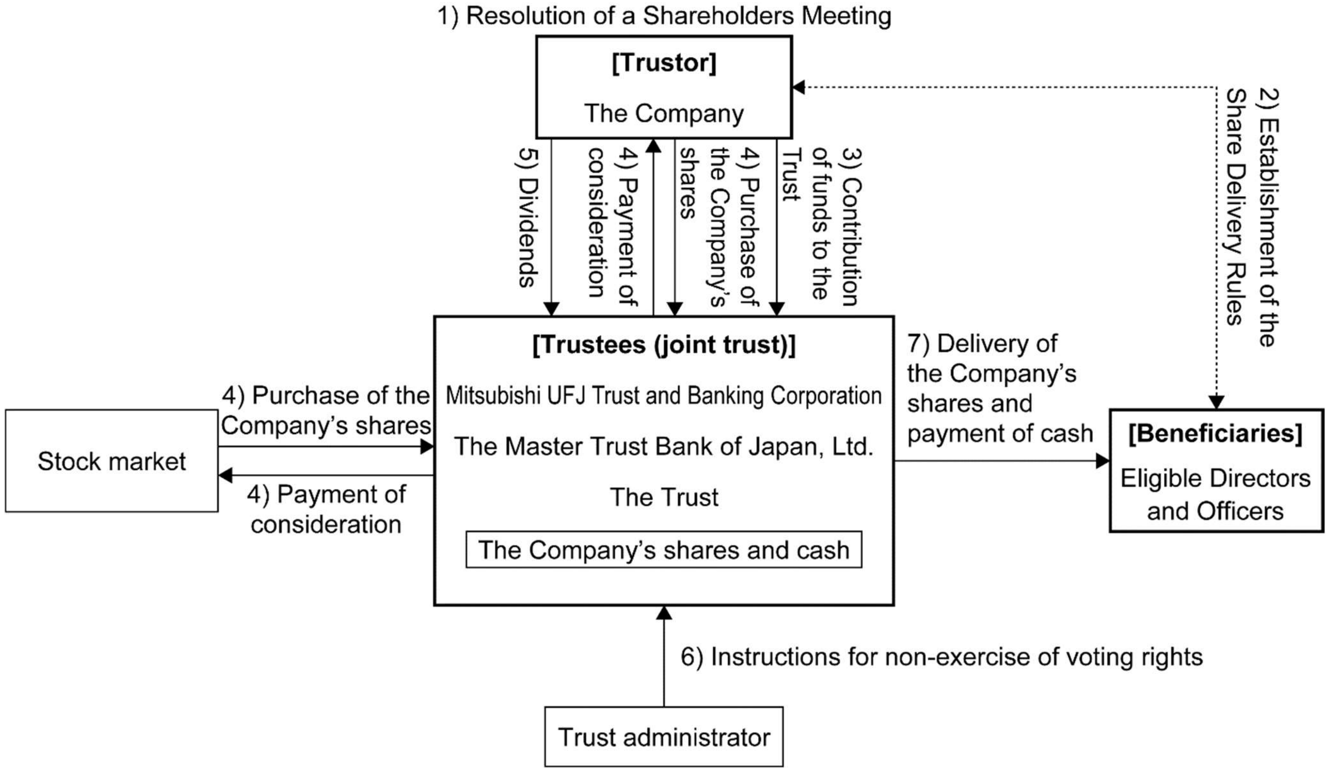
1) Stock-based compensation plan for Directors and Officers

The Company has introduced a trust-type stock compensation plan for the Company's Directors of the Board (excluding Non-executive Directors) and Executive Officers (excluding those concurrently serving as Directors of the Board, and those in an employment relationship with the Company) ("Eligible Directors and Officers" in this section) who are residents in Japan (the "Trust Plan" in this section).

(i) Outline of the Trust Plan

The Trust Plan is a medium- to long-term incentive plan for multiple fiscal years. Under the Trust Plan, a trust established and funded by the Company (the "Trust" in this section) acquires Company shares and, in principle delivers and pays for (collectively, the "Delivery" in this section) those shares and cash equivalent to the proceeds from the realization of Company shares that are realizable (the "Company's Shares and Cash" in this section) to Eligible Directors and Officers who have been granted points pursuant to the Company's Share Delivery Rules (the "Grantees of Points" in this section).

i) Scheme of the Trust



1) The Company has obtained approval at the 181st Ordinary General Meeting of Shareholders held on March 27, 2020 on the introduction of the Trust Plan relating to officers' remuneration. Subsequently, the Company has obtained approval at the 186th Ordinary General Meetings of Shareholders held on March 28, 2025 (the "Shareholders Meeting") on the partial revision of the Trust Plan relating to officers' remuneration.
2) The Company shall establish the Share Delivery Rules with respect to the Trust Plan by way of a resolution of the Board.
3) In extending the period of the Trust, the Company shall contribute additional funds to the Trust within the limit approved by the resolution of the Shareholders Meeting in 1).
4) The Trust shall acquire the Company's shares either from the stock market or the Company using funds already held by the Trust and/or the aforementioned additional funds to be provided to the Trust (see 3 above), in accordance with the instructions of the trust administrator(s).
5) Dividends shall be paid on the Company's shares held by the Trust, in the same way as other Company shares.
6) Voting rights of the Company's shares held in the Trust shall not be exercised during the trust period in order to ensure neutrality of the Trust in relation to management of the Company.
7) During the trust period, Eligible Directors and Officers shall be granted points at a certain time after the lapse of three years from the start of each applicable fiscal year in principle, pursuant to the Company's Share Delivery Rules. Grants shall depend on the level of achievement of major performance indicators set out in the Business Plan as well as other indicators determined by the Board. The timing and method of Delivery of the Company's Shares and Cash to the Grantees of Points is set out in (ii) 8) below.

Note: If, during the trust period, the number of shares held in the Trust seems likely to fall short of the number of shares corresponding to the number of points as prescribed for the Eligible Directors and Officers (details are set out in (ii) 6) below), or, if the amount of cash held by the Trust seems likely to fall short of the payment of fees and expenses of the Trust, the Company may contribute additional funds to the Trust within the upper limit of the cash contribution by the Company as set out in (ii) 5) below. In this way, the Trust may acquire additional Company shares.

ii) Framework of the Trust Plan
The framework of the Trust Plan is as follows:

1) Resolution at the Shareholders Meeting regarding the Trust Plan
   Matters necessary for the Trust Plan, including the upper limit of cash contributions by the Company, and the upper limit to the number of the Company's shares to be delivered, have been resolved at the Shareholders Meeting.
   When the Board Incentive Plan (BIP) Trust is renewed as stipulated in 4) below, the Company shall, by way of resolution of the Board, amend the trust agreement and execute the contribution of additional funds to the Trust upon the expiry of the trust period within the limit approved by the resolution at the Shareholders Meeting.
2) Those eligible under the Trust Plan
   The Company's Eligible Directors and Officers who are residents in Japan
3) Applicable period of the Trust Plan
   The applicable period of the Trust Plan ("Applicable Period") shall be multiple fiscal years (three fiscal years at the beginning).
4) Trust period
   The number of years corresponding to the Applicable Period in 3) above
   * Upon expiry of the period of the Trust, the Company intends to continue operating the Trust Plan by either establishing a new Trust, or amending the trust agreement for the existing Trust whose trust period has expired and contributing additional funds to the Trust. In the latter case, the period of the Trust shall be extended for a certain period of time.
   * Upon expiration of the period of the Trust and, in the event that amendment to the trust agreement and contribution of additional funds to the Trust is decided against, such points shall no longer be granted to Eligible Directors and Officers. However, if any Grantee of Points exists who satisfies all beneficiary requirements at that point in time, the period of the Trust may be extended up to the completion of the Delivery of Company's Shares and Cash to that Grantee of Points.
5) Upper limit of the cash contribution by the Company
   ¥1,450 million per fiscal year
   * On the first day of the Applicable Period, the Company shall contribute cash up to the amount calculated by multiplying ¥1,450 million by the number of fiscal years (three fiscal years at the beginning) during the Applicable Period.
   * This shall be the sum of the funds for the share acquisition by the Trust, the trust fees, and expenses during the trust period.

6) Method for calculating the number and value of the Company's Shares and Cash for the Delivery and the upper limit thereof

The number and value of the Company's Shares and Cash for the Delivery to the Grantees of Points shall be determined by the number of points granted based on the executive rank of respective Eligible Directors and Officers, the level of achievement of certain performance targets, and other factors.

Specifically, the number of points shall be composed of (i) the restricted share unit without performance requirements ("RSU"), and (ii) the performance share unit linked to the level of achievement of performance targets under three-year rolling business plan ("PSU"). That is, as for the (i) RSU, the number of points to be granted shall be predetermined based on the stock compensation base amount for each executive rank in each fiscal year. For (ii) PSU, the number of points to be granted shall be calculated by multiplying the basic points predetermined based on the stock compensation base amount for each executive rank in each fiscal year by the performance-linked factor[*1] determined based on the level of achievement of performance targets, and other factors, in each performance evaluation period (three fiscal years including each applicable fiscal year).

In this case, the upper limit of the total number of points granted to the Eligible Directors and Officers per fiscal year shall be 1,000,000[*2]. This upper limit has been set in consideration of factors including the upper limit of the cash contribution by the Company in 5) above.

As for the Company's Shares and Cash, for the Delivery to the Grantees of Points, one point shall be converted into one ordinary share of the Company. However, for the Company's shares convertible into cash under the Company's Share Delivery Rules, an amount of cash equivalent to the proceeds from the conversion shall be paid. If the number of the Company's shares held in the Trust increases or decreases due to a share split or share consolidation during the trust period, the Company shall adjust the number and value of the Company's Shares and Cash for the Delivery depending on the ratio of such increase or decrease.

*1 The performance-linked factor shall be evaluated based mainly on the level of achievement of both financial and non-financial indicators under the three-year rolling business plan for each performance evaluation period. The performance-linked factor for the PSU shall be variable ranging between 0% and 200%.

*2 The upper limit of the total number of points granted to Eligible Directors and Officers per fiscal year shall be the sum of the RSU and PSU. Given one share is delivered for each point, the total number of shares delivered shall amount to 1,000,000, which is equivalent to approximately 0.123% of the total number of the Company's shares outstanding (as of December 31, 2025, excluding treasury shares).

7) Method for acquiring the Company's shares

The Trust intends to acquire the Company's shares either from the stock market or from the Company in consideration of the upper limit of the cash contribution by the Company in 5) above and the upper limit of the total number of points to be granted in 6) above.

8) Timing and method of the Delivery of the Company's Shares and Cash to the Grantees of Points

The Grantees of Points who meet beneficiary requirements under the Company's Share Delivery Rules shall, by following the prescribed beneficiary-determining procedure at a certain point in time after the lapse of three years from the start of each applicable fiscal year in principle, receive delivery of the number of the Company's shares (where shares less than one unit shall be counted as one unit) corresponding to a certain percentage of the points granted, along with the payment of cash equivalent to the proceeds from the realization of the number of the Company's shares corresponding to the outstanding portion of the points.

9) Voting rights of the Company's shares

Voting rights of the Company's shares held by the Trust shall not be exercised during the trust period, in order to ensure neutrality of the Trust in relation to management of the Company.

10) Dividends on the Company's shares held in the Trust

Dividends on the Company's shares held in the Trust shall be received by the Trust, and, in principle, used to pay for Trust fees and expenses.

11) Other details of the Trust Plan

Other details of the Trust Plan shall be determined by the Board following deliberations by the Nomination and Remuneration Advisory Committee whenever the Trust is established, the trust agreement is amended, or additional funds are contributed to the Trust.

iii) Outline of the trust agreement

The outline of the trust agreement is as follows:

1)	Type of trust	Money trust other than individually managed designated money trust (third party benefit trust)
2)	Objective of trust	Provision of incentives for Eligible Directors and Officers
3)	Trustor	The Company
4)	Trustee	Mitsubishi UFJ Trust and Banking Corporation Joint trustee: The Master Trust Bank of Japan, Ltd.
5)	Beneficiaries	Eligible Directors and Officers who have been granted points in accordance with the Company's Share Delivery Rules and have acquired beneficiary rights
6)	Trust administrator	A third party without interest in the Company (certified public accountant)
7)	Trust agreement date	May 15, 2020 (An amendment agreement was entered into on May 16, 2025.)
8)	Trust period	From May 15, 2020 to June 30, 2028 (The period was extended to June 30, 2028 by the amendment agreement entered into on May 16, 2025.)
9)	Exercise of voting rights	Not to be exercised
10)	Class of shares to be acquired	Ordinary shares of the Company
11)	Maximum amount of trust fund	¥1,450 million per fiscal year (including the trust fees and expenses)
12)	Method for acquiring shares	Acquired treasury shares of the Company through a third-party allotment
13)	Holder of vested rights	The Company
14)	Residual assets	If there are remaining shares upon termination of the trust, they will be realized after the Company's shares and the proceeds of the sale of the Company's shares held as trust assets are delivered and paid to all the beneficiaries. If the amount of cash held as a trust asset exceeds the total amount of trust fund less the share acquisition fund, which is equivalent to the trust expenses reserve, the excess amount shall be contributed to the organization stipulated in the trust agreement, and the amount not exceeding the amount equivalent to the trust expenses reserve shall be paid to the Company as holder of vested rights.

(ii) Total number of the Company's shares to be acquired under the Trust Plan

Up to 1,000,000 shares

(iii) Persons entitled to receive beneficiary rights and other rights under the Trust Plan

Eligible Directors and Officers who have been granted points in accordance with the Company's Share Delivery Rules and have acquired beneficiary rights.

2) Stock-based compensation plan for Employees

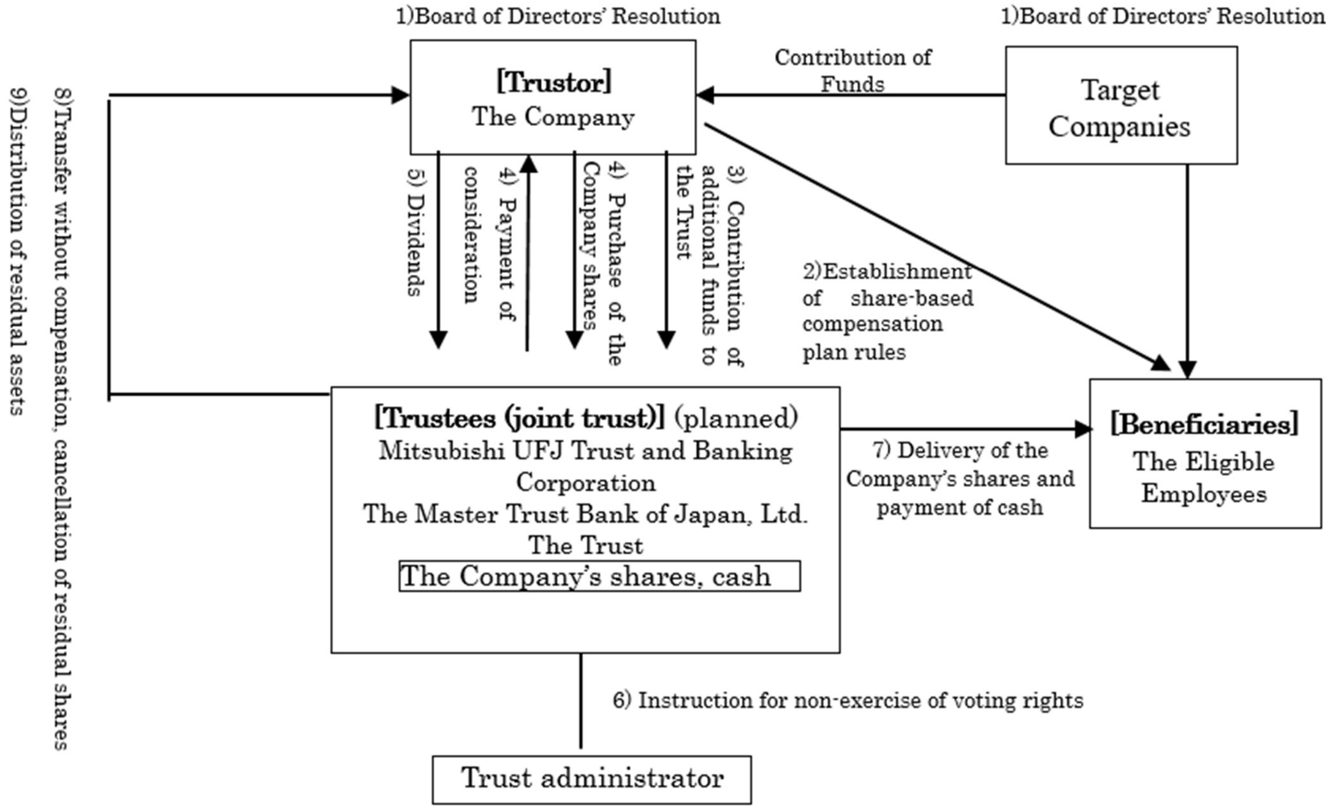
The Company has introduced a trust-type stock delivery plan (the "Trust Plan" in this section) for senior management employees of the Company and its subsidiaries (the "Eligible Companies" in this section) and employees of the Eligible Companies equivalent thereto (the "Eligible Employees" in this section).

(i) Outline of the Trust Plan

The Trust Plan adopts a scheme known as a share-based Employee Stock Ownership Plan (ESOP) trust (the "Trust" in this section). The ESOP Trust is an employee incentive plan modeled after the U.S. ESOP system, under which shares of the Company acquired by the ESOP Trust and cash equivalent to the proceeds from the realization of the Company's shares (the "Company's Shares and Cash" in this section) are delivered or paid to Eligible Employees who satisfy certain requirements, based on the Share Delivery Rules established in advance.

For Eligible Employees who are non-residents of Japan, a performance-linked and stock-price-linked incentive plan that provides cash compensation is applied in order to maintain balance with the Trust Plan applicable to eligible employees.

i) Scheme of the Trust



1) The Eligible Companies shall approve the necessary resolutions regarding the introduction of the Trust.
2) The Eligible Companies shall establish Share Delivery Rules for the Trust Plan.
3) The Company shall entrust a certain amount of money to the trustee and establish the Trust, designating Eligible Employees who satisfy the beneficiary requirements as beneficiaries.
4) In accordance with the instructions of the trust administrator, the Trust shall acquire from the Company, during the trust period, the number of shares of the Company expected to be delivered to beneficiaries, using the funds entrusted pursuant to 3) as the source.
5) Dividends shall be paid on the Company's shares held by the Trust, in the same way as other Company shares.
6) Voting rights of the Company's shares held in the Trust shall be exercised in accordance with the instructions of the trust administrator, reflecting the voting intentions of prospective beneficiaries.
7) During the trust period, points shall be granted in accordance with the Company's Share Delivery Rules, based on the level of achievement of major management indicators set forth in the Medium-Term Business Plan. In principle, Eligible Employees who satisfy certain requirements shall, after the end of the three-year applicable period, receive delivery of Company's shares corresponding to a certain percentage of the points granted. The shares of the Company corresponding to the remaining points shall be realized within the Trust in accordance with the provisions of the trust agreement, and such Eligible Employees shall receive cash equivalent to the proceeds from such realization.
8) Any residual shares arising upon the expiration of the trust period may be reused by continuing the Trust as the Trust Plan or a similar stock delivery plan through amendments to the trust agreement and additional contributions to the Trust. If the Trust is terminated without being continued, as a measure for shareholder returns, the Trust is expected to transfer such residual shares to the Company free of charge, and the Company plans to cancel such shares pursuant to a resolution of the Board of Directors.
9) Any remaining dividends related to shares of the Company held in the Trust upon the expiration of the trust period shall be utilized as funds for share acquisition if the Trust is continued. If the Trust is terminated upon the expiration of the trust period, any portion exceeding the reserve for trust expenses is expected to be contributed to organizations having no conflicts of interest with the Company.

Note: During the trust period, if the number of shares of the Company held in the Trust seems likely to fall short of the number of shares corresponding to the number of points allocated to Eligible Employees, or if the cash held in the trust assets seems likely to fall short of the payment of trust fees and trust expenses, additional funds may be entrusted to the Trust, and additional shares of the Company may be acquired by the Trust.

ii) Outline of the trust agreement

The outline of the trust agreement is as follows:

1)	Type of trust	Money trust other than individually managed designated money trust (third party benefit trust)
2)	Objective of trust	Provision of incentives for employees
3)	Trustor	The Company
4)	Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) Joint trustee: The Master Trust Bank of Japan, Ltd.
5)	Beneficiaries	Employees who satisfy beneficiary requirements

6)	Trust administrator	A third party without interest in the Company (certified public accountant)
7)	Trust agreement date	To be determined
8)	Trust period	To be determined
9)	Exercise of voting rights	Voting rights of the Company's shares shall be exercised in accordance with the instructions of the trust administrator, reflecting the voting intentions of prospective beneficiaries
10)	Class of shares to be acquired	Ordinary shares of the Company
11)	Amount of trust fund	To be determined
12)	Method for acquiring shares	Acquisition from the Company
13)	Date of share acquisition	To be determined
14)	Holder of vested rights	The Company
15)	Residual assets	Residual assets receivable by the Company as the holder of vested rights shall be limited to the trust expenses reserve, remaining after deducting the share acquisition fund from the trust fund.

(ii) Total number of the Company's shares to be acquired under the Trust Plan

To be determined

(iii) Persons entitled to receive beneficiary rights and other rights under the Trust Plan

Eligible Employees who have been granted points in accordance with the Company's Share Delivery Rules and have acquired beneficiary rights.

2. ACQUISITION AND DISPOSAL OF TREASURY SHARES

CLASS OF SHARES, ETC. Acquisition of ordinary shares under Article 155, Item 3 and Item 7 of the Companies Act

(1) ACQUISITION BY RESOLUTION OF GENERAL MEETING OF SHAREHOLDERS

Not applicable.

(2) ACQUISITION BY RESOLUTION OF BOARD MEETING

Acquisition under the provisions of Article 156 of the Companies Act, as applied mutatis mutandis pursuant to the provisions of Article 165, Paragraph 3 of the Act

Category	Number of shares (shares)	Total amount (¥ thousands)
Details of resolution at the Board meeting held on February 13, 2026 (Period for acquisition: March 6, 2026 to February 12, 2027)	50,000,000	80,000,000
Treasury shares acquired before the fiscal year ended December 31, 2025	–	–
Treasury shares acquired during the fiscal year ended December 31, 2025	–	–
Total number and value of remaining treasury shares authorized	–	–
Percentage unused as of December 31, 2025 (%)	–	–
Treasury shares acquired during the period from January 1, 2026 until the filing date of this Annual Securities Report	–	–
Percentage unused as of the filing date (%)	100.0	100.0

Note: Treasury shares acquired during the period from January 1, 2026 until the filing date of this Annual Securities Report do not include shares acquired from March 1, 2026 to the filing date of this Annual Securities Report.

(3) ACQUISITION NOT BASED ON RESOLUTION OF GENERAL MEETING OF SHAREHOLDERS OR BOARD MEETING

Acquisition under Article 155, Item 7 of the Companies Act

Category	Number of shares (shares)	Total amount (¥ thousands)
Treasury shares acquired during the fiscal year ended December 31, 2025	8,963	18,910
Treasury shares acquired during the period from January 1, 2026 until the filing date of this Annual Securities Report	1,171	2,858

Note: Treasury shares acquired during the period from January 1, 2026 until the filing date of this Annual Securities Report do not include shares acquired due to requests for purchase of shares less than one unit from March 1, 2026 to the filing date of this Annual Securities Report.

(4) DISPOSAL OF ACQUIRED TREASURY SHARES AND NUMBER OF TREASURY SHARES HELD

Category	Fiscal year ended December 31, 2025		From January 1, 2026 until the filing date of this Annual Securities Report	
	Number of shares (shares)	Total amount of disposal (¥ thousands)	Number of shares (shares)	Total amount of disposal (¥ thousands)
Acquired treasury shares for which subscribers were solicited	–	–	–	–
Acquired treasury shares that were canceled	–	–	98,000,000	236,572,000
Acquired treasury shares that were transferred for merger, share exchange, share issuance and company split	–	–	–	–
Other (shares acquired due to requests for additional purchase of shares less than one unit)	315	677	25	58
Other (treasury shares that were disposed of through a third-party allotment as a result of the introduction of the BIP Trust Plan)	162,405	166,396	–	–
Treasury shares held	102,252,874	–	4,254,020	–

Notes:

1. "Other (shares acquired due to requests for additional purchase of shares less than one unit)" during the period from January 1, 2026 until the filing date of this Annual Securities Report do not include shares acquired due to requests for additional purchase of shares less than one unit from March 1, 2026 to the filing date of this Annual Securities Report.
2. "Treasury shares held" during the period from January 1, 2026 until the filing date of this Annual Securities Report do not include shares acquired due to requests for purchase of shares less than one unit or shares acquired due to requests for additional purchase of shares less than one unit from March 1, 2026 to the filing date of this Annual Securities Report.

3. DIVIDEND POLICY

The Company will allocate resources to its businesses and distribute profits to its shareholders as set out below.

Regarding resource allocation to businesses, giving top priority to growth investment with a focus on the Health Science domain, the Company will make investments that contribute to enhancement of existing businesses and profitability improvement. The Company will also implement a stable and continuous allocation of resources to intangible value (such as brands, research and development, information and communication technology (ICT), and human resources) as well as new business creation that sustain the growth of future cash flows. The Company will take a disciplined approach to investments in terms of maintaining and improving the Kirin Group's capital efficiency. We view the distribution of profits to shareholders as a key management matter. With regard to the distribution of surplus funds for FY2025, based on a target consolidated dividend on equity (DOE) of 5% or more, the Board of Directors resolved to pay an interim dividend of ¥37.0 per share and a year-end dividend of ¥37.0 per share, for an annual dividend totaling ¥74.0 per share, an increase of ¥3.0 from the previous fiscal year. In addition, we will continue to consider opportunities to acquire treasury shares as additional shareholder returns, comprehensively taking into account various factors including optimum capital structure, market conditions and reserve funds after investments.

With regard to the distribution of surplus funds for FY2026, the Company plans to pay an annual dividend of ¥76.0 per share, targeting a consolidated dividend on equity (DOE) of 5% or more.

The Company's Articles of Incorporation stipulates that the Company may pay an interim dividend as prescribed in Article 454, Paragraph 5 of the Companies Act. The Company pays dividends twice a fiscal year as an interim dividend and a year-end dividend. The payment of interim dividends and year-end dividends from surplus is to be resolved by the Board of Directors and the General Meeting of Shareholders, respectively.

Note: The resolution date of the Board of Directors meeting or General Meeting of Shareholders regarding dividends from surplus for which the record date falls within this fiscal year as well as the total amount of dividends and dividend per share as per resolution are as follows:

Date of resolution by the Board of Directors:	August 7, 2025
Total amount of dividends:	¥30,035 million
Dividend per share:	¥37.0
Date of resolution by General Meeting of Shareholders:	March 27, 2026
Total amount of dividends:	¥30,035 million
Dividend per share:	¥37.0

4. CORPORATE GOVERNANCE

(1) OVERVIEW OF CORPORATE GOVERNANCE

1) Basic views on corporate governance

In line with the Group Corporate Philosophy and the "KIRIN WAY," which sets out Group-wide values and principles, the Group recognizes that achieving the "2035 Vision" set forth in the Group's Long-Term Management Vision "Innovate2035!" will lead to sustainable growth for the Group and enhancement of its corporate value over the medium to long term. Based on this recognition, the Group will maintain a corporate governance system that enables the effective and efficient realization of this vision.
The Group recognizes that collaboration with stakeholders is essential to achieving the "2035 Vision" based on the Group Corporate Philosophy, and respects each stakeholder's position.
The Group will promptly disclose information to shareholders and investors based on transparency, fairness, and continuity, and will actively engage in constructive dialogue with shareholders and investors to fulfill its accountability in good faith.

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.
2035 Vision:
Vitalize the world through innovation by our people and technology, as a global leader in CSV
*CSV: Abbreviation for Creating Shared Value. It means realizing the improvement of corporate value by achieving both "creation of social value" and "creation of economic value" through addressing social issues.

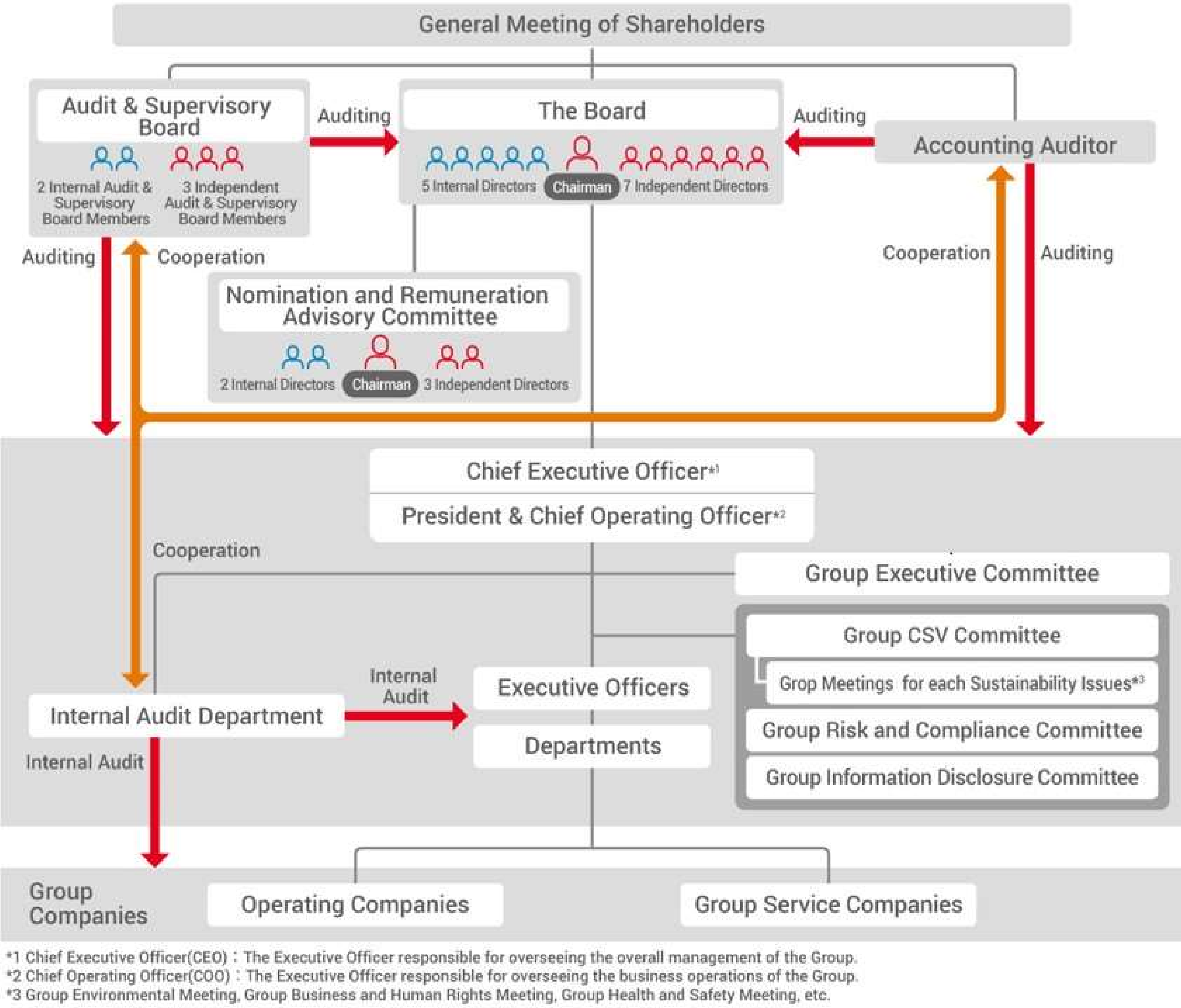
KIRIN WAY:
Values:
- Pioneer with Innovation
- Consumer/Patient at Heart
- Quality in Mind

Principles:
- Be Aspirational
- Go to "Gemba"
- Act First, Learn Fast
- Leap Beyond
- Unite as One Team
- Commit to Winning

*Gemba: Japanese term which indicates where facts, customers, and reality exist.

2) Outline of the corporate governance system

The Company's corporate governance system is as follows:



- The Company has adopted a pure holding company structure as a means of controlling its diverse and global business, which is centered on three domains of Alcoholic Beverages, Non-alcoholic Beverages and Health Science, and Pharmaceuticals. As a pure holding company, the Company takes on the role of devising and implementing the Group's overall strategies, monitoring individual businesses, creating synergy through coordination across the Group, and addressing issues related to sustainability.
- The Kirin Group companies conduct their business autonomously with a sense of speed, while maintaining close ties with local consumers and other stakeholders. The Company grants appropriate authority to match the strategic stages of Group companies, and strives to improve governance through Directors of the Board or the Boards of Group companies by dispatching Directors of the Board to those companies. Directors of the Board, Executive Officers, or their equivalents of the Company serve concurrently as Director of the Board at key Group companies.
- The Company adopts a Company with Audit and Supervisory Board system, and aims to maintain and improve on a highly transparent governance system for its stakeholders. The Board, which includes a number of Non-executive Directors, works closely with the Audit & Supervisory Board, which also includes a number of Audit & Supervisory Board Members, and makes effective use of the statutory and other auditing functions to take final decisions on important matters. At the same time, the Board endeavors to reinforce the monitoring function on management. In addition, the Company has introduced an executive officer based system in order to implement strategies for each of its businesses and functions in an agile fashion and clarify executive responsibilities. The Board has established the scope of the responsibility of Executive Officers based on experience, performance and specialization in their respective fields.
- Additionally, the Company has established the Internal Audit Department within the Company to evaluate the effectiveness of the internal control system for the entire Group, and to conduct and preside over internal audits within the Company and at Group companies. The status and plans of internal audits are regularly reported to the Board.

Body	Purpose	Composition	Number of meetings held in FY2025
The Board	Aims to ensure the Group's sustainable growth and the improvement of corporate value over the medium to long term in order to promote the interests of the Group and the common interests of its shareholders in keeping with the Group's fiduciary responsibility and accountability vis-a-vis its shareholders	Chairperson: Non-executive Director Members: 12 Directors of the Board and 5 Audit & Supervisory Board Members (including 7 Non-executive Directors and 3 Independent Audit & Supervisory Board Members)	15 meetings (one was conducted by written resolution)
Audit & Supervisory Board	In keeping with its fiduciary responsibility toward shareholders, ensures the soundness of management with an eye to the Group's sustainable growth and the improvement of corporate value over the medium to long term, and acts to ensure the common interests of the shareholders	Members: 5 Audit & Supervisory Board Members (including 3 Independent Audit & Supervisory Board Members)	15 meetings
Nomination and Remuneration Advisory Committee	As an advisory body to the Board, discusses the policy for the appointment/dismissal of Directors of the Board, Executive Officers and Audit & Supervisory Board Members, plans for the succession of the Chief Executive Officer (CEO) and Chief Operating Officer (COO), and remuneration, etc. from an objective and fair perspective, and reports to the Board	Chairperson: Non-executive Director Members: 5 Directors of the Board (including 3 Non-executive Directors)	12 meetings

(i) The Board

- The Board takes decisions on legal matters and on the execution of the Group's important operations, which include the Long-Term Management Visions and yearly business plans across the Group and at key Group companies. The Board is also responsible for monitoring the execution of professional duties of Directors of the Board and Executive Officers, and for developing appropriate internal control systems across the Group.
- Taking into account the knowledge, experience, skills and insight that are necessary for turning the 2035 Vision into a reality, the Board is composed of the appropriate number of members, ensuring overall balance and diversity. In addition, in order to build a highly transparent governance system and ensure the effectiveness of objective management supervision, the majority of currently appointed Directors of the Board are Independent Non-executive Directors.
- The Non-executive Directors provide valuable feedback and advice on the Company's corporate decisions from a practical, objective and specialist perspective based on their extensive experience as corporate managers. The Secretary Section of the People & Culture Department of the Company provides appropriate support to Non-executive Directors as well as Directors.

(ii) Audit & Supervisory Board

- The Audit & Supervisory Board makes use of the ability of the Internal Audit & Supervisory Board Members to gather information within the Group and the independence of Audit & Supervisory Board Members. The Audit & Supervisory Board also develops a system to ensure that the audits carried out by each Audit & Supervisory Board Member are effective.
- In order to intensify the provision of information to Non-executive Directors, the Audit & Supervisory Board exchanges opinions with Non-executive Directors, and provides them with information obtained in the course of auditing.
- In addition, the Company has established the Audit & Supervisory Board Support Section staffed by dedicated employees as a structure to organizationally and effectively assist duties of Audit & Supervisory Board Members in order to enhance the audit function of the Audit & Supervisory Board Members.

(iii) Nomination and Remuneration Advisory Committee

- The Nomination and Remuneration Advisory Committee has been set up to deal with the nomination and remuneration of Directors of the Board, Executive Officers and Audit & Supervisory Board Members.
- As an advisory body to the Board, the Committee discusses the following matters from an objective and fair perspective, and reports to the Board. The matters that are discussed and reported on include: policy for the appointment/dismissal of Directors of the Board, Executive Officers and Audit & Supervisory Board Members, and proposal of candidates; system, standards and amounts for the remuneration of Directors of the Board, Executive Officers and Audit & Supervisory Board Members; plans for the succession of the Chief Executive Officer (CEO) and Chief Operating Officer (COO). In addition, the Committee, based on the delegation of the Board, conducts activities including individual performance evaluations and determination of bonuses for Directors of the Board and Executive Officers.

(iv) Bodies advising the President & COO

The Company has established the following four advisory bodies to the President & COO.

i) Group Executive Committee

- The Company has established the Group Executive Committee as an advisory body to support the President & COO in decision making. It strives to improve the quality of the decision-making relating to the Group's management by holding Group Executive Committee meetings in a timely fashion with the Executive Officers including the President & COO, Standing Audit & Supervisory Board Members, Professional Advisors and others to discuss strategies and investments that have significant implications for business.

ii) Group CSV Committee

- The Group CSV Committee deliberates on the Group's CSV policies, strategies and planning, and also monitors the implementation status of the CSV plans. The decisions are reported to the Group Executive Committee or the Board, to be incorporated into the Group's overall strategy.
  https://www.kirinholdings.com/en/impact/csv_management/promotion_impact/

iii) Group Risk and Compliance Committee

- The Group Risk and Compliance Committee promotes and oversees risk management. It strives to ensure compliance as part of risk management. In the event of a crisis, it shares information with Group companies in and outside Japan and provides support in responding to the crisis, and as such, has a system in place to respond appropriately. The Committee is composed of Directors of the Board and Executive Officers of the Company, and chaired by the Executive Officer responsible for overseeing risk management.
  https://www.kirinholdings.com/en/purpose/governance/risk_management/

iv) Information Disclosure Committee

- The Information Disclosure Committee strives to improve management transparency through the promotion of timely, fair and impartial disclosure by deliberating and deciding on the materiality of information and necessity of disclosing timely disclosure and other information from the perspective of providing useful information to shareholders and investors. The Committee is composed of the heads of the relevant departments and chaired by the Executive Officer in charge of financial strategy, with the Standing Audit & Supervisory Board Members and the General Manager of the Internal Audit Department serving as observers.

3) Reasons for adoption of the corporate governance system

The Company adopts a Company with Audit and Supervisory Board system as its institutional design under the Companies Act of Japan, and the Board is composed of a well-balanced mix of Directors of the Board and Audit & Supervisory Board Members with diverse knowledge, experience, skills, and insights. Non-executive Directors constitute a majority of the Board and the Audit & Supervisory Board, thereby ensuring a highly transparent governance system. In addition, through close coordination between the Board and the Audit & Supervisory Board, the Company ensures highly effective monitoring function and facilitates high-quality decision-making on execution of important operational and legal matters. In addition, the nomination and remuneration of Directors of the Board, Executive Officers and Audit & Supervisory Board Members are decided through deliberations by the Nomination and Remuneration Advisory Committee, whose majority are Non-executive Directors, to ensure objectivity and transparency. For these reasons, the Company believes that the current system ensures transparency in management and appropriateness in performance of duties, enabling the effective corporate governance system in place to function.

4) Other information relating to corporate governance

(i) Maintenance of internal control system

The Board of Directors of the Company formulated the basic policy for the internal control system to ensure appropriate performance groupwide. Under this policy, the Company works to design and operate an appropriate internal control system for the groupwide compliance, risk management, financial disclosures, and other issues. In addition, the Company verifies the design and operation of the internal controls annually to make sure that the department in charge of internal controls acts autonomously and that the system works effectively, and then reports the verification results to the Board of Directors. For the details of the internal controls, see the following:

(Reference)
Basic policy for the internal control system
https://www.kirinholdings.com/en/purpose/files/pdf/policy_internalcontrolsystem.pdf

(ii) Maintenance of risk management system

The Directors of the Board shall establish basic policy on the risk management of the Kirin Group and promote the policy by developing effective structures and provisions to execute the policy and by integrating it with activities in each organization. In addition, the Directors of the Board shall implement educational programs on risk management, clarify procedures concerning the disclosure of risks and responses to the occurrence of crises, and make those procedures public throughout the Group. The Internal Audit Department shall carry out internal audits to ensure that these systems are properly developed and applied.

(iii) Number of Directors of the Board

The Articles of Incorporation stipulate that the Company shall have no more than twelve (12) Directors of the Board.

(iv) Resolution requirements for the election of Directors of the Board

The Articles of Incorporation stipulate that resolution requirements for the election of Directors of the Board shall be adopted by the presence of holders of one third or more of the voting rights held by all shareholders entitled to exercise their voting rights and a majority of the voting rights of the shareholders so present, and that no cumulative voting shall be used for the election.

(v) Exemption from liabilities of Directors of the Board and Audit & Supervisory Board Members

The Articles of Incorporation stipulate that the Company may, by resolution of the Board, in accordance with Article 426, Paragraph 1 of the Companies Act, exempt any Director of the Board (including former Directors of the Board) and Audit & Supervisory Board Member (including former Audit & Supervisory Board Members) from the liabilities under Article 423, Paragraph 1 of the Act, to the extent provided in laws and regulations. The purpose is to ensure that Directors of the Board and Audit & Supervisory Board Members sufficiently perform the roles expected of them in executing their duties.

(vi) Outline of Contracts for Limitation of Liability

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with each Non-executive Director and Audit & Supervisory Board Member to limit their liability for damages set forth in Article 423, Paragraph 1 of the said Act. The maximum amount of liability under this agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the said Act.

(vii) Outline of the Company's Indemnification Agreement

The Company has entered into indemnification agreements with Directors and Audit & Supervisory Board Members as provided for under Article 430-2, Paragraph 1 of the Companies Act, under which the Company shall indemnify them for the expenses stipulated in item (i) and the loss stipulated in item (ii) of said paragraph to the extent provided for in laws and regulations. However, in order to ensure that the appropriateness of the execution of duties by the indemnitees of the Company is not impaired, there are certain conditions that are not covered under the indemnification agreement, such as a case where the Company determines that the execution of compensation for damages is objectively inappropriate.

(viii) Outline of Directors and Officers liability insurance contracts

The Company has entered into Directors and Officers liability insurance contracts with an insurance company as provided in Article 430-3, Paragraph 1 of the Companies Act, wherein the insured persons include Directors of the Board, Audit & Supervisory Board Members, Executive Officers, etc. of the Company and its subsidiaries. The Company and its subsidiaries bear all insurance premiums.

This insurance contract covers compensation for damages, legal, and other such costs in the event that an insured person(s) is liable for damages arising from their conduct. However, damages caused by criminal or fraudulent acts etc. committed by insured persons are excluded. In addition, there is a provision for a deductible amount and damages that do not reach the deductible amount are not covered by this insurance contract.

(ix) Acquisition of treasury shares

The Articles of Incorporation stipulate that, in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act, the Company may acquire its own shares through market transactions, etc. by resolution of the Board. The purpose is to carry out dynamic management strategies including financial policies.

(x) Interim dividends

The Articles of Incorporation stipulate that, by resolution of the Board, the Company may pay interim dividends on the basis of June 30 each year as the record date, under Article 454, Paragraph 5 of the Companies Act. The purpose is to return profits to shareholders flexibly.

(xi) Special resolution requirements for the General Meeting of Shareholders

The Articles of Incorporation stipulate that the requirements for special resolution at a General Meeting of Shareholders provided in Article 309, Paragraph 2 of the Companies Act shall be adopted by the presence of holders of one third or more of the voting rights held by all shareholders entitled to exercise their voting rights and two thirds or more of the voting rights of the shareholders so present. This provision aims to ensure the smooth operation of a General Meeting of Shareholders by easing the quorum for special resolutions at the meeting.

5) Activities of the Board and the Nomination and Remuneration Advisory Committee during the fiscal year under review

(i) Frequency

(a) The Board

In principle, the Company holds a regular meeting of the Board once a month and held 15 regular meetings in FY2025 (of which, one meeting was held in writing).

(b) Nomination and Remuneration Advisory Committee

In principle, the Company holds a regular meeting of the Nomination and Remuneration Advisory Committee once a month and held 12 meetings in FY2025.

(ii) Main considerations

(a) The Board

During the fiscal year under review, the Board held focused deliberations on the following points:

Topics	Details of deliberations at Board meetings
Monitoring of strategy implementation and formulation of business strategies for the next fiscal year	To further enhance the level of strategy implementation, the Board supervised the strategy implementation by regularly monitoring both business and functional strategies. The Board also deliberated on the formulation of the Long-Term Management Vision “Innovate2035!” and the business plan for the next fiscal year, taking into account changes in the external environment including the market and competition.
Discussions on the business portfolio strategy	The Board deliberated on the optimal business portfolio strategy to maximize corporate value and resolved to continue to conduct business in the three domains of Alcoholic Beverages, Non-alcoholic Beverages and Health Science, and Pharmaceuticals without changing the direction of the business portfolio based on “Innovate2035!”
Activities and deliberations of the Nomination and Remuneration Advisory Committee	To strengthen the supervisory function of the Nomination and Remuneration Advisory Committee over the deliberations on the succession planning, the Board regularly received reports from the Nomination and Remuneration Advisory Committee on its activities and the details of deliberations to supervise the Committee.
Other important business execution	The Board carefully deliberated and resolved on M&A deals.

(b) Nomination and Remuneration Advisory Committee

During the fiscal year under review, the Nomination and Remuneration Advisory Committee held focused deliberations on the following points:

Topics	Details of deliberations at Nomination and Remuneration Advisory Committee meetings
Topics related to nomination	In addition to the election and retirement of officers for 2026 and the succession planning for the CEO, the Committee deliberated on the proposal for the next-generation management system and the creation of a sustainable mechanism to maintain the quality of the management team. The Committee also reported the annual activity plan to the Board in May 2025 and subsequently reported the activities and deliberation details to the Board on a regular basis.
Topics related to remuneration	With respect to officers’ remuneration, the Committee deliberated on the evaluation of performance and the determination of amounts for 2025, the policy and design for determining the amounts for 2026, and remuneration for Presidents of key overseas operating companies, and reported the results to the Board in February 2026.

(iii) Attendance of Directors and Audit & Supervisory Board Members at meetings

Position (Note 1)	Name	Attendance at Board meetings (Note 2)	Attendance at Nomination and Remuneration Advisory Committee meetings
Non-executive Director (Chairman of the Board)	Hiroyuki Yanagi	14 out of 14 meetings (100%)	–
Representative Director of the Board & CEO	Yoshinori Isozaki	14 out of 14 meetings (100%)	12 out of 12 meetings (100%)
Representative Director of the Board, President & COO	Takeshi Minakata	14 out of 14 meetings (100%)	12 out of 12 meetings (100%)
Senior Executive Vice President	Junko Tsuboi	14 out of 14 meetings (100%)	–
Director of the Board	Toru Yoshimura	14 out of 14 meetings (100%)	–
Director of the Board	Shinjiro Akieda	14 out of 14 meetings (100%)	–
Non-executive Director	Masakatsu Mori	2 out of 2 meetings (100%) (Note 3)	–
Non-executive Director	George Olcott	2 out of 2 meetings (100%) (Note 3)	–
Non-executive Director (Chairperson of the Nomination and Remuneration Advisory Committee)	Noriko Shiono	14 out of 14 meetings (100%)	12 out of 12 meetings (100%)
Non-executive Director	Rod Eddington	12 out of 14 meetings (86%)	–
Non-executive Director	Shinya Katanozaka	13 out of 14 meetings (93%)	11 out of 12 meetings (92%)
Non-executive Director	Yoshiko Ando	13 out of 14 meetings (93%)	12 out of 12 meetings (100%)
Non-executive Director	Shingo Konomoto	12 out of 12 meetings (100%) (Note 4)	
Non-executive Director	Naoko Mikami	12 out of 12 meetings (100%) (Note 4)	
Standing Audit & Supervisory Board Member	Shobu Nishitani	14 out of 14 meetings (100%)	–
Standing Audit & Supervisory Board Member	Toru Ishikura	14 out of 14 meetings (100%)	–
Audit & Supervisory Board Member	Kaoru Kashima	14 out of 14 meetings (100%)	–
Audit & Supervisory Board Member	Kenichi Fujinawa	14 out of 14 meetings (100%)	–
Audit & Supervisory Board Member	Yoko Dochi	14 out of 14 meetings (100%)	–

Notes:
1. The positions are as of the end of the current fiscal year and differ from the ones at the time of the filing of this report.
2. Board meetings held in writing are excluded from the number of meetings.
3. Directors of the Board, Mr. Masakatsu Mori and Mr. George Olcott retired from office upon the close of the Ordinary General Meeting of Shareholders held on March 28, 2025. Accordingly, the positions and attendance status represent information prior to their retirement.
4. The attendance status covers Board meetings held after assumption of office.

(iv) Evaluation of the Effectiveness of the Board

The Company defines the Board’s two primary functions as making important corporate decisions and providing supervisory oversight. The Company conducts evaluations of Board operations and meeting content every year to both ensure those functions are being fulfilled and to continually improve its efficiency by identifying points to make the meetings more effective in the next fiscal year.

- Initiatives on the effectiveness evaluation in 2025

  In addition to a survey conducted from October to November 2025 targeting all Directors of the Board and Audit & Supervisory Board Members, the Company also conducted interviews with the Chairman of the Board and Non-executive Directors, and performed analysis and evaluation. It was confirmed that no issues were identified with their effectiveness. Improvement policies for the future based on the result of evaluation and identified issues were reported and discussed at the Board meeting held in January 2026. Furthermore, in order to further enhance the objectivity and transparency of the evaluation, the Company conducts an effectiveness evaluation with the cooperation of third-party advisors approximately once every three years. Based on the results of the most recent evaluation conducted in FY2024, the Company has confirmed that a high level of effectiveness is ensured.

- Evaluation criteria are as follows:

1. Composition and operation of the Board
2. Development, execution and monitoring of strategies
3. Supervision of risk management
4. Supervision of decision-making on business acquisition/withdrawal
5. Supervision of remuneration for officers and succession plan
6. Thorough understanding and implementation of robust corporate ethics and supervision thereof
7. Supervision of overall disclosures to stakeholders
8. Strengthening points to improve the effectiveness of the Board

- Evaluation results
  Based on the results of the survey and interviews, the Company evaluated that the Board is functioning effectively and that it has secured the effectiveness necessary to make important management decisions and appropriately supervise business execution.
- Status of initiatives for the areas to improve in 2025

Areas to improve in 2025	Actions taken
Discussions on “business portfolio strategy” to maximize corporate value	• Conducted discussions on business portfolio strategy three times in 2025.
Discussions on growth scenarios for each area and business	• Conducted discussions on growth scenarios for each area and key operating companies based on the Long-Term Management Vision “Innovate2035!”.
Discussions on “digital ICT” for accelerating value creation through advanced use of AI	• To realize the Long-Term Management Vision “Innovate2035!”, held discussions on the direction for “creating new lifestyle habits in society” by integrating digital ICT with marketing. • Reported on current cybersecurity status and future reinforcement measures.
Discussions on “human capital strategy” for nurturing human resources who accomplish and innovate and creating supportive organizational culture	• Conducted discussions on P&C (People & Culture) strategy toward realizing the Long-Term Management Vision “Innovate2035!”.
Discussion on the desirable form of highly effective group governance	• Conducted discussions on the role of holding company functions and the management structure for each business domain toward realizing the Long-Term Management Vision “Innovate2035!”.

- Areas to improve in 2026
  Management has specified three areas for improvement in 2026 based on the opinions and areas for improvement indicated in the evaluations in 2025 with a view to the changing business environment. The Company continually seeks to maintain and enhance the effectiveness of the Board by further improving its operation, as well as setting the agenda under the Chairman of the Board.
  1. Financial and stakeholder strategy
  2. Business portfolio
  3. Human capital strategy

6) Skill matrix of Directors, Executive Officers, and Audit & Supervisory Board Members

(i) Skills required for the Board of Directors and Audit & Supervisory Board

Recently, the Company announced a new Long-Term Management Vision, “Innovate2035!”, and took the opportunity to review the skills required for the Board of Directors and the Audit & Supervisory Board.

First, the Company considers a deep understanding of and empathy for the philosophy of “CSV management” promoted by the Group to be a basic and essential requirement common to all Directors of the Board and Audit & Supervisory Board Members.

On that basis, while premised on comprehensive capabilities in “Corporate Management” through experience as a corporate or business executive, the Company has positioned knowledge in the areas of “Sustainability,” “Global,” “Finance and IR,” and “Legal and Risk Management” as essential basic skills for driving the Company’s management and ensuring the effectiveness of corporate governance.

Furthermore, under “Innovate2035!”, the Group aims to achieve sustainable growth through CSV management and contribute to the social issue of “Health and Well-Being.” The Group is committed to “Vitalize the world through innovation by our people and technology, as a global leader in Creating Shared Value (CSV).” To achieve this goal, the Company positions organizational capabilities such as “R&D,” “Marketing,” “ICT and DX,” “Human Resources and Organization,” and “Manufacturing and Quality Assurance” as sources of innovation. These capabilities are also essential skills for the Board of Directors and the Audit & Supervisory Board to conduct highly effective decision-making and oversight.

Regarding skills related to “Health Science” and “Pharmaceuticals,” which have been emphasized, the Company views that reinforcement has progressed to a certain extent in the Board of Directors and the Audit & Supervisory Board. Therefore, in this skill matrix, they are treated as foundational skills already possessed and are excluded.

(ii) Training for Directors and Audit & Supervisory Board Members

The Company provides, as appropriate, training and information necessary for Directors of the Board and Audit & Supervisory Board Members to properly fulfill their roles and responsibilities. When Directors of the Board and Audit & Supervisory Board Members assume office, the Company conducts lectures and training by experts and relevant internal departments regarding the Companies Act of Japan, corporate governance, corporate finance, and other relevant matters. After assuming office, the Company continuously conducts training regarding legal amendments and management issues, as well as inspections of major sites, as necessary. When Non-executive Directors and Outside Audit & Supervisory Board Members assume office, the Company provides explanations regarding the Group Corporate Philosophy, “KIRIN WAY,” which sets out the Group-wide values and principles, and its business operations.

(iii) Definition of skills and criteria for fulfillment

Skill Areas		Definition of Skills	Benchmark for Fulfillment
Management / Governance	Corporate Management	Capability to oversee the formulation and execution of group-wide strategies, the optimal allocation of management resources, and the building of trust with stakeholders, for the purpose of sustainable improvement of corporate value.	Management experience as Director or Executive Officer at a listed company*1, experience of decision-making responsibility at management meetings and/or meetings of boards of directors, or equivalent achievements in other organizations*2.
	Sustainability	Capability to identify material issues such as climate change, natural capital, human rights, and the supply chain, and integrate these issues into business strategy, capital allocation, risk management, and KPIs to lead to the medium- to long-term improvement of corporate value.	Experience in the formulation and promotion of sustainability strategies at listed companies, leading roles in relevant committees, the introduction of disclosures or external assurance, and a track record of dialogue with investors and stakeholders, or equivalent achievements in other organizations.
	Global	International management capabilities to capture growth opportunities in global markets and expand corporate value.	Business experience in two or more countries, responsibility for executing cross-border M&As, a track record of addressing local laws, regulations, and cultures, or equivalent achievements in other organizations.
	Finance / IR	Strategic financial management capabilities to enhance corporate value by ensuring financial soundness and optimizing capital efficiency.	Experience as a CEO or CFO at a listed company, or leadership experience in fundraising, M&A, or IR activities; or equivalent achievements in other organizations.
	Legal / Risk Management	Capability to ensure the reliability and sustainability of the Company through compliance with laws and regulations and through the identification, assessment, and response to corporate risks.	Experience overseeing legal and compliance departments at listed companies, or equivalent achievements in other organizations.
Source of Innovation	R&D	Capability to formulate and oversee R&D strategies that contribute to the medium- to long-term growth and enhancement of corporate value by creating new value and establishing competitive advantages through technological innovation.	Experience overseeing R&D departments at listed companies or research institutions, a track record of commercializing research themes, and experience as the person responsible for formulating technology roadmaps.
	Marketing	Capability to enhance competitive advantage and corporate value by creating customer value and improving brand value.	Experience as a CMO at a listed company, a track record in formulating and executing global brand strategies, experience overseeing advertising and PR activities, or equivalent achievements in other organizations.
	Human Resources / Organization	Capability to formulate and execute human resources strategies that enhance organizational competitiveness by maximizing the value of human capital.	Experience as a CEO or CHRO at a listed company, experience in the formulation and operation of succession plans, a track record as the person responsible for promoting DE&I, or equivalent achievements in other organizations.
	ICT / DX	Capability to promote operational efficiency and new value creation by utilizing digital technology, contributing to the strengthening of corporate competitiveness and the enhancement of the customer experience.	Experience as a CDO at a listed company, etc., experience in the formulation and execution of DX strategies, and experience in establishing IT governance and information security systems, or equivalent achievements in other organizations.
	Manufacturing / Quality Assurance	Capability to manage the integrated flow from procurement, manufacturing, and logistics to sales to achieve stable supply and efficiency. Capability to maintain and enhance customer trust and corporate value by ensuring quality, safety, and supply stability.	Experience as a head of production departments in the manufacturing industry, experience leading the formulation and execution of SCM strategies, and a track record of improving inventory, logistics, and supply systems. Experience as a head of quality assurance departments, acquisition and maintenance of ISO and other certifications, experience in handling major quality issues, or equivalent achievements in other organizations.

*1: Publicly listed company or companies of a similar nature.

*2: Government agencies, law firms, audit firms, academia, NGOs, and similar organizations.

(iv) Skill matrix of Directors, Executive Officers, and Audit & Supervisory Board Members at the time of the filing of this report

i) Directors (Note 1)

Position	Name	Management / Governance					Source of Innovation				
		Corporate Management	Sustainability	Global	Finance / IR	Legal / Risk Management	R&D	Marketing	Human Resources / Organization	ICT / DX	Manufacture / Quality Assurance
Representative Director of the Board & CEO	Yoshinori Isozaki	◎	◎	○	◎	○		○	○		
Representative Director of the Board, President & COO	Takeshi Minakata	◎	○	○	○		◎		◎		○
Director of the Board, Senior Executive Vice President	Junko Tsuboi	○	○			◎		◎	◎		
Director of the Board, Senior Executive Officer	Toru Yoshimura	◎	○	◎	○		○		○	○	◎
Director of the Board, Senior Executive Officer	Shinjiro Akieda	○	◎	○	◎	○		○		◎	
Director	Hiroyuki Yanagi	●					●				●
Director	Noriko Shiono	●		●				●			
Director	Shinya Katanozaka	●		●					●		
Director	Yoshiko Ando		●			●			●		
Director	Shingo Konomoto	●			●					●	
Director	Naoko Mikami						●		●		●
Director	Kenichi Fujinawa			●		●			●		

(Note 1) For Internal Directors, areas in which they possess expertise and experience are indicated by "○," and among those, areas where particularly significant contributions are expected are indicated by "◎." For Non-executive Directors, areas where particularly significant contributions are expected are indicated by "●" (The maximum number of "◎" and "●" is set at three).

ii) Executive Officers (Note 2)

Position	Name	Management / Governance					Source of Innovation				
		Corporate Management	Sustainability	Global	Finance / IR	Legal / Risk Management	R&D	Marketing	Human Resources / Organization	ICT / DX	Manufacture / Quality Assurance
Senior Executive Officer	Mitsuharu Yamagata	○	○	◎				◎		◎	
Senior Executive Officer	Kazufumi Nagashima	○	○	○			◎				◎
Senior Executive Officer	Toshihito Hama	○	◎	○		◎			◎		
Senior Executive Officer	Daisuke Fujiwara		○	◎			◎	○			
Senior Executive Officer	Yoshiyuki Yonetani		○	○			◎				◎
Senior Executive Officer	Hiroaki Takaoka		◎	○	◎					◎	
Senior Executive Officer	Hideki Horiguchi	◎	○	◎	○			◎	○		
Senior Executive Officer	Kazuhiro Inoue	◎	◎		○			○	○		
Senior Executive Officer	Hideki Mitsuhashi	◎	○	◎	○	○		◎	○	○	
Senior Executive Officer	Alastair Symington	◎	○	◎	○			◎	○		

(Note 2) For Senior Executive Officers, areas in which they possess expertise and experience are indicated by "○," and among those, areas where particularly significant contributions are expected are indicated by "◎" (The maximum number of "◎" is set at three).

iii) Audit & Supervisory Board Members (Note 3)

Position	Name	Management / Governance					Source of Innovation				
		Corporate Management	Sustainability	Global	Finance / IR	Legal / Risk Management	R&D	Marketing	Human Resources / Organization	ICT / DX	Manufacture / Quality Assurance
Standing Audit & Supervisory Board Member	Toru Ishikura						●			●	●
Standing Audit & Supervisory Board Member	Hajime Kobayashi			●	●	●					
Audit & Supervisory Board Member	Kaoru Kashima				●	●			●		
Audit & Supervisory Board Member	Yoko Dochi		●	●	●						
Audit & Supervisory Board Member	Tim Lester		●	●		●					

(Note 3) For Audit & Supervisory Board Members, areas where particularly significant contributions are expected are indicated by "●" (The maximum number of "●" is set at three).

(2) DIRECTORS OF THE BOARD AND AUDIT & SUPERVISORY BOARD MEMBERS

1) List of Directors of the Board and Audit & Supervisory Board Members

Eleven (11) males (including one (1) non-Japanese) and six (6) females (female ratio of 35.3%, non-Japanese ratio of 5.9%)

Position	Name	Date of birth	Profile		Term of office	Number of shares held (shares)
Representative Director of the Board & CEO	Yoshinori Isozaki	August 9, 1953	April 1977 March 2004 March 2007 March 2008 March 2009 March 2010 March 2012 January 2013 March 2015 September 2021 March 2024	Joined the Company Director of San Miguel Corporation General Manager of Corporate Planning Dept. of the Company Executive Officer and General Manager of Corporate Planning Dept. of the Company Senior Executive Officer and General Manager of Corporate Planning Dept. of the Company Managing Director of the Company (resigned in March 2012) President & CEO of Kirin Brewery Company, Limited (resigned in January 2015) President & Chief Executive Officer of Kirin Company, Limited President & Chief Executive Officer of the Company President & CEO of Kirin Brewery Company, Limited (resigned in January 2022) Representative Director of the Board & CEO of the Company (present position)	*1	116,248
Representative Director of the Board, President & COO	Takeshi Minakata	December 31, 1961	April 1984 March 2012 January 2013 March 2015 March 2016 April 2016 March 2018 March 2020 March 2022 April 2022 August 2023 March 2024	Joined the Company General Manager of Corporate Planning Dept. of Kirin Brewery Company, Limited Executive Officer and General Manager of Corporate Planning Dept. of Kirin Company, Limited Executive Officer and General Manager of Corporate Planning Dept. of Kirin Brewery Company, Limited Senior Executive Officer and Director of Group Strategy Planning of the Company Senior Executive Officer and General Manager of Corporate Planning Dept. of Kirin Company, Limited Senior Executive Officer of the Company (resigned in March 2018) President and CEO of Myanmar Brewery Limited Executive Director of the Board, President & Chief Executive Officer of Kyowa Hakko Bio Co., Ltd. (resigned in December 2021) Senior Executive Officer of the Company Director of the Board, Senior Executive Officer of the Company Director of Kyowa Kirin Co., Ltd. Director of the Board, Senior Executive Officer, President of Health Science Division of the Company Director of the Board, Blackmores Limited Representative Director of the Board, President & COO of the Company (present position)	*1	19,035
Director of the Board, Senior Executive Vice President	Junko Tsuboi	August 8, 1962	April 1985 March 2005 March 2010 March 2012 November 2012 January 2013 March 2014 March 2019 June 2020 March 2022 March 2023 March 2024	Joined the Company General Manager of Corporate Communication Dept. of Kirin Beverage Company, Limited Director of the Board, President and CEO of Yokohama Akarenga Inc. General Manager of CSR Promotion Dept. and Corporate Communication Dept. of the Company General Manager of Corporate Communication Dept. of the Company General Manager of Strategic Branding Dept., CSV Division of Kirin Company, Limited Executive Officer, General Manager of Strategic Branding Dept., CSV Division of Kirin Company, Limited Senior Executive Officer, General Manager of Strategic Branding Dept. of the Company Non-executive Director of FANCL Corporation Senior Executive Officer of the Company Director of the Board, Senior Executive Officer of the Company Director of the Board, Senior Executive Vice President of the Company (present position)	*1	29,331

Position	Name	Date of birth	Profile		Term of office	Number of shares held (shares)
Director of the Board, Senior Executive Officer	Toru Yoshimura	June 8, 1964	April 1988 March 2016 March 2017 March 2018 March 2019 March 2021 January 2022 March 2024	Joined the Company General Manager of Corporate Planning Dept. of Kirin Company, Limited Director of Group Alliance Strategy of the Company Executive Officer and General Manager of Corporate Planning Dept. of Kirin Company, Limited Executive Officer and Director of Group Alliance Strategy of the Company Senior Executive Officer and General Manager of Corporate Planning Dept. of Kirin Company, Limited Senior Executive Officer and General Manager of Corporate Planning Dept. of the Company Director of the Board of Kirin Beverage Company, Limited Director of the Board of Kirin Brewery Company, Limited Senior Executive Officer of the Company President and CEO of Kirin Beverage Company, Limited Director of the Board, Senior Executive Officer, President of Health Science Business Division of the Company (present position) Director of the Board, Blackmores Limited	*1	19,242
Director of the Board, Senior Executive Officer	Shinjiro Akieda	July 18, 1965	April 1988 March 2010 March 2013 March 2015 March 2017 March 2018 March 2019 March 2020 January 2022 March 2022 March 2023 March 2024 March 2025	Joined the Company Chairman and CEO of Taiwan Kirin Company, Limited Executive Officer and General Manager of Corporate Planning Dept. of Mercian Corporation Executive Officer and General Manager of Corporate Planning Dept. of Kirin Beverage Company, Limited Senior Executive Officer and General Manager of Corporate Planning Dept. of Kirin Beverage Company, Limited Executive Officer and General Manager of Corporate Planning Dept. of Kirin Brewery Company, Limited Executive Officer and General Manager of Corporate Planning Dept. of the Company Executive Officer and General Manager of Corporate Planning Dept. and DX Strategy Dept. of the Company Executive Officer and General Manager of Corporate Planning Dept. of the Company Director of the Board of Kirin Brewery Company, Limited Senior Executive Officer and General Manager of Corporate Planning Dept. of the Company Senior Executive Officer of the Company Director of the Board, Senior Executive Officer of the Company (present position) Director of Kyowa Kirin Co., Ltd. (present position) Director of Lion Pty Ltd	*1	13,768
Director of the Board	Hiroyuki Yanagi	November 20, 1954	April 1978 March 2010 January 2018 March 2019 March 2021 June 2021 January 2022 March 2022 June 2022	Joined Yamaha Motor Co., Ltd. President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd. Chairman and Representative Director of Yamaha Motor Co., Ltd. Non-executive Director of the Company (present position) Outside Director of AGC Inc. (present position) Chairman and Director of Yamaha Motor Co., Ltd. Outside Director of Japan Airlines Co., Ltd. (present position) Director of Yamaha Motor Co., Ltd. Adviser of Yamaha Motor Co., Ltd. Outside Director, Mitsubishi Electric Corporation (present position)	*1	7,500

Position	Name	Date of birth	Profile	Term of office	Number of shares held (shares)
Director of the Board	Noriko Shiono	October 18, 1960	August 1983 Joined Japan New Media Co., Ltd. March 2010 Representative Director, President of SSP Co., Ltd. January 2014 President and Corporate Officer of Konami Sports & Life Co., Ltd. (currently Konami Sports Co., Ltd.) May 2016 Chairman, Director of Konami Sports Co., Ltd. October 2017 President of Widex Japan March 2018 Non-executive Director of Kirin Company, Limited March 2019 Strategic Advisor of the Company March 2020 Non-executive Director of the Company (present position) January 2024 Advisor of Widex Japan June 2024 Outside Director of JAPAN POST HOLDINGS Co., Ltd. (present position) Outside Director of Bengo4.com, Inc. (present position)	*1	13,289
Director of the Board	Shinya Katanozaka	July 4, 1955	April 1979 Joined ALL NIPPON AIRWAYS CO., LTD. (currently ANA HOLDINGS INC.) April 2013 Representative Director, Senior Executive Vice President of ANA HOLDINGS INC. April 2015 Representative Director, President & Chief Executive Officer of ANA HOLDINGS INC. June 2020 Outside Director of Tokio Marine Holdings, Inc. (present position) April 2022 Chairman of the Board of Directors of ANA HOLDINGS INC. March 2023 Non-executive Director of the Company (present position) April 2024 Member of the Board, Chairman of ANA HOLDINGS INC. (present position)	*1	2,900
Director of the Board	Yoshiko Ando	March 17, 1959	April 1982 Entered the Ministry of Labor April 2003 Lieutenant Governor of Shiga Prefecture July 2006 Director of Equal Employment Policy Div. of Equal Employment, Children and Families Bureau of the Ministry of Health, Labour and Welfare (MHLW) July 2011 Director-General of the Saitama Labor Bureau of MHLW July 2013 Director-General of Industrial Accident Compensation Department of Labour Standards Bureau of MHLW July 2014 Director-General of Equal Employment, Children and Families Bureau of MHLW October 2015 Director-General for Labour Policy Planning of MHLW June 2016 Director-General for Statistics and Information Policy of MHLW July 2017 Director-General for Human Resources Development of MHLW March 2019 Audit & Supervisory Board Member of the Company June 2019 Outside Director of Sansei Technologies, Inc. (present position) June 2020 Outside Director of JFE Holdings, Inc. (present position) March 2024 Non-executive Director of the Company (present position)	*1	9,300
Director of the Board	Shingo Konomoto	February 11, 1960	April 1985 Joined Nomura Research Institute, Ltd. June 2015 Senior Executive Managing Director, Representative Director of Nomura Research Institute, Ltd. April 2016 President & CEO, Representative Director of Nomura Research Institute, Ltd. June 2019 Chairman and President & CEO, Representative Director of Nomura Research Institute, Ltd. April 2024 Chairman, Representative Director of Nomura Research Institute, Ltd. June 2024 Chairman, Member of the Board of Nomura Research Institute, Ltd. (present position) Outside Director of Sony Group Corporation (present position) March 2025 Non-executive Director of the Company (present position)	*1	300
Director of the Board	Naoko Mikami	March 12, 1961	April 1983 Joined Ajinomoto Co. January 2010 Joined C'BON COSMETICS Co., Ltd. June 2019 Representative Director and Vice President of C'BON COSMETICS Co., Ltd. June 2021 Outside Director of Showa Sangyo Co., Ltd. (present position) March 2022 Outside Director of Earth Corporation (present position) March 2024 Outside Director of Kuraray Co., Ltd. (present position) March 2025 Non-executive Director of the Company (present position)	*1	400
Director of the Board	Kenichi Fujinawa	February 18, 1955	April 1980 Registered as lawyer in Japan Joined Nagashima & Ohno October 1988 Partner of Nagashima & Ohno January 2000 Partner of Nagashima Ohno & Tsunematsu January 2004 Managing Partner of Nagashima Ohno & Tsunematsu January 2015 Chairman of Nagashima Ohno & Tsunematsu January 2020 Senior Counsel of Nagashima Ohno & Tsunematsu March 2022 Audit & Supervisory Board Member of the Company	*1	–

Position	Name	Date of birth	Profile		Term of office	Number of shares held (shares)
			January 2025	Established Fujinawa Law Office, Attorney at Law (present position)		
			March 2026	Non-executive Director of the Company (present position)		

Position	Name	Date of birth	Profile		Term of office	Number of shares held (shares)
Standing Audit & Supervisory Board Member	Toru Ishikura	November 30, 1963	April 1989 March 2015 April 2015 March 2018 April 2019 March 2020 April 2020 April 2022 March 2023	Joined the Company General Manager of Technology Management Dept. of Research & Development Division of Kirin Company, Limited General Manager of Research & Development Strategy Dept. of Research & Development Division of Kirin Company, Limited Executive Officer, General Manager of Research & Development Strategy Dept. of Research & Development Division of Kirin Company, Limited Executive Officer, Vice President of Research & Development Division and General Manager of Research & Development Strategy Dept. of the Company Director of the Board, Kyowa Hakko Bio Co., Ltd. Executive Officer, General Manager of Health Business Strategy Office, Corporate Strategy Dept. of the Company Executive Officer, General Manager of Health Science Business Dept., Health Science Business Division of the Company Standing Audit & Supervisory Board Member of the Company (present position) Audit & Supervisory Board Member of Kyowa Kirin Co., Ltd.	*2	5,700
Standing Audit & Supervisory Board Member	Hajime Kobayashi	July 5, 1965	April 1989 April 2011 March 2020 March 2022 March 2024 March 2026	Joined the Company Director of Planning Dept. of Interfood Shareholding Company General Manager of Internal Audit Dept. of the Company Executive Officer, General Manager of Internal Audit Dept. of the Company Outside Standing Audit & Supervisory Board Member of Kyowa Kirin Co., Ltd. Standing Audit & Supervisory Board Member of the Company (present position)	*4	13,036
Audit & Supervisory Board Member	Kaoru Kashima	January 20, 1958	November 1981 April 1985 June 1996 June 2002 July 2006 September 2010 July 2012 July 2013 June 2019 March 2020 June 2021 June 2025	Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC) Registered as a certified public accountant Partner of Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) Senior Partner of ShinNihon & Co. (currently Ernst & Young ShinNihon LLC) In charge of personnel of HR Development Headquarters of ShinNihon & Co. Managing Director of Ernst & Young ShinNihon LLC In charge of Corporate Culture Promotion Office, Public Relations Office General Manager of Knowledge Headquarters, Managing Director of Ernst & Young ShinNihon LLC Representative Director of Ernst & Young Institute Co., Ltd. Outside Audit & Supervisory Board Member, Nippon Telegraph and Telephone Corporation (currently NTT, Inc.) Audit & Supervisory Board Member of the Company (present position) External Director, Sumitomo Mitsui Trust Holdings, Inc. (currently Sumitomo Mitsui Trust Group, Inc. (present position) Outside Director, NTT, Inc. (present position)	*3	–
Audit & Supervisory Board Member	Yoko Dochi	October 3, 1964	April 1987 September 1996 May 2001 January 2015 March 2018 November 2018 February 2020 June 2020 June 2023 March 2024	Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.) Joined World Bank Group Joined Toyota Motor Europe NV/SA. General Manager, Global Treasury & Investor Relations, Toyota Motor Europe NV/SA. Principal Investor Relations Officer, Accounting Division, Toyota Motor Corporation Joined SoftBank Group Corp. Managing Director, Global Head of Investor Relations, SoftBank Group Corp. Managing Partner, SoftBank Group International Ltd. Director (Outside), NIPPO LTD. (present position) Director (Outside), Rinnai Corporation (present position) Audit & Supervisory Board Member of the Company (present position)	*3	–

Position	Name	Date of birth	Profile		Term of office	Number of shares held (shares)
Audit & Supervisory Board Member	Tim Lester	August 9, 1968	September 1992	Joined Parker & Parker Law Firm (now Herbert Smith Freehills Kramer Law Firm)	*4	–
			August 1993	Registered as a lawyer in Western Australia		
			June 1995	Joined Hogan Lovells Law Firm		
			February 1996	Registered as a lawyer in England and Wales; registered as a lawyer in Hong Kong		
			March 2004	Managing Partner, Hogan Lovells (Tokyo Office)		
			March 2008	Joined Allens Law Firm Corporate Finance and Japan Practice Partner at the same firm		
			March 2015	Hogan Lovells (Sydney & Perth Offices) Managing Partner		
			April 2019	Established Jameson Boyce Partners Pty Ltd. Chairman of the Board of Directors (present position)		
			April 2025	Director, Bia Energy Solutions Ltd (present position)		
			March 2026	Audit & Supervisory Board Member of the Company (present position)		
Total						250,049

Notes:

1. Mr. Hiroyuki Yanagi, Ms. Noriko Shiono, Mr. Shinya Katanozaka, Ms. Yoshiko Ando, Mr. Shingo Konomoto, Ms. Naoko Mikami, and Mr. Kenichi Fujinawa are Non-executive Directors.
2. Ms. Kaoru Kashima, Ms. Yoko Dochi, and Mr. Tim Lester are Audit & Supervisory Board Members.
3. The terms of office of Directors of the Board and Audit & Supervisory Board Members are as follows:
   *1 From the close of the Ordinary General Meeting of Shareholders held on March 27, 2026 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2026
   *2 From the close of the Ordinary General Meeting of Shareholders held on March 30, 2023 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2026
   *3 From the close of the Ordinary General Meeting of Shareholders held on March 28, 2024 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2027
   *4 From the close of the Ordinary General Meeting of Shareholders held on March 27, 2026 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2029
4. The Company has ten (10) Executive Officers, in addition to the above Directors of the Board and Audit & Supervisory Board Members.

Senior Executive Officer	Brand Strategy, Marketing Strategy, Digital & IT Strategy, Senior Executive Vice President of Kirin Brewery Company, Limited (in charge of Marketing)	Mitsuharu Yamagata
Senior Executive Officer	SCM Strategy, Production Technology Strategy	Kazufumi Nagashima
Senior Executive Officer	Chief Risk Management Officer, Public Relations Strategy, Chief Legal Officer	Toshihito Hama
Senior Executive Officer	President of R&D Division of the Company, R&D Strategy	Daisuke Fujiwara
Senior Executive Officer	Chief Quality Assurance Officer	Yoshiyuki Yonetani
Senior Executive Officer	General Manager, Corporate Strategy Department (Business Partnerships & Investment Strategy excluding Health Science domain), CSV Strategy	Hiroaki Takaoka
Senior Executive Officer	President & COO of Kirin Brewery Company, Limited	Hideki Horiguchi
Senior Executive Officer	President & COO of Kirin Beverage Company, Limited	Kazuhiro Inoue
Senior Executive Officer	President, Representative Director of FANCL Corporation	Hideki Mitsuhashi
Senior Executive Officer	President, Kirin Health Science International Pty Ltd, Chief Executive Officer & Managing Director, Blackmores Limited	Alastair Symington

2) Non-executive Directors and Audit & Supervisory Board Members

(i) Number of Non-executive Directors and Audit & Supervisory Board Members

The Company has seven (7) Non-executive Directors and three (3) Audit & Supervisory Board Members.

(ii) Policies regarding function and role from a corporate governance perspective, and election

The Non-executive Directors contribute to maintaining the corporate governance function and role of the Board—which makes decisions on the execution of important business matters and legal issues and supervises the performance of duties—at a strong and even higher level by expressing opinions from a more objective standpoint backed by extensive experience and deep insight in corporate management. Currently, seven (7) Non-executive Directors are elected, accounting for a majority of Directors of the Board, a number which we believe is sufficient to allow the Nomination and Remuneration Advisory Committee, an essential body in the Company's corporate governance system, in addition to the Board, to function effectively.

The Audit & Supervisory Board Members contribute to strengthening the function of the Audit & Supervisory Board as a component of corporate governance, through their experience as non-executive directors or audit & supervisory board members for several companies and their expertise in areas such as finance, accounting and law. Currently, three (3) Audit & Supervisory Board Members are elected, which added to the two (2) Standing Audit & Supervisory Board Members, makes for a total of five (5); this is considered a sufficient number to audit the performance of duties by the Directors of the Board.

(iii) Criteria regarding the independence of Non-executive Officers and their personal, capital, business or other relationships with the Company

The Company has established the criteria listed below in order to objectively determine the independence of Non-executive Directors and Audit & Supervisory Board Members ("Non-executive Officers"), with reference to the criteria for independence of independent officers stipulated by the Tokyo Stock Exchange, Inc.; given, however, that Non-executive Officers are appointed based not only on their independence, but also on their respective knowledge, skills, insight, character, and other factors. and thus persons who meet the requirements for Non-executive Officers stipulated in the Companies Act and can provide advice and opinions as Non-executive Officers concerning the Company's decision-making may be hired as Non-executive Officers even if they fall into the criteria listed below.

(Criteria regarding the Independence of Non-executive Directors and Audit & Supervisory Board Members)

For Non-executive Directors and Audit & Supervisory Board Members of the Company to be considered as independent, none of the following criteria may apply to the respective Non-executive Director or Audit & Supervisory Board Member.

1) A person for whom the Company (including its consolidated subsidiaries; the same shall apply hereinafter) is a major client
2) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm for whom the Company is a major client
3) A person who is a major client of the Company
4) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm which is a major client of the Company
5) A lawyer, certified public accountant, tax accountant, or consultant, etc. who receives money or other economic benefit in excess of a certain amount from the Company aside from the officer's remuneration
6) A person who belongs to a firm, union, or other similar entity (including a law office, auditing firm, tax accountant firm, or consulting firm, etc.) which receives money or other economic benefit in excess of a certain amount from the Company
7) A person who is a major shareholder of the Company
8) A person who is an executive director or who executes business of a firm which is a major shareholder of the Company
9) A person who receives donations or other assistance in excess of a certain amount from the Company
10) A person who is a director of or otherwise executes duties for a firm, union or other similar entity which receives donations or other assistance in excess of a certain amount from the Company
11) A person who is an executive director, corporate officer, executive officer, manager or other employee of a firm for which an Executive Director or Standing Audit & Supervisory Board Member of the Company acts as non-executive director or non-standing audit & supervisory board member
12) A person to whom any of aforementioned criteria (1)–(11) has applied within the past 3 years
13) A person who is a spouse or other relation within the second degree of kinship to a person who is a senior executive or higher to whom any of aforementioned criteria (1)–(12) applies
14) A person who is a spouse or other relation within the second degree of kinship to a Director of the Board, Executive Officer, Manager or other important employee of the Company (including a person who was a Director of the Board, Executive Officer, Manager or other important employee of the Company within the past 3 years)

Notes:

1. Regarding criteria (1) and (2), "A person (or firm) for whom the Company is a major client" refers to a person (or firm) who received payment from the Company in the most recent business year which accounted for either 2% or more of consolidated sales (consolidated revenue) for the year for that person (or firm), or over ¥100 million, whichever is the higher amount. If consolidated accounting is not adopted by the person (or firm), total revenue or non-consolidated sales for the year should be employed in place of consolidated sales (consolidated revenue) for the year.
2. Regarding criteria (3) and (4), "A person (or firm) who is a major client of the Company" refers to a person (or firm) who made payment to the Company in the most recent business year which accounted for 2% or more of the Company's consolidated sales (consolidated revenue) for the year, or who finances 2% or more of the Company's consolidated total assets at the end of the most recent business year.
3. Regarding criteria (5), (9) and (10), "a certain amount" is considered as ¥10 million per year.
4. Regarding criteria (6), "a certain amount" is considered as either 2% or more of total revenue for the most recent business year for that firm, union or other similar entity, or over ¥100 million, whichever is the higher amount.
5. Regarding criteria (7) and (8), "a major shareholder" refers to a shareholder who directly or indirectly holds 10% or more of the voting rights.

(Personal, capital, business or other relationships with the Company)

- In accordance with the above criteria, the Company has designated Non-executive Directors Mr. Hiroyuki Yanagi, Ms. Noriko Shiono, Mr. Shinya Katanozaka, Ms. Yoshiko Ando, Mr. Shingo Konomoto, Ms. Naoko Mikami, and Mr. Kenichi Fujinawa, and Audit & Supervisory Board Members Ms. Kaoru Kashima, Ms. Yoko Dochi, and Mr. Tim Lester as independent officers as required by the provisions of the Tokyo Stock Exchange, Inc., etc. prescribes. Personal, capital, business relationships or other special interests between Non-executive Officers and the Company are as follows:
- Non-executive Directors Mr. Hiroyuki Yanagi, Ms. Noriko Shiono, Mr. Shinya Katanozaka, Ms. Yoshiko Ando, Mr. Shingo Konomoto, Ms. Naoko Mikami, and Mr. Kenichi Fujinawa have no personal, capital, business relationships or any other special interests with the Company. Accordingly, the Company believes that they have sufficient independence that there is no risk of conflicts of interest with general shareholders.
- Audit & Supervisory Board Members Ms. Kaoru Kashima, Ms. Yoko Dochi, and Mr. Tim Lester have no personal, capital, business relationships or any other special interests with the Company. Accordingly, the Company believes that they have sufficient independence that there is no risk of conflicts of interest with general shareholders.

(iv) Mutual cooperation between supervision and audit by Non-executive Officers, audit by Auditor & Supervisory Board Members, internal audit and accounting audit, and relationship with internal control departments

Non-executive Directors provide opinions as necessary based on the information exchange and cooperation with the Audit & Supervisory Board upon receiving accounting audit and internal audit reports through the attendance at Board meetings and other activities. Thus, they fulfill supervisory functions on the performance of duties by Directors of the Board in coordination with these audits. They also strive to ensure appropriate performance of duties through providing opinions and advice as a member of the Board to effectively operate internal control departments.

Audit & Supervisory Board Members provide opinions as necessary upon receiving accounting audit and internal audit reports, directly or indirectly, through attendance at Audit & Supervisory Board meetings and Board meetings as well as reports from the Accounting Auditor and other activities. Thus, they enhance the effectiveness of the audit. Based on this, Audit & Supervisory Board Members conduct audits with high expertise for an audit report of the Audit & Supervisory Board. They also strive to ensure appropriate performance of duties through providing opinions on the reports of internal control departments at the Board meetings.

(3) AUDITS

1) Audits by Audit & Supervisory Board Members

(i) Organization, personnel, and procedures of audits by Audit & Supervisory Board Members

For details of the organization, personnel, and procedures of the Audit & Supervisory Board, refer to 1) Basic views on corporate governance and 2) Outline of the corporate governance system in (1) OVERVIEW OF CORPORATE GOVERNANCE and 1) List of Directors of the Board and Audit & Supervisory Board Members and 2) Non-executive Directors and Audit & Supervisory Board Members in (2) DIRECTORS OF THE BOARD AND AUDIT & SUPERVISORY BOARD MEMBERS.

The experience and expertise of each Audit & Supervisory Board Member are as follows. The Company appoints Audit & Supervisory Board Members who possess appropriate experience and expertise as well as necessary knowledge regarding finance, accounting, and legal affairs, and endeavors to appoint at least one person who has substantial knowledge of finance and accounting in particular.

Position	Name	Experience and Expertise
Standing Audit & Supervisory Board Member	Shobu Nishitani	Since joining the Company, he has worked in the areas of finance, accounting, overseas business, and internal audit of the Company and the subsidiaries of the Company and has considerable business experience and deep insight in finance and accounting.
Standing Audit & Supervisory Board Member	Toru Ishikura	Since joining the Company, he has worked in the areas of engineering, internal audit, and research and development of the Company and the subsidiaries of the Company and has considerable business experience and deep insight in the management of the Group.
Audit & Supervisory Board Member	Kaoru Kashima	As a certified public accountant, she has been engaged over many years in corporate audit and has deep insight in finance and accounting. In addition, as management of an auditing firm or corporation, she has considerable experience in organizational culture reform, public relations and promotion of women’s participation and advancement.
Audit & Supervisory Board Member	Kenichi Fujinawa	He has served as a partner and managing partner at a major law firm for many years as a lawyer, and has highly specialized expertise and considerable experience in the areas of general corporate legal practice, especially in M&A, international transactions, and corporate governance.
Audit & Supervisory Board Member	Yoko Dochi	As the head of investor relations for a major listed company, she has been engaged in dialogue with institutional investors for many years, and has considerable experience in both global corporate management and capital markets, and is highly specialized experience in finance, accounting, and ESG, etc.

(ii) Activities of the Audit & Supervisory Board and its members

The Company held a total of 15 meetings of the Audit & Supervisory Board during this fiscal year. Attendance of each Audit & Supervisory Board Member is as follows. In addition to the Audit & Supervisory Board, the Company also provides opportunities for information sharing and exchange of opinions among the Audit & Supervisory Board Members.

Position	Name	Attendance at Audit & Supervisory Board meetings
Standing Audit & Supervisory Board Member	Shobu Nishitani	15 out of 15 meetings (100%)
Standing Audit & Supervisory Board Member	Toru Ishikura	15 out of 15 meetings (100%)
Audit & Supervisory Board Member	Kaoru Kashima	15 out of 15 meetings (100%)
Audit & Supervisory Board Member	Kenichi Fujinawa	15 out of 15 meetings (100%)
Audit & Supervisory Board Member	Yoko Dochi	15 out of 15 meetings (100%)

Specific topics discussed by the Audit & Supervisory Board include the audit policy; the legality of business reports and supporting schedules; the appropriateness of execution of duties by Directors of the Board; the appropriateness of maintenance and implementation of the internal control system; adequacy of methods and results of audits by the Accounting Auditor; evaluation of the Accounting Auditor; appropriateness of Accounting Auditor remuneration, and Key Audit Matters (KAM). At the end of the fiscal year, the Audit & Supervisory Board Members review the audit activities, discuss issues of the Company, recommendations for the Company and priority audit items for the following fiscal year, and report the results to the Board of Directors. As priority audit items, the Audit & Supervisory Board reviewed (i) the status of execution of strategies in important businesses and business domains, (ii) the status of initiatives for priority issues in the Human Resources area, and (iii) the status of the functioning of the second and third lines in the three-line model. With respect to the effectiveness evaluation of the Audit & Supervisory Board, based on the results of self-assessment questionnaire conducted in advance by each Audit & Supervisory Board Member and matters related to the Audit & Supervisory Board identified in the effectiveness evaluation of the Board, it was confirmed that the Audit & Supervisory Board as a whole has secured sufficient effectiveness. At the same time, discussions were conducted for further improvement, and the Audit & Supervisory Board actively addressed the following themes.

Main themes	Initiatives
Collaboration with the Internal Audit Department and Audit & Supervisory Board Members of operating companies	Expanded collaboration with the Internal Audit Department., including conducting discussions on risk-based audits
Process for the appointment of Audit & Supervisory Board Members	Strengthened collaboration with the Nomination and Remuneration Advisory Committee from an early stage, including exchanging opinions on candidates for appointment as the next Audit & Supervisory Board Members.

The table below lists major activities conducted by the Audit & Supervisory Board Members. Through these activities, we have a system in place to sufficiently audit the execution of duties by Directors of the Board.

Activities	Standing Audit & Supervisory Board Member	Audit & Supervisory Board Member
Attend meetings of the Board	✓	✓
Attend important meetings including those of the Executive Committee and Risk and Compliance Committee	✓	
Exchange opinions with the Representative Director of the Board & CEO and Representative Director of the Board, President & COO	✓	✓
Conduct interviews with other Directors of the Board and Senior Executive Officers	✓	
Audit the departments of the head office and laboratories, and conduct on-site audits of Group companies in and outside Japan	✓	✓
Exchange opinions with Non-executive Directors	✓	✓
Exchange opinions with the General Manager of the Internal Audit Department	✓	✓
Exchange opinions with the Chairperson of the Nomination and Remuneration Advisory	✓	✓
Conduct regular interviews with the department heads in charge of legal, finance, HR, quality assurance, digital ICT, risk and compliance	✓	
Exchange information with Audit & Supervisory Board Members of Group companies	✓	✓*
Exchange opinions with the labor union executive committee	✓	
Review the implementation status of audits and results of audits reported by the Accounting Auditor, exchange opinions, and share information with the Accounting Auditor	✓	✓

*Attended as required depending on the agenda.

2) Internal audits

(i) Purpose of internal audits

The purpose of internal audits is "with regard to the Kirin Group's management activities, to contribute to the achievement of the Group's management strategy objectives by assessing the execution of management activities related to governance, risk management, and control, and providing assurance and consulting services from a fair and independent standpoint from the perspectives of legality and rationality." The Company conducts audits of the Group's material risks and internal controls under the philosophy of "audits that contribute to management."

(ii) Organization, personnel, and procedures for internal audits

The Company has established the Internal Audit Department as an independent organization directly under the CEO. As of December 2025, the department consists of 22 employees. A considerable number of employees have expertise in internal audits, including those with qualifications such as Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), and Certified Fraud Examiner (CFE). The Internal Audit Department conducts an annual risk assessment and makes the annual audit plan, including audit policies and priority audit items, based on the recognition of the business environment to determine audit targets and themes, which are then approved by the Board of Directors.

(iii) Relationship with Audit & Supervisory Board Members, the Accounting Auditor, and internal audit departments of Group companies

The Internal Audit Department maintains cooperation with the Company's Audit & Supervisory Board Members, the Audit & Supervisory Board Members of key Group companies, and the Accounting Auditor by exchanging information and opinions and engaging in discussions as appropriate. The department holds monthly meetings with the Company's Audit & Supervisory Board Members and twice-a-year meetings with the Company's Non-standing Audit & Supervisory Board Members and Non-executive Directors to exchange opinions and discuss priority audit items. The department also regularly exchanges information and opinions with the Accounting Auditor.

The Company regularly exchanges information and opinions with the Standing Audit & Supervisory Board Members and internal audit departments of key Group companies and dispatches Part-time Audit & Supervisory Board Members to conduct practical and effective audits for the Group overall.

(iv) Initiatives to ensure the effectiveness of internal audits

In the three-line model, the Internal Audit Department, the third line of the Company, conducts matrix audits on the business and functional axes based on a risk-based approach and J-SOX assessments, thereby confirming the status of control in the first and second lines, strengthening internal control, and promoting the establishment of the three lines.
Furthermore, based on the request of management, the Internal Audit Department conducts thematic audits on cross-group management issues and makes recommendations for improvement. The Internal Audit Department receives responses to such recommendations from each department of each company to which the recommendations are made and follows up on a regular basis until improvement initiatives are completed. The results of these auditing activities are reported at the Board of Directors meetings and other meetings.
With regard to audit quality, the Company operates a Quality Assurance and Improvement Program (QA&IP) based on the Global Internal Audit Standards (GIAS) and strives to maintain and improve audit quality by conducting annual internal evaluations. External evaluations are scheduled to be conducted once every five years. Most recently, an evaluation was conducted in 2023, and the overall evaluation was "Generally Conforms" to the international standards of the Institute of Internal Auditors (IIA).

3) Accounting audits

(i) Name of the audit firm

KPMG AZSA LLC

(ii) Consecutive auditing period

51 years

The Company found that it was unfeasible to identify the accurate period. The period stated above is based on the establishment of Shinwa Audit Corporation, one of the predecessors of the present Accounting Auditor, KPMG AZSA LLC. The actual consecutive auditing period might be longer than the one stated above.

(iii) Certified public accountants who executed audit duties

Mr. Isao Kamizuka, Mr. Masahiro Sasaki, and Mr. Yoshihiro Fujioka

(iv) Composition of assistants who supported audit duties

Certified public accountants: 44; Others: 102

(v) Reasons for the election of the auditing certified public accountants

The Audit & Supervisory Board sets the policy on the appointment and dismissal of the Accounting Auditor. According to the policy, the Audit & Supervisory Board and its members have thoroughly examined the certified public accountants for their auditing systems such as the implementation system and quality control system, and determined that they are qualified for the position.

(vi) Evaluation of the Accounting Auditor by the Audit & Supervisory Board and its members

The Audit & Supervisory Board and its members continuously assess the Accounting Auditor through regular meetings and other cooperation with them. The Audit & Supervisory Board made discussions based on the policy on the appointment and dismissal of the Accounting Auditor after receiving its year-end accounting audit report, and resolved the reappointment of the Accounting Auditor because it was highly rated by the assessment.

4) Audit remuneration

(i) Remuneration of the Accounting Auditor

Category	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Remuneration for audit and attestation service (¥ millions)	Remuneration for non-audit services (¥ millions)	Remuneration for audit and attestation service (¥ millions)	Remuneration for non-audit services (¥ millions)
The Company	244	–	249	5
Consolidated subsidiaries	387	31	455	19
Total	630	31	704	23

Previous fiscal year (From January 1, 2024 to December 31, 2024)

The non-audit services for the consolidated subsidiaries mainly consisted of advisory services for the disclosure of non-financial information.

Current fiscal year (From January 1, 2025 to December 31, 2025)

The non-audit services for the Company and its consolidated subsidiaries mainly consisted of advisory services for the disclosure of non-financial information.

(ii) Remuneration of the network firms to which the Accounting Auditor belongs

Category	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Remuneration for audit and attestation service (¥ millions)	Remuneration for non-audit services (¥ millions)	Remuneration for audit and attestation service (¥ millions)	Remuneration for non-audit services (¥ millions)
The Company	9	52	15	154
Consolidated subsidiaries	938	147	845	139
Total	947	199	860	293

Previous fiscal year (From January 1, 2024 to December 31, 2024)

Remuneration for non-audit services for the Company and its consolidated subsidiaries is mainly attributed to advisory services for the disclosure of non-financial information and support services for the Internal Control Reporting System (J-SOX).

Current fiscal year (From January 1, 2025 to December 31, 2025)

Remuneration for non-audit services for the Company and its consolidated subsidiaries is mainly attributed to assurance-related services for non-financial information.

(iii) Policy for determining audit remuneration

The Company appropriately determines audit remuneration with the consent of the Audit & Supervisory Board after considering the number of days to complete audits and other factors while taking mainly into account the Company's size and the nature of the audit procedures.

(iv) Reasons for the Audit & Supervisory Board's consent to audit remuneration

The Audit & Supervisory Board reviewed the Accounting Auditor's audit plans, execution status of duties of accounting audits, and the calculation basis for remuneration estimates. As a result, it consented to remuneration, etc. for the Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

(4) OFFICERS' REMUNERATION, ETC.

1) Policy for determining officers' remuneration, etc.

The Company's policy for determining officers' remuneration, etc. is determined by the Board after deliberation of its validity by the Nomination and Remuneration Advisory Committee, of which independent Non-executive Directors constitute a majority. The details of individual remuneration, etc. for officers are deliberated by the Nomination and Remuneration Advisory Committee and reported to the Board. Remuneration for Directors of the Board is determined by the Board of Directors, while remuneration for Audit & Supervisory Board Members is determined through consultation among Audit & Supervisory Board Members. As part of this process, the Nomination and Remuneration Advisory Committee considers changes in the management environment each fiscal year, shareholder/investor requests, and objective and professional opinions of external remuneration consulting firms are referred to when appropriate. An outline of the Company's policy for officers' remuneration, etc. is as follows.

(i) Basic policy on officers' remuneration, etc.

(a) The Company shall establish a remuneration structure that emphasizes the linkage of remuneration with business performance and medium- to long-term corporate value and share value with its shareholders.

(b) Remuneration levels shall be appropriate for the roles and responsibilities of the Kirin Group's officers.

(c) Remuneration shall be deliberated by the Nomination and Remuneration Advisory Committee, of which independent Non-executive Directors shall constitute the majority, in order to ensure objectivity and transparency.

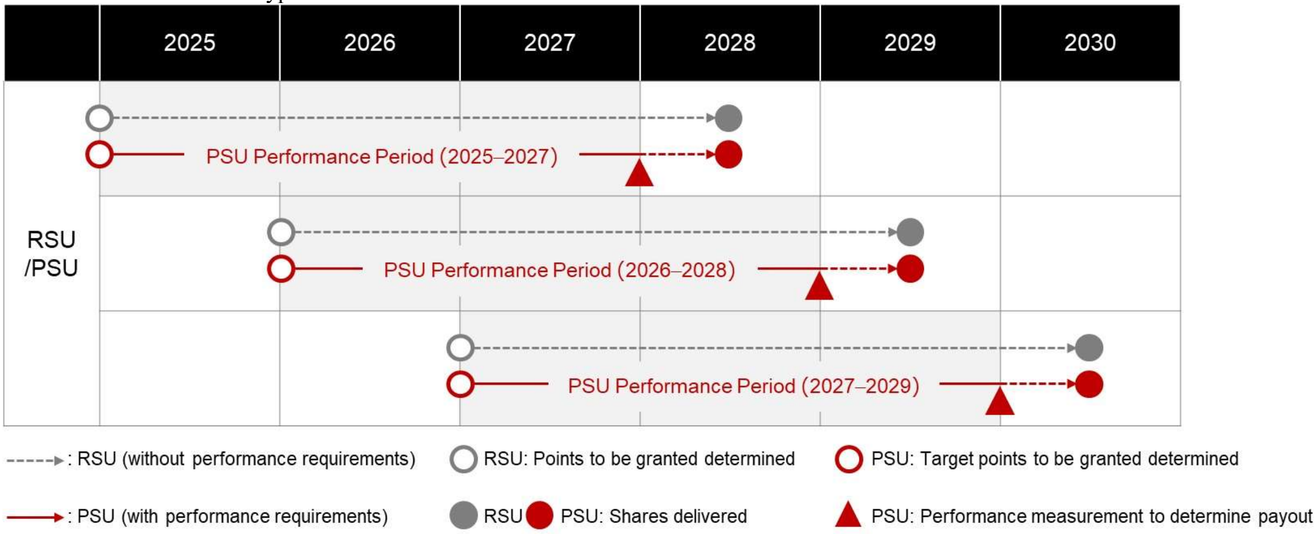
(ii) Remuneration structure and recipients

Remuneration for the Company's officers is composed of three parts: basic remuneration which is fixed remuneration; bonus as a short-term incentive which is performance-linked remuneration; and stock-based remuneration as a medium- to long-term incentive. The Non-executive Directors are responsible for monitoring and advising management of the Company and the Kirin Group as a whole from an objective point of view, and Audit & Supervisory Board Members are responsible for auditing the execution of duties by the Directors of the Board from an objective point of view. Accordingly, only basic remuneration shall be paid to the respective parties.

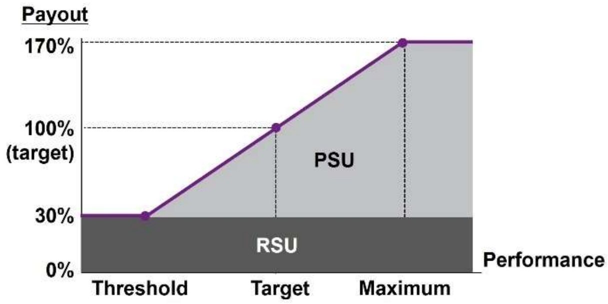
Type of remuneration		Outline	Evaluation indicators and reasons for adopting the indicators
Fixed remuneration	Basic remuneration	• Fixed remuneration based on the executive rank and responsibilities • Additional allowance is provided according to the responsibilities. • Annual sum is divided equally by 12 and paid each month.	–
Performance-linked remuneration	[Short-term incentive] Bonus	• Performance-linked remuneration for motivation to achieve annual performance targets and engage in initiatives for future growth • Assuming the amount to be paid upon achievement of a target (base amount) predetermined for each executive rank and responsibility is set at 100%, this remuneration is variable between 0% and 200% depending on the level of achievement of the performance target. • Lump-sum payment after the end of each fiscal year.	The following evaluation indicators are selected to promote stable profit growth and implementation of strategies for the entire Group and for core businesses. The following indicators are selected for this fiscal year: • Corporate performance evaluation (consolidated normalized operating profit) • Business performance evaluation (normalized operating profit) • Individual performance evaluation
	[Medium- to long-term incentive] Trust-type stock compensation (for residents of Japan)*1	• Performance-linked remuneration for motivation to improve corporate value over the medium- to long-term • The remuneration shall be comprised of the RSU without performance requirements, and PSU, which is paid in conjunction with the level of achievement of performance targets, among other things, during the fiscal years covered by the three-year rolling Business Plan set as the performance evaluation period. • In both cases, shares corresponding to the number of points granted shall be delivered (shares equivalent to 50% shall be converted and paid in cash) in accordance with the Company's Share Delivery Rules at a certain point in time after three years have passed since the start of each performance evaluation period.	• Evaluation indicators to promote improvement of shareholder value over the medium- to long-term, and to create social value are selected from the consolidated financial and non-financial indicators for the Kirin Group set out in the Business Plan.

(Note) Non-residents of Japan shall be subject to a performance-linked and stock-price-linked remuneration plan (Phantom Stock Plan) in lieu of the trust-type stock compensation plan. Under this plan, the Company will pay cash equivalent to the amount of the Company's shares (including the Company's shares that are subject to conversion and disposal under the trust-type stock compensation plan) calculated using the same formula as the trust-type stock compensation plan in accordance with the Company's Share Delivery Rules.

Sample 1: Performance evaluation period, timing of determination of the number of points, and timing of delivery of shares and cash under the trust-type stock-based remuneration



Sample 2: Mechanism for performance-linked trust-type stock compensation (overview)



*Assumes total target LTI opportunity (RSU and PSU combined) is 100%. The PSU portion is variable between 0% and 200% of PSU grant value.

(iii) Remuneration levels and the ratio of performance-linked remuneration

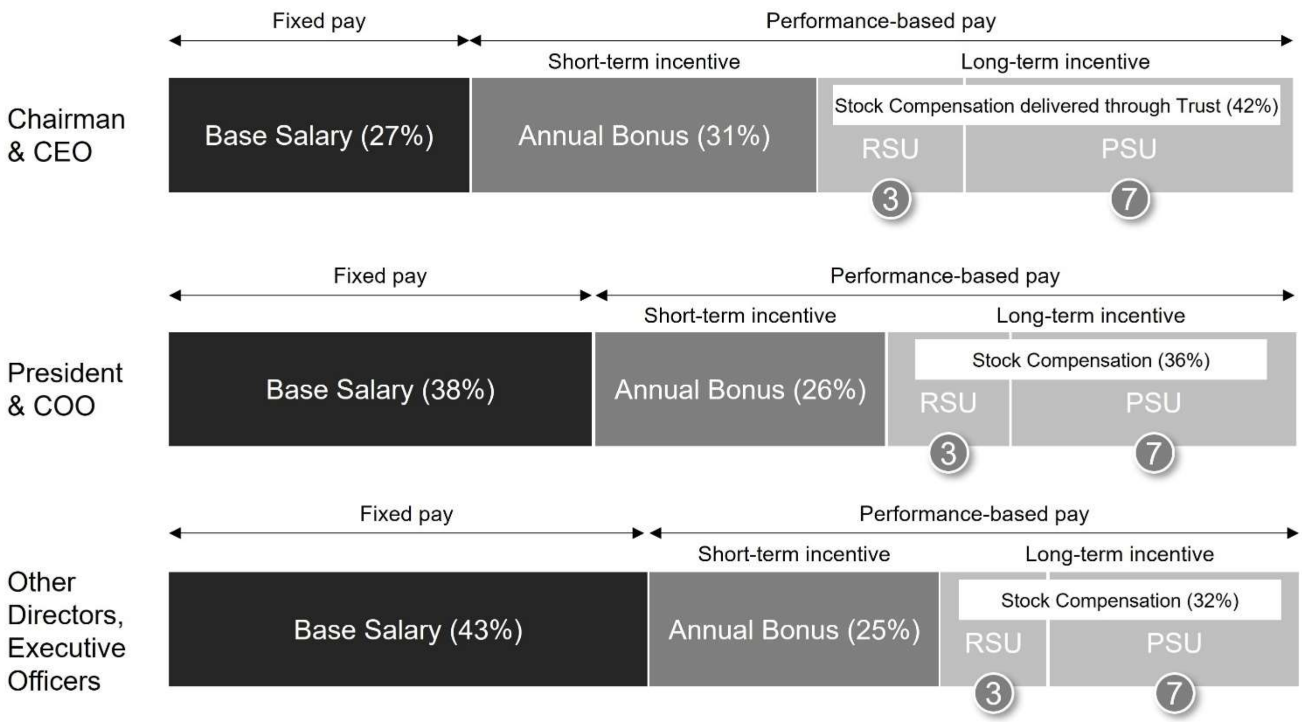
Objective verification is conducted by comparing the Company's officer remuneration levels and linkage to performance, using relevant survey data obtained from an external research organization. The remuneration levels for the Company's officers and the ratio of performance-linked remuneration (bonus and trust-type stock compensation) are designed and set based on the executive rank and responsibilities, among other factors, of each person.

- Remuneration levels

  The comparative analysis shall cover Japan's leading global manufacturing companies, and remuneration shall be set at a competitive level so that basic remuneration is at or near the median, and remuneration upon achievement of performance targets is at or above median levels. The basic remuneration for Non-executive Directors shall be at or above the median level among comparable companies in consideration of their roles expected to strengthen the Company's governance.
- Ratio of performance-linked remuneration

  The ratio of performance-linked remuneration shall be set higher than the ratio of fixed remuneration in consideration of the remuneration level of domestic leading companies, and the ratio of stock-based remuneration in particular shall be increased to strengthen incentives to achieve performance targets and its linkage to shareholder value. Specifically, as indicated in Sample 3, the ratio of basic remuneration to the performance-linked remuneration base amount for the Representative Director of the Board & CEO shall be set at approximately 30:70 (the ratio of bonuses to stock-based remuneration is 30:40). The ratios for other Directors of the Board (excluding Non-executive Directors) and Executive Officers shall be determined in a similar manner to above in consideration of their executive rank and responsibilities. The composition ratio of the RSU, to the PSU in the trust-type stock compensation base amount shall be common to all intended beneficiaries (approximately 30:70).

Sample 3: Structure of officers' remuneration



(iv) Evaluation indicators and targets for performance-linked remuneration

- Corporate performance evaluation indicators and business performance evaluation indicators for bonuses as well as evaluation indicators for trust-type stock compensation

  These evaluation indicators and targets shall be determined based on the details of the Business Plan, and performance forecasts set at the beginning of the fiscal year, among other factors. The range (upper and lower limits) of financial indicators among the evaluation indicators shall be determined based on past achievement, targets, and other relevant considerations. For the evaluation indicators for trust-type stock compensation, targets and evaluations shall be set in line with the management policy of the three-year rolling Business Plan.
- Individual performance evaluation indicators for bonuses

  For the Representative Director of the Board & CEO, the Nomination and Remuneration Advisory Committee determines specific evaluation indicators and targets through an interview with a Non-executive Officer (including the Chairperson) of the Committee. For the President & COO, the Committee determines the evaluation indicators through an interview with the Representative Director of the Board & CEO as well as a Non-executive Officer (including the Chairperson) of the Committee. For other Directors of the Board (excluding Non-executive Directors) and Executive Officers, the Committee determines the evaluation indicators after deliberating draft proposals prepared by the President & COO with approval of the Representative Director of the Board & CEO. The Representative Director of the Board, who is not the CEO, shall be treated in the same manner as the Representative Director of the Board & CEO.

(v) Method for determining officers' remuneration

In order to ensure fair and reasonable operation of the plan in accordance with the basic policy described in (i)–(iv) above, remuneration, etc. for officers is deliberated on by the Nomination and Remuneration Advisory Committee, of which independent Non-executive Directors constitute a majority and an independent Non-executive Director is the chair. The Nomination and Remuneration Advisory Committee reports to the Board, and within the limit of remuneration previously resolved at a general meeting of shareholders, remuneration for Directors of the Board is determined by the Board of Directors, and remuneration for Audit & Supervisory Board Members is determined in consultation with Audit & Supervisory Board Members.

Provided, however, that determination of individual performance evaluations for bonuses and the related individual payment ratio for each officer is delegated to the Nomination and Remuneration Advisory Committee in order to ensure objectivity and transparency. In determining the above matters, the following evaluation methods are conducted. (i) For the Representative Director of the Board & CEO and the President and COO, a Non-executive Director, who is the Chairperson or member (excluding interested persons) of the Nomination and Remuneration Advisory Committee, holds an interview and prepares draft proposals by consensus. In this case, the evaluation by the Representative Director of the Board & CEO shall be used as a reference for the evaluation for the President & COO. The Representative Director of the Board, who is not the CEO, shall be treated in the same manner as the Representative Director of the Board & CEO. (ii) For other Directors of the Board (excluding Non-executive Directors) and Executive Officers, the President & COO holds an interview with each officer and prepares draft proposals of individual performance evaluations and related individual pay rates with the approval of the Representative Director of the Board & CEO.

To ensure the appropriate exercise of the authority to determine the outcomes of each individual performance evaluation and set individual pay rates for respective performance evaluations, the composition of the Nomination and Remuneration Advisory Committee shall be as stated above. Decisions shall be made without the involvement of interested parties, which are then reported to the Board in a timely and appropriate manner.

The composition and authority of the Nomination and Remuneration Advisory Committee are as follows:

(a) Composition of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee consists of five (5) members. (Three (3) Non-executive Directors and two (2) Directors)

- Chairperson: Noriko Shiono (Non-executive Director)
- Member: Shinya Katanozaka (Non-executive Director)
- Member: Yoshiko Ando (Non-executive Director)
- Member: Yoshinori Isozaki (Representative Director of the Board & CEO, in charge of Group Management Control)
- Member: Takeshi Minakata (Representative Director of the Board, President & COO, in charge of Group Business Execution Control)

(b) Matters deliberated and determined by the Nomination and Remuneration Advisory Committee

Matters deliberated and determined by the Nomination and Remuneration Advisory Committee for officers' remuneration, etc. are as follows:

Matters deliberated:

<1> System and levels of remuneration for Directors of the Board, the policy for determining individual remuneration, and the amount or number of individual remuneration, etc.

<2> System and levels of remuneration for Audit & Supervisory Board Members

<3> System and levels of remuneration for Executive Officers, the policy for determining individual remuneration, and the amount or number of individual remuneration, etc.

<4> System and levels of remuneration for the Presidents of key Group companies in Japan and abroad

Matters determined:

<5> Individual performance evaluations for bonuses and the individual pay rate regarding the evaluations for Directors of the Board (excluding Non-executive Directors) and Executive Officers

The Nomination and Remuneration Advisory Committee holds meetings regularly mainly for deliberations of the matters described above. It also holds meetings as necessary when changes occur in the environment such as those for laws and regulations for officers' remuneration. When necessary, outside advisors may attend the Committee's meetings.

(vi) Terms for forfeiture and return of stock-based compensation (Malus and Clawback clause)

In the event that the Board of Directors recognizes that a Director (excluding Non-executive Directors) or an Executive Officer has committed a misconduct, resigned for his/her own reasons, or that there are other reasons why it is reasonable not to allow him/her to acquire all or part of the beneficiary rights or entitlements, the Company may demand that the Director (excluding Non-executive Director) or an Executive Officer forfeits his/her entitlement to compensation under the stock compensation plan or return the money equivalent to the Company shares delivered to him/her.

(vii) Other important matters

Notwithstanding (i) through (v) above, in the event of unexpected, extraordinary factors or events (including, but not limited to, natural disasters, sharp fluctuations in foreign exchange rates, misconducts, and organizational restructuring), the Board may, at their discretion, resolve to determine remuneration, etc. for Directors of the Board (excluding Non-executive Directors) and Executive Officers that may differ from that set forth above, after extraordinary deliberations by the Nomination and Remuneration Advisory Committee as necessary.

2) Remuneration, etc. for FY2026

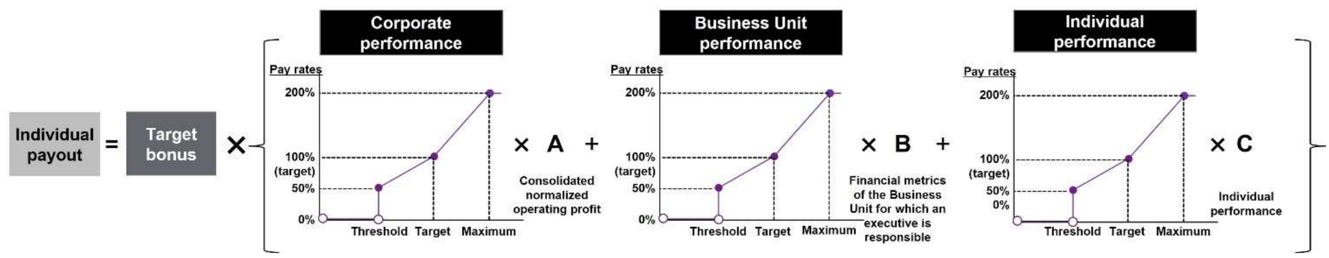
According to the policy described in 1) above, the performance evaluation indicators, calculation methods, etc. for performance-linked remuneration for FY2026 were determined as below.

(i) Bonuses

As described in 1) (ii) above, corporate performance evaluation indicators (consolidated normalized operating profit) and individual performance evaluation indicators are selected for the purpose of promoting stable profit growth and implementation of strategies for the entire Group and for core businesses. Evaluation ratios are then determined according to responsibilities. If a Director or an Executive Officer concurrently serves as operating company president or officer in charge of Health Science Strategy, relevant business performance evaluation indicators (normalized operating profit) are additionally taken into consideration. Evaluation ratios, fluctuation range of pay rates, and performance targets for FY2026 are as follows:

		Evaluation ratios (fluctuation range of pay rates: 0% – 200%)		
	Performance evaluation indicators	Corporate performance evaluation (A) (consolidated normalized operating profit)	Business performance evaluation (B) (revenue from Health Science domain)	Individual performance evaluation (C)
	Upper limit	¥270.3 billion	¥15.6 billion	To be determined according to 1) (iv) above.
	Base	¥235.0 billion	¥13.0 billion	
	Lower limit	¥199.8 billion	¥10.4 billion	
Representative Director of the Board & CEO		70%	–	30%
Representative Director of the Board, President & COO		70%	–	30%
Directors and Executive Officers concurrently serving as executives of subsidiaries of Kirin Holdings		20%	40%	40%
Other Directors and Executive Officers		50%	–	50%

Sample 4: Mechanism for linkage of bonuses to performance



(ii) Trust-type stock compensation (PSU)

As described in 1) (ii) above, the following three evaluation indicators are selected from evaluation indicators in the Business Plan: ROIC, EPS, and non-financial performance indicator, for the purposes of promoting improvement of shareholder value over the medium- to long-term and creating social value. The performance-linked factor is then calculated depending on the degree of achievement of targets. The payout ratio for ROIC and non-financial performance indicator will be determined based on the level of achievement of the performance target for the corresponding fiscal year, in addition to the degree of achievement of performance targets in the three-year rolling Business Plan, in order to evaluate steady efforts and performance in each fiscal year of the three-year rolling Business Plan (30% each for single-year evaluations in the first and second years, and 40% for the final-year evaluation). EPS will be evaluated solely based on the level of achievement in the final year.

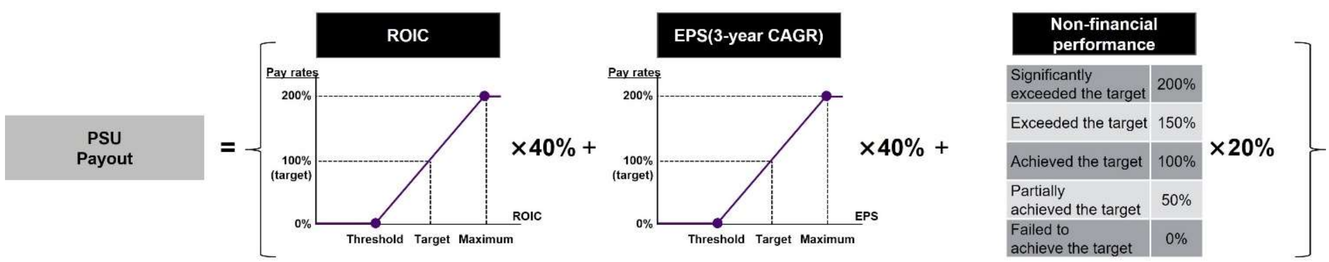
The non-financial performance indicator is decided based on a quantitative evaluation of the degree of achievement of specific indicators defined for each of several items, such as “the Environment,” and “Health and Well-being,” which are the key items defined to make a commitment to the medium- to long-term CSV management. After the evaluation of each item by adding qualitative aspects of each indicator and the overall items, non-financial evaluation is decided by a comprehensive evaluation taking into consideration the evaluation results and qualitative aspects. The results of non-financial evaluation and the pay rate are deliberated on by the Nomination and Remuneration Advisory Committee and determined by the Board in light of the evaluation at the Group Executive Committee in order to ensure objectivity and transparency.

Performance evaluation indicators	Evaluation ratio	Fluctuation range of pay rates	Performance targets*1	
				Business Plan for FY2026–FY2028
ROIC	40%	0%–200%	Upper limit	FY2026: 10.0% (FY2028: 10.4%)
			Base	FY2026: 7.7% (FY2028: 8.0%)
			Lower limit	FY2026: 5.4% (FY2028: 5.6%)
EPS *2 (3-year CAGR)	40%	0%–200%	Upper limit	12.6%
			Base	6.0% EPS of 220 yen or more
			Lower limit	-1.6%
Non-financial performance	20%	0%–200%	Performance targets are determined according to 1) (iv) above, taking into consideration specific indicators and qualitative aspects for several items including “the Environment” and “Health and Well-being.”	

Notes:

1. In evaluating ROIC and non-financial evaluation indicators, the achievement level and progress in the first and second fiscal years of the Business Plan shall be taken into account in addition to the aforementioned achievement level, in order to motivate steady achievement of targets and progress in each fiscal year. For performance targets for ROIC, the targets for FY2026 and FY2028 are stated.
2. EPS’s three-year CAGR (compound annual growth rate) refers to the average annual growth rate of EPS over the three years of the Business Plan.

Sample 5: Calculation formula for PSU performance-linked factor under the trust-type stock compensation



Note: The non-financial evaluation pay rates in the above table are for reference only and may differ from those shown above (but will be kept within the range of 0%–200%) after deliberations by the Nomination and Remuneration Advisory Committee.

3) Remuneration, etc. for this fiscal year (FY2025)

(i) Activities carried out by the Nomination and Remuneration Advisory Committee and the Board

The Nomination and Remuneration Advisory Committee held a total of 12 meetings during this fiscal year. The Committee deliberated on the operation of the current officers' remuneration system to align with the Business Plan (non-financial performance evaluation method, and other factors.). The Committee also deliberated on the appropriateness of the system (verification of compensation levels and performance-linked ratios). External remuneration consultants attended 1 of the 12 meetings, and provided advice and information from an objective and independent standpoint. The Committee regularly reported its deliberations and provided recommendations to the Board. Major matters of officers' remuneration discussed at meetings of the Nomination and Remuneration Advisory Committee and the Board held during this fiscal year are as follows:

(a) Officers' remuneration for FY2024
   1 Decisions about the amount of bonuses paid based on the FY2024 performance and points granted for trust-type stock compensation

(b) Officers' remuneration for this fiscal year (FY2025)
   1 Setting of the base, lower limit, and upper limit of the performance evaluation indicators of the performance-linked remuneration for this fiscal year
   2 Review of the evaluation process for non-financial evaluations

(c) Officers' remuneration for FY2026
   1 Study of the latest global and domestic environment for officers' remuneration
   2 Consideration of to-be remuneration levels and the to-be ratio of performance-linked remuneration toward achieving the Business Plan, and verification of the appropriateness of such levels and ratio (through objective survey data of officers' remuneration provided by external remuneration consultants)
   3 Consideration of evaluation indicators and methods in line with the implementation of the new Business Plan

The following sections of (ii) to (iv) describe the total amount of remuneration, etc. by officer type, the total amount of remuneration, etc. by officer, the targets and actual results of performance-linked remuneration, and additional information for this fiscal year.

In determining the details of individual remuneration, etc. for Directors of the Board, in accordance with the policy for Officers' remuneration, etc., the Nomination and Remuneration Advisory Committee deliberates and considers with a diversified viewpoint the method for calculating remuneration, etc. for Directors of the Board and the calculation of the payment amount based on this, among others. The Committee then reports the draft to the Board of Directors, and the Board of Directors respects the deliberation process and reports. Accordingly, the Company considers that details of remuneration, etc. for each Director of the Board are consistent with the policy for officers' remuneration, etc.

(ii) Total amount of remuneration, etc. by officer type, total amount of remuneration, etc. by type, and number of officers

Officer type		Total amount of remuneration, etc. (¥ millions)	Total amount (¥ millions) of remuneration, etc. by type and number of persons							
			Fixed remuneration		Performance-linked remuneration					
			Monetary remuneration						Non-monetary remuneration	
			Basic remuneration		Bonus		Performance-linked and stock-price-linked remuneration (Phantom Stock Plan)		Trust-type stock compensation	
			Total amount	Number of persons	Total amount	Number of persons	Total amount	Number of persons	Total amount	Number of persons
Directors of the Board (excluding Non-executive Directors)		1,095	334	5	500	5	–	–	261	5
Audit & Supervisory Board Members (excluding Non-standing Audit & Supervisory Board Members)		79	79	2	–	–	–	–	–	–
Non-executive Officers	Non-executive Directors	144	144	9	–	–	–	–	–	–
	Non-standing Audit & Supervisory Board Members	58	58	3	–	–	–	–	–	–
Total		1,376	615	19	500	5	–	–	261	5

Notes:
1. Twelve (12) Directors of the Board and five (5) Audit & Supervisory Board Members remain in their positions as of the end of this fiscal year, but the amounts above include remuneration for two (2) Directors who retired as of March 28, 2025.
2. The above total amount of bonus is the amount expected to be paid. For actual performance evaluation indicators and others, please refer to (iv) below.
3. There were no officers to whom the above performance-linked and stock-price-linked remuneration (Phantom Stock Plan) was applicable.
4. Trust-type stock compensation was delivered to Directors of the Board (excluding Non-executive Directors) as non-monetary remuneration. The above total amount of trust-type stock compensation is the amount recorded as expenses during this fiscal year for the Board Incentive Plan (BIP) Trust.
5. Amounts are rounded to the nearest ¥1 million.

(iii) Total amount of remuneration, etc. by officer

Name	Officer type	Total amount of remuneration, etc. (¥ millions)	Amount of remuneration, etc. by type (¥ millions)		
			Fixed remuneration	Performance-linked remuneration	
			Monetary remuneration		Non-monetary remuneration
			Basic remuneration	Bonus	Trust-type stock-based remuneration
Yoshinori Isozaki	Representative Director of the Board & CEO	464	107	230	127
Takeshi Minakata	Representative Director of the Board, President & COO	296	103	134	59
Junko Tsuboi	Director of the Board, Senior Executive Vice President	129	49	51	29
Toru Yoshimura	Director of the Board	107	37	46	24

Notes:
1. Only those persons whose total amount of remuneration, etc. exceeds ¥100 million are disclosed.
2. The above total amount of trust-type stock compensation is the amount recorded as expenses during this fiscal year for the Board Incentive Plan (BIP) Trust.
3. Amounts are rounded to the nearest ¥1 million.

(iv) Targets and actual results regarding evaluation indicators for performance-linked remuneration

The targets, etc. and actual results regarding evaluation indicators for performance-linked remuneration for this fiscal year, determined by a way of resolution by the Board following deliberation by the Nomination and Remuneration Advisory Committee, are as follows:

(a) Bonuses

<table>
<tr><th>Performance evaluation indicators</th><th>Evaluation ratio</th><th>Fluctuation range of pay rates</th><th colspan="2">Performance targets</th><th>Actual results</th><th>Pay rate for each indicator</th><th>Final pay rate</th></tr>
<tr><td rowspan="3">Corporate performance evaluation (Consolidated normalized operating profit)</td><td rowspan="3">20%–70%</td><td rowspan="3">0%–200%</td><td>Upper limit</td><td>¥243.8 billion</td><td rowspan="3">¥251.8 billion</td><td rowspan="3">200.0%</td><td rowspan="7">175.0%–200.0%</td></tr>
<tr><td>Base</td><td>¥212.0 billion</td></tr>
<tr><td>Lower limit</td><td>¥180.2 billion</td></tr>
<tr><td rowspan="3">Business performance evaluation (Operating profit in Health Science domain)</td><td rowspan="3">40%</td><td rowspan="3">0%–200%</td><td>Upper limit</td><td>¥9.1 billion</td><td rowspan="3">¥11.1 billion</td><td rowspan="3">200.0%</td></tr>
<tr><td>Base</td><td>¥7.0 billion</td></tr>
<tr><td>Lower limit</td><td>¥4.9 billion</td></tr>
<tr><td>Individual performance evaluation</td><td>30%–50%</td><td>0%–200%</td><td colspan="3">Decided based on evaluation indicators of commissioned work, etc. for each person.</td><td>150.0%–200.0%</td></tr>
</table>

Notes:

1. Individual performance evaluation was determined by the method described in 1) (v) above.
2. Indicators for business performance evaluation are those applied to the Directors of the Board in charge of Health Science Strategy.

(b) Trust-type stock compensation (Actual results for the first year of FY2025–FY2027 rolling Business Plan)

Performance evaluation indicator	Evaluation ratio	Fluctuation range of pay rates	Performance targets (Business Plan for FY2025–FY2027)		Actual results FY2025	Pay rate for each indicator for FY2025–FY2027	Final pay rate
ROIC	40%	0%–200%	Upper limit	FY2025: 9.4% (FY2027: 11.7%)	7.6%	–	–
			Base	FY2025: 7.2% (FY2027: 9.0%)			
			Lower limit	FY2025: 5.0% (FY2027: 6.3%)			
EPS (3-year CAGR)	40%	0%–200%	Upper limit	12.6%	–	–	
			Base	6.0%			
			Lower limit	-1.6%			
Non-financial performance	20%	0%–200%	Decided after the evaluation of each of several items, such as “the Environment” and “Health and Well-being.”		SS	–	

Notes:

1. Stock compensation for FY2025–FY2027 uses a three-fiscal-year performance evaluation period, and there is no performance-linked factor as of the end of the first year. For performance targets for ROIC, the targets for FY2025 and FY2027 are stated.
2. For ROIC and non-financial evaluation, the first-year performance (equivalent to 30% for FY2025–FY2027) is stated.
3. Three-year CAGR (compound annual growth rate) for EPS refers to the average annual growth rate of EPS over the three years of the Business Plan.

[Non-financial Evaluation]

Category	Evaluation	Background of evaluation for each category	Overall evaluation for FY2025
Environment	Exceeded the target	Targets were achieved in the areas of climate change and containers and packaging. Although certain targets were not fully achieved in the water resources area, it was confirmed that all actual results were at or above an appropriate level of management compared with general international standards. In addition, initiatives in the environmental area continue to be validated by external evaluations, such as the highest ratings for climate change and water security received by CDP, and the certification of multiple sites as Sustainably Managed Natural Sites.	Taking into account the evaluation of each category, the achievement status of CSV commitments, and accomplishments such as receiving the highest-level awards in SDGs management, the overall rating for the first year of the FY2025–FY2027 evaluation was determined to be “SS”, with a payout rate of 200%.
Health	Exceeded the target	In the Health Science strategy, it was confirmed that results significantly exceeded targets. Although certain targets were not fully achieved in the Pharmaceuticals strategy and in initiatives in promoting collaboration between Pharmaceuticals and Health Science, overall performance across the Health category reached the target level. Highly favorable external recognition was received at the stage of social implementation, including product development leveraging inter-group synergies and the receipt of the Minister of Agriculture, Forestry and Fisheries Award for “Electric Salt.”	
Community	Achieved the target	The number of new farmers increased, and the rollout of the RA scorecard to farms was completed as planned, indicating achievement of the target level. Further progress was confirmed in improving the quality of Japanese wine and the value of production areas through regional collaboration initiatives such as *Harekaze*. In addition, “Château Mercian Mariko Winery” was selected in “WBV2025” for the sixth consecutive year, the only Japanese winery to achieve this distinction.	
Human Capital	Exceeded the target	Targets were achieved in the areas of employee engagement, safety, and diversity. Although presenteeism fell slightly short of the target, a high level of quantitative achievement was confirmed across employee-related indicators overall. Furthermore, progress was made in strengthening the human capital management foundation through the full-scale operation of talent management on a functional basis. The high level of implementation of human capital management continues to be validated by external evaluations such as the PRIDE Index and the Nikkei Smart Work Management Survey.	

* In the non-financial evaluation of the current fiscal year, the indicators for which the actual results have not been determined are evaluated based on the outlook at the time of evaluation.

4) Provisions resolved by a general meeting of shareholders

The remuneration limit and other matters regarding Directors of the Board and Audit & Supervisory Board Members for a fiscal year are as follows.

	Type of remuneration	Remuneration limit (¥ millions)/maximum number of granted shares	Date of resolution by a general meeting of shareholders	Number of persons on the date of resolution
Directors of the Board	Basic remuneration and bonus	1,520*1 (incl. 210, for Non-executive Directors)	March 30, 2022	12 (including 7 Non-executive Directors)
Directors of the Board (excluding Non-executive Directors)	Stock-based remuneration	1,450/1,000,000 shares*2		5 Directors of the Board*3
Audit & Supervisory Board Members	Basic remuneration	200		5 (including 3 Non-standing Audit & Supervisory Board Members)

*1 Amounts to be expensed in connection with the payment of performance-linked remuneration to Directors of the Board (excluding Non-executive Directors) and Executive Officers, who are non-residents of Japan, are included.

*2 Regarding the Trust-type stock compensation plan for Directors of the Board (excluding Non-executive Directors) and Executive Officers, who are residents of Japan, the upper limit of the amount of money to be contributed by the Company and the number of shares of the Company to be delivered per business year.

*3 The stock-based remuneration plan, which was resolved at the General Meeting of Shareholders, covers not only Directors of the Board but also Executive Officers, and the number of such Executive Officer as of the date of the resolution is nine.

(5) SHAREHOLDINGS

1) Standard and policy on classification of investment shares

The Group classifies investment shares held solely for the purpose of benefitting from the change in stock price or dividends on shares as investment shares for pure investment, and other investment shares as investment shares held for purposes other than pure investment.

2) Investment shares held for purposes other than pure investment

The detail of investment shares of Kirin Holding Company, Limited, and Kirin Brewery Company, Limited, which has the largest balance sheet amount of investment shares among the Company and its consolidated subsidiaries (the largest volume holder), is as follows:

(i) Policy on shareholding

The Kirin Group's Corporate Governance Policy stipulates:

- As a general rule, the Kirin Group will not engage in cross-shareholding; provided, however, that it can hold a necessary minimum number of issues that are deemed to help boost the corporate value over the medium to long term.
- The Board verifies the reasonableness of the individual cross-shareholdings engaged by the Kirin Group on a yearly basis while discussing and negotiating with the cross-shareholding partner, etc. As a result of the verification, the Kirin Group will move to sell issues that it deems to be unreasonable to hold from the perspective of common interests of shareholders.

(ii) Method to verify the reasonableness of shareholding and the details of verification at the Board, etc. regarding the propriety of holding individual issues

Each cross-shareholding is examined carefully to check whether the purpose of shareholding is appropriate, or whether benefit or risk associating the shareholding is commensurate with capital cost. The Company also comprehensively judges whether it will contribute to increasing corporate brand value, and then the Board will verify if they should continue the cross-shareholding or not.

(iii) Number of issues and balance sheet amount

(a) Kirin Holdings Company, Limited

	Number of issues	Balance sheet amount (¥ millions)
Unlisted shares	20	3,828
Shares other than unlisted shares	1	1,021

Issues whose number of shares increased during the fiscal year ended December 31, 2025

Not applicable.

Issues whose number of shares decreased during the fiscal year ended December 31, 2025

Not applicable.

Note: Changes due to share consolidation, share split, share transfer, share exchange, merger, etc. are not included in increased or decreased issues.

(b) Kirin Brewery Company, Limited

	Number of issues	Balance sheet amount (¥ millions)
Unlisted shares	77	6,496
Shares other than unlisted shares	42	33,341

Issues whose number of shares increased during the fiscal year ended December 31, 2025

	Number of issues	Total acquisition cost for increased shares (¥ millions)	Reason for increase in number of shares
Unlisted shares	–	–	–
Shares other than unlisted shares	3	6	To maintain and strengthen the business relationship and thereby contribute to increasing the Company's brand value

Issues whose number of shares decreased during the fiscal year ended December 31, 2025

	Number of issues	Total sale amount for decreased shares (¥ millions)
Unlisted shares	3	5
Shares other than unlisted shares	2	12

Note: Changes due to share consolidation, share split, share transfer, share exchange, merger, etc. are not reflected in increased or decreased issues.

(iv) Information on number of shares, balance sheet amount, etc. by issue of specified investment shares and deemed holdings of shares

(a) Kirin Holdings Company, Limited

Specified investment shares

Issues	At December 31, 2025	At December 31, 2024	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding and reason for the increase in the number of shares	Whether the investee holds Kirin Holdings' shares
	Number of shares (shares)	Number of shares (shares)		
	Balance sheet amount (¥ millions)	Balance sheet amount (¥ millions)		
Nightingale Health Oyj	2,702,077	2,702,077	Shares are held to maintain and strengthen business relationships, including the development of business in Japan for the company's services. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	1,021	1,266		

Notes:

1. "–" indicates that Kirin Holdings Company, Limited does not hold these shares.
2. The reasonableness of shareholding was examined at the Board meeting held on January 26, 2026 for all cross-shareholdings as of the end of this fiscal year, to determine whether to continue each cross-shareholding or not.

There are no deemed holdings of shares.

(b) Kirin Brewery Company, Limited

Specified investment shares

Issues	At December 31, 2025 Number of shares (shares) Balance sheet amount (¥ millions)	At December 31, 2024 Number of shares (shares) Balance sheet amount (¥ millions)	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding and reason for the increase in the number of shares	Whether the investee holds Kirin Holdings' shares
SKYLARK HOLDINGS CO., LTD.	3,333,300 11,217	3,333,300 8,167	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
Central Japan Railway Company	1,268,500 5,501	1,268,500 3,761	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
HIDAY HIDAKA Corp.	1,104,665 3,817	1,104,665 3,086	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
Imperial Hotel, Ltd.	1,200,000 1,445	1,200,000 1,104	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	Yes
ROYAL HOLDINGS Co., Ltd.	1,024,424 1,350	512,212 1,226	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
Chimney Co., Ltd.	1,000,000 1,243	1,000,000 1,223	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No

Issues	At December 31, 2025 Number of shares (shares) Balance sheet amount (¥ millions)	At December 31, 2024 Number of shares (shares) Balance sheet amount (¥ millions)	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding and reason for the increase in the number of shares	Whether the investee holds Kirin Holdings' shares
East Japan Railway Company	240,000 992	240,000 671	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
Kisoji Co., Ltd.	352,049 896	352,049 742	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
RINGER HUT CO., LTD.	332,780 762	332,780 730	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
SRS HOLDINGS CO., LTD.	600,000 725	600,000 707	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	Yes
TRIAL Holdings, Inc.	200,000 620	200,000 540	Shares are held to obtain information on consumer needs and industry trends to help develop our brand. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
HACHI-BAN CO., LTD.	138,310 473	138,310 479	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
SFP Holdings Co., Ltd.	210,000 441	210,000 420	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No

Issues	At December 31, 2025 Number of shares (shares) Balance sheet amount (¥ millions)	At December 31, 2024 Number of shares (shares) Balance sheet amount (¥ millions)	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding and reason for the increase in the number of shares	Whether the investee holds Kirin Holdings' shares
AEON Co., Ltd.	166,059	54,627	Shares are held to obtain information on consumer needs and industry trends to help develop our brand. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate. We constantly acquire shares in the entity through their share ownership association for the purpose of boosting our brand development.	No
	411	202		
West Japan Railway Company	120,000	120,000	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	375	336		
Oriental Land Co., Ltd.	115,000	115,000	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	333	394		
HitoMile Co., Ltd.	648,000	648,000	Shares are held to obtain information on consumer needs and industry trends to help develop our brand. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	282	292		
TOKYO KAIKAN CO., LTD.	54,582	54,582	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	231	210		
Asakuma Co., Ltd.	42,000	42,000	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	204	190		

Issues	At December 31, 2025 Number of shares (shares) Balance sheet amount (¥ millions)	At December 31, 2024 Number of shares (shares) Balance sheet amount (¥ millions)	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding and reason for the increase in the number of shares	Whether the investee holds Kirin Holdings' shares
Hotel New Grand Co., Ltd.	33,008 204	33,008 183	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
SEIBU HOLDINGS INC.	46,900 202	46,900 150	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
BALNIBARBI Co., Ltd.	188,000 194	188,000 196	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
EAT&HOLDINGS Co., Ltd.	90,000 182	90,000 197	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
UMENOHANA GROUP CO.,LTD.	201,300 166	201,300 168	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
LifeFoods Co., Ltd.	100,000 163	100,000 168	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No

Issues	At December 31, 2025 Number of shares (shares) Balance sheet amount (¥ millions)	At December 31, 2024 Number of shares (shares) Balance sheet amount (¥ millions)	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding and reason for the increase in the number of shares	Whether the investee holds Kirin Holdings' shares
WDI Corporation	40,000	40,000	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	129	132		
Kintetsu Group Holdings Co., Ltd.	41,569	41,569	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	128	138		
ITOCHU-SHOKUHIN Co., Ltd.	10,000	10,000	Shares are held to obtain information on consumer needs and industry trends to help develop our brand. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	Yes
	112	72		
YAMAE GROUP HOLDINGS CO., LTD.	37,629	37,127	Shares are held to obtain information on consumer needs and industry trends to help develop our brand. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate. We constantly acquire shares in the entity through their share ownership association for the purpose of boosting our brand development.	Yes
	95	73		
DOUTOR• NICHIRES Holdings Co., Ltd.	33,740	33,740	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	88	79		
THE KYOTO HOTEL, LTD.	110,600	110,600	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	68	72		

Issues	At December 31, 2025 Number of shares (shares) Balance sheet amount (¥ millions)	At December 31, 2024 Number of shares (shares) Balance sheet amount (¥ millions)	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding and reason for the increase in the number of shares	Whether the investee holds Kirin Holdings' shares
TORIDOLL Holdings Corporation	14,562	14,562	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	62	57		
UKAI CO., LTD.	16,800	16,800	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	57	59		
Japan Airport Terminal Co., Ltd.	10,130	10,130	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	44	51		
GOURMET KINEYA CO., LTD.	39,600	39,600	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	38	42		
NAKAMURAYA CO., LTD.	8,500	8,500	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	Yes
	26	27		
SLD Entertainment, Inc.	20,000	20,000	Shares are held to maintain and strengthen the business relationship with the entity in terms of marketing policy because the entity has a large number of touchpoints with customers and is expected to benefit us, for example, helping develop our brand by handling our products. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	22	20		
Valor Holdings Co., Ltd.	6,336	6,336	Shares are held to obtain information on consumer needs and industry trends to help develop our brand. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
	21	14		

Issues	At December 31, 2025 Number of shares (shares) Balance sheet amount (¥ millions)	At December 31, 2024 Number of shares (shares) Balance sheet amount (¥ millions)	Purpose of shareholding, outline of business alliance, etc., quantitative effects of shareholding and reason for the increase in the number of shares	Whether the investee holds Kirin Holdings' shares
AEON KYUSHU Co., Ltd.	3,600 11	3,600 10	Shares are held to obtain information on consumer needs and industry trends to help develop our brand. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
TSURUHA HOLDINGS INC.	1,610 5	– –	Shares are held to obtain information on consumer needs and industry trends to help develop our brand. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate. The number of shares held in this security has increased due to the share exchange carried out as part of the business integration between TSURUHA HOLDINGS INC, and Welcia Holdings Co., Ltd.	No
COSMOS Pharmaceutical Corporation	400 3	400 3	Shares are held to obtain information on consumer needs and industry trends to help develop our brand. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	No
KAMEI CORPORATION	1,000 3	1,000 2	Shares are held to obtain information on consumer needs and industry trends to help develop our brand. Although it is difficult to provide quantitative and qualitative description of the effect of holding each individual issue, we verify the significance of holding it as appropriate.	Yes
RETAIL PARTNERS CO., LTD.	– –	10,000 13	Shares were held to maintain and strengthen the business relationships such as sales and marketing policy, but sold during this fiscal year.	No
Welcia Holdings Co., Ltd.	– –	1,235 3	Shares were held to maintain and strengthen the business relationships such as sales and marketing policy, but the number of shares held in this security has decreased due to the share exchange carried out as part of the business integration between TSURUHA HOLDINGS INC, and Welcia Holdings Co., Ltd.	No

Notes:
1. "–" indicates that Kirin Brewery Company, Limited does not hold these shares.
2. The reasonableness of shareholding was examined at the Board meeting held on January 26, 2026 for all cross-shareholdings as of the end of this fiscal year, to determine whether to continue each cross-shareholding or not.

There are no deemed holdings of shares.

3) Investment shares held for pure investment

(a) Kirin Holdings Company, Limited

The Company has no investment shares held for pure investment.

(b) Kirin Brewery Company, Limited

Kirin Brewery has no investment shares held for pure investment.

V. FINANCIAL INFORMATION

1. Basis of preparation of the consolidated financial statements and the financial statements

(1) The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards pursuant to Article 312 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Order of the Ministry of Finance No. 28 of 1976, hereinafter, the “Regulation on Consolidated Financial Statements”).

(2) The financial statements of the Company have been prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Order of the Ministry of Finance No. 59 of 1963, hereinafter, the “Regulation on Financial Statements”). The Company is qualified as a special company submitting financial statements, and prepares its financial statements in accordance with Article 127 of the Regulation on Financial Statements.

(3) Figures disclosed in the consolidated financial statements and financial statements are rounded to million yen.

2. Audit certification

The consolidated financial statements and the financial statements for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025) were audited by KPMG AZSA LLC, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special efforts to ensure the appropriateness of the consolidated financial statements, etc. and development of a system for the appropriate preparation of the consolidated financial statements, etc. in accordance with IFRS

The Company makes special efforts to ensure the appropriateness of the consolidated financial statements, etc. Specifically, the Company has joined the Financial Accounting Standards Foundation to develop a system that enables the proper understanding of the contents of accounting standards, etc. and the appropriate responses to any changes in accounting standards, etc. The Company also participates in training courses hosted by audit firms and other relevant organizations and is a regular subscriber to specialized magazines on accounting.
In addition, the Company keeps up with the latest accounting standards by obtaining from time to time press releases and standards issued by the International Accounting Standards Board. The Company also ensures the appropriate preparation of the consolidated financial statements, etc. under IFRS by developing group-wide accounting policies in accordance with IFRS, and carrying out accounting processes based on these policies.

1. Consolidated Financial Statements
(1) Consolidated Financial Statements
Consolidated Statement of Financial Position
Kirin Holdings Company, Limited and Consolidated Subsidiaries
At December 31, 2025 and 2024

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Assets		
Non-current assets		
Property, plant and equipment (Notes 6, 9 and 17)	¥ 674,028	**¥ 738,987**
Goodwill (Notes 7 and 9)	501,480	**533,321**
Intangible assets (Notes 8, 9 and 17)	659,561	**694,668**
Equity-accounted investees (Notes 5 and 35)	216,205	**228,794**
Other financial assets (Note 10)	103,360	**95,058**
Other non-current assets (Note 18)	48,570	**49,213**
Deferred tax assets (Note 11)	109,761	**83,092**
Total non-current assets	2,312,966	**2,423,132**
Current assets		
Inventories (Note 12)	358,985	**348,418**
Trade and other receivables (Note 13)	502,880	**535,713**
Other financial assets (Note 10)	8,570	**6,389**
Other current assets	52,142	**55,099**
Cash and cash equivalents (Note 14)	118,617	**125,292**
Total current assets	1,041,193	**1,070,911**
Total assets	¥3,354,159	**¥3,494,043**

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Equity		
Share capital (Note 15)	¥ 102,046	**¥ 102,046**
Share premium (Note 15)	9,497	**-**
Retained earnings (Note 15)	1,130,931	**1,201,090**
Treasury shares (Note 15)	(251,376)	**(251,002)**
Reserves (Note 15)	190,427	**234,858**
Equity attributable to owners of the Company	1,181,525	**1,286,991**
Non-controlling interests (Note 34)	352,189	**308,156**
Total equity	1,533,714	**1,595,148**
Liabilities		
Non-current liabilities		
Bonds and borrowings (Notes 16 and 27)	779,583	**842,434**
Other financial liabilities (Notes 16, 17 and 27)	87,398	**84,883**
Defined benefit liability (Note 18)	54,986	**46,289**
Provisions (Note 19)	7,100	**11,590**
Liabilities from application of equity method (Note 35)	10,458	**-**
Other non-current liabilities (Note 21)	13,622	**9,489**
Deferred tax liabilities (Note 11)	123,233	**125,239**
Total non-current liabilities	1,076,380	**1,119,924**
Current liabilities		
Bonds and borrowings (Notes 16 and 27)	77,986	**81,000**
Trade and other payables (Note 20)	364,265	**381,487**
Other financial liabilities (Notes 16, 17 and 27)	54,935	**63,014**
Current tax liabilities	11,428	**19,633**
Provisions (Note 19)	12,214	**11,184**
Other current liabilities (Note 21)	223,238	**222,653**
Total current liabilities	744,065	**778,971**
Total liabilities	1,820,445	**1,898,896**
Total equity and liabilities	¥3,354,159	**¥3,494,043**

Consolidated Statement of Profit or Loss
Kirin Holdings Company, Limited and Consolidated Subsidiaries
For the years ended December 31, 2025 and 2024

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Revenue (Notes 5 and 22)	¥2,338,385	**¥2,433,363**
Cost of sales	1,272,430	**1,275,360**
Gross profit	1,065,955	**1,158,003**
Selling, general and administrative expenses (Note 23)	854,987	**906,218**
Other operating income (Note 24)	16,145	**6,497**
Other operating expenses (Notes 9 and 25)	101,773	**48,605**
Operating profit	125,340	**209,677**
Finance income (Note 26)	14,595	**10,673**
Finance costs (Note 26)	17,994	**18,321**
Share of profit of equity-accounted investees (Note 35)	37,035	**35,830**
Impairment loss on equity-accounted investees (Note 35)	19,255	**-**
Profit before tax	139,721	**237,859**
Income tax expense (Note 11)	53,910	**59,686**
Profit	85,811	**178,173**
Profit attributable to:		
Owners of the Company	58,214	**147,542**
Non-controlling interests (Note 34)	27,597	**30,631**
Profit	¥ 85,811	**¥ 178,173**
Earnings per share (Yen) (Note 29)		
Basic earnings per share	¥ 71.87	**¥ 182.13**
Diluted earnings per share	71.86	**182.13**

Consolidated Statement of Comprehensive Income

Kirin Holdings Company, Limited and Consolidated Subsidiaries
For the years ended December 31, 2025 and 2024

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Profit	¥ 85,811	**¥ 178,173**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in equity instruments measured at fair value through other comprehensive income (Note 28)	476	**3,486**
Remeasurements of defined benefit plans (Note 28)	4,213	**2,724**
Share of other comprehensive income of equity-accounted investees (Note 28)	(690)	**(79)**
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations (Note 28)	68,758	**42,289**
Cash flow hedges (Note 28)	3,521	**(1,184)**
Share of other comprehensive income of equity-accounted investees (Note 28)	(3,902)	**2,269**
Total other comprehensive income	72,376	**49,505**
Comprehensive income	¥158,187	**¥227,678**
Comprehensive income attributable to:		
Owners of the Company	¥118,626	**¥194,341**
Non-controlling interests (Note 34)	39,561	**33,337**
Comprehensive income	¥158,187	**¥227,678**

Consolidated Statement of Changes in Equity

Kirin Holdings Company, Limited and Consolidated Subsidiaries

For the year ended December 31, 2024

(¥ millions)

	Equity attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Treasury shares
Balance at January 1, 2024	¥102,046	¥21,150	¥1,128,541	¥(251,675)
Profit	-	-	58,214	-
Other comprehensive income	-	-	-	-
Comprehensive income	-	-	58,214	-
Dividends from surplus (Note 15)	-	-	(58,316)	-
Acquisition of treasury shares (Note 15)	-	-	-	(65)
Disposal of treasury shares (Note 15)	-	(0)	-	2
Change in scope of consolidation	-	-	-	-
Share-based payments (Note 30)	-	(85)	(11)	361
Changes in the ownership interest in a subsidiary without a loss of control	-	(11,567)	-	-
Transfer from reserves to retained earnings	-	-	2,503	-
Total transactions with owners of the Company	-	(11,652)	(55,824)	298
Balance at December 31, 2024	¥102,046	¥9,497	¥1,130,931	¥(251,376)

	Equity attributable to owners of the Company							
	Reserves							
	Net change in equity instruments measured at fair value through other comprehensive income	Remeasure-ments of defined benefit plans	Foreign currency translation differences on foreign operations	Cash flow hedges	Total	Total	Non-controlling interests	Total equity
Balance at January 1, 2024	¥19,119	¥ -	¥114,662	¥(1,263)	¥132,519	¥1,132,581	¥293,257	¥1,425,838
Profit	-	-	-	-	-	58,214	27,597	85,811
Other comprehensive income	753	2,308	54,649	2,702	60,412	60,412	11,964	72,376
Comprehensive income	753	2,308	54,649	2,702	60,412	118,626	39,561	158,187
Dividends from surplus (Note 15)	-	-	-	-	-	(58,316)	(14,383)	(72,699)
Acquisition of treasury shares (Note 15)	-	-	-	-	-	(65)	-	(65)
Disposal of treasury shares (Note 15)	-	-	-	-	-	2	-	2
Change in scope of consolidation	-	-	-	-	-	-	62,438	62,438
Share-based payments (Note 30)	-	-	-	-	-	265	(75)	190
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	-	-	(11,567)	(28,609)	(40,176)
Transfer from reserves to retained earnings	(196)	(2,308)	-	-	(2,503)	-	-	-
Total transactions with owners of the Company	(196)	(2,308)	-	-	(2,503)	(69,682)	19,371	(50,310)
Balance at December 31, 2024	¥19,676	¥ -	¥169,311	¥1,440	¥190,427	¥1,181,525	¥352,189	¥1,533,714

For the year ended December 31, 2025

(¥ millions)

	Equity attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Treasury shares
Balance at January 1, 2025	**¥102,046**	**¥9,497**	**¥1,130,931**	**¥(251,376)**
Effect of changes in accounting policies (Note 2)	-	-	**(10,731)**	-
Balance at January 1, 2025 reflecting changes in accounting policies	**102,046**	**9,497**	**1,120,200**	**(251,376)**
Profit	-	-	**147,542**	-
Other comprehensive income	-	-	-	-
Comprehensive income	-	-	**147,542**	-
Dividends from surplus (Note 15)	-	-	**(58,730)**	-
Acquisition of treasury shares (Note 15)	-	-	-	**(19)**
Disposal of treasury shares (Note 15)	-	**7**	-	**1**
Share-based payments (Note 30)	-	**56**	**(61)**	**392**
Changes in the ownership interest in a subsidiary without a loss of control (Note 37)	-	**(19,790)**	-	-
Transfer from reserves to retained earnings	-	-	**2,368**	-
Transfer from retained earnings to share premium (Note 15)	-	**10,229**	**(10,229)**	-
Total transactions with owners of the Company	-	**(9,497)**	**(66,653)**	**374**
Balance at December 31, 2025	**¥102,046**	¥ -	**¥1,201,090**	**¥(251,002)**

	Equity attributable to owners of the Company							
	Reserves							
	Net change in equity instruments measured at fair value through other comprehensive income	Remeasure-ments of defined benefit plans	Foreign currency translation differences on foreign operations	Cash flow hedges	Total	Total	Non-controlling interests	Total equity
Balance at January 1, 2025	**¥19,676**	¥ -	**¥169,311**	**¥1,440**	**¥190,427**	**¥1,181,525**	**¥352,189**	**¥1,533,714**
Effect of changes in accounting policies (Note 2)	-	-	-	-	-	**(10,731)**	-	**(10,731)**
Balance at January 1, 2025 reflecting changes in accounting policies	**19,676**	-	**169,311**	**1,440**	**190,427**	**1,170,794**	**352,189**	**1,522,984**
Profit	-	-	-	-	-	**147,542**	**30,631**	**178,173**
Other comprehensive income	**3,739**	**2,789**	**41,474**	**(1,202)**	**46,799**	**46,799**	**2,706**	**49,505**
Comprehensive income	**3,739**	**2,789**	**41,474**	**(1,202)**	**46,799**	**194,341**	**33,337**	**227,678**
Dividends from surplus (Note 15)	-	-	-	-	-	**(58,730)**	**(14,815)**	**(73,545)**
Acquisition of treasury shares (Note 15)	-	-	-	-	-	**(19)**	-	**(19)**
Disposal of treasury shares (Note 15)	-	-	-	-	-	**8**	-	**8**
Share-based payments (Note 30)	-	-	-	-	-	**387**	**(27)**	**360**
Changes in the ownership interest in a subsidiary without a loss of control (Note 37)	-	-	-	-	-	**(19,790)**	**(62,528)**	**(82,317)**
Transfer from reserves to retained earnings	**420**	**(2,789)**	-	-	**(2,368)**	-	-	-
Transfer from retained earnings to share premium (Note 15)	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	**420**	**(2,789)**	-	-	**(2,368)**	**(78,144)**	**(77,370)**	**(155,514)**
Balance at December 31, 2025	**¥23,836**	¥ -	**¥210,785**	**¥238**	**¥234,858**	**¥1,286,991**	**¥308,156**	**¥1,595,148**

Consolidated Statement of Cash Flows

Kirin Holdings Company, Limited and Consolidated Subsidiaries
For the years ended December 31, 2025 and 2024

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Cash flows from operating activities		
Profit before tax	¥ 139,721	**¥ 237,859**
Depreciation and amortization	95,702	**101,850**
Impairment losses	13,389	**6,175**
Interest and dividends received	(11,103)	**(8,395)**
Share of profit of equity-accounted investees	(37,035)	**(35,830)**
Interest paid	6,916	**11,029**
Loss on step acquisitions	18,265	**—**
Gain on sale of property, plant and equipment and intangible assets	(3,713)	**(3,351)**
Loss on disposal and sale of property, plant and equipment and intangible assets	4,925	**3,793**
Gain on sale of shares of subsidiaries	(7,372)	**—**
Impairment loss on equity-accounted investees	19,255	**—**
(Increase) decrease in trade receivables	(34,894)	**(33,345)**
(Increase) decrease in inventories	(4,888)	**(1,735)**
Increase (decrease) in trade payables	18,240	**3,098**
Increase (decrease) in liquor taxes payable	1,942	**44**
Other	43,977	**20,505**
Sub-total	263,325	**301,698**
Interest and dividends received	36,852	**36,594**
Interest paid	(6,522)	**(9,884)**
Income taxes paid	(50,811)	**(32,980)**
Cash flows from (used in) operating activities	242,844	**295,428**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(180,584)	**(175,592)**
Proceeds from sale of property, plant and equipment and intangible assets	5,662	**8,050**
Acquisition of investments	(3,964)	**(1,881)**
Proceeds from sale of investments	7,358	**638**
Acquisition of shares of subsidiaries, net of cash acquired	(159,830)	**(14,910)**
Proceeds from sale of shares of subsidiaries, net of cash disposed of	1,343	**—**
Acquisition of equity-accounted investees	(5)	**(30)**
Proceeds from sale of equity-accounted investees	3,513	**581**
Other	(2,869)	**(1,876)**
Cash flows from (used in) investing activities	(329,375)	**(185,019)**
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(717)	**26**
Increase (decrease) in commercial paper	12,999	**2,996**
Proceeds from long-term borrowings	296,904	**28,000**
Repayment of long-term borrowings	(78,413)	**(30,000)**
Proceeds from issuance of bonds	-	**100,000**
Payment for redemption of bonds	(30,000)	**(35,000)**
Payment for redemption of bonds with subscription rights to shares (Note 27)	(9,621)	**-**
Repayment of lease liabilities	(20,223)	**(20,871)**
Payment for acquisition of treasury shares	(82)	**(19)**
Payment for acquisition of treasury shares by a consolidated subsidiary	(40,018)	**(9)**
Dividends paid (Note 15)	(58,316)	**(58,730)**
Dividends paid to non-controlling interests	(14,381)	**(14,806)**
Payments for acquisition of non-controlling interests (Note 37)	-	**(81,768)**
Other	(8)	**(344)**
Cash flows from (used in) financing activities (Note 27)	58,125	**(110,524)**
Effect of exchange rate changes on cash and cash equivalents	15,624	**17,522**
Net increase (decrease) in cash and cash equivalents	(12,782)	**17,406**
Cash and cash equivalents at beginning of year	131,399	**118,617**
Effect of changes in accounting policies (Note 2)	-	**(10,731)**
Cash and cash equivalents at beginning of period reflecting changes in accounting policies	131,399	**107,886**
Cash and cash equivalents at end of year (Note 14)	¥118,617	**¥125,292**

Notes to Consolidated Financial Statements

Kirin Holdings Company, Limited and Consolidated Subsidiaries

For the years ended December 31, 2025 and 2024

1. REPORTING ENTITY

Kirin Holdings Company, Limited ("the Company") is a corporation domiciled in Japan. Its registered address is disclosed on the Company's website (https://www.kirinholdings.com/).

The Company and its subsidiaries ("the Group") are involved in the production and sale of alcoholic beverages, non-alcoholic beverages, pharmaceutical products and health food products, and other related businesses.

2. BASIS OF PREPARATION

(1) COMPLIANCE WITH IFRS

In accordance with Article 312 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the Group's consolidated financial statements have been prepared in conformity with IFRS Accounting Standards as the Group meets the requirements concerning the "Specified Company Complying with Designated International Accounting Standards" prescribed in item (i) of Article 1-2 of the Ordinance.

(2) AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidated financial statements were authorized for issue by Takeshi Minakata, President & COO of the Company, and Shinjiro Akieda, Director of the Board and Senior Executive Officer of the Company, on March 27, 2026.

(3) BASIS OF MEASUREMENT

The Group's consolidated financial statements have been prepared based on historical cost, except for specific financial instruments and other assets as set out in Note 3. Material accounting policies.

(4) FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The Group's consolidated financial statements are presented in Japanese yen, which is the Company's functional currency, and all amounts have been rounded to the nearest million, unless otherwise indicated.

(5) KEY ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Group's consolidated financial statements include accounting judgments by management and management's estimates and assumptions concerning the measurement of income, expenses, assets and liabilities and the disclosure of contingencies at the reporting date. By their nature, actual results may differ from these estimates and assumptions.

Estimates and assumptions are reviewed by management on an ongoing basis. The effects of any revisions to these estimates and assumptions are recognized in the period of the revisions and subsequent periods.

Accounting judgments that have significant effects on the amounts recognized in the Group's consolidated financial statements are as follows:

- Determination of cash-generating units or groups of cash-generating units in impairment tests for property, plant and equipment, goodwill and intangible assets (Note 9. Impairment of non-financial assets)

Moreover, estimates and assumptions that have significant effects on the amounts recognized in the Group's consolidated financial statements are as follows:

- Valuation of property, plant and equipment, goodwill and intangible assets (Note 9. Impairment of non-financial assets)
- Recoverability of deferred tax assets (Note 11. Income tax)

(6) CHANGES IN ACCOUNTING POLICIES

Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates"

The Group has applied the amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates" (revised in August 2023) from the current fiscal year.

The amendment clarifies a consistent approach in assessing whether a currency can be exchanged for another currency, and in determining the exchange rate to be used and disclosures to be provided if it cannot be exchanged. In accordance with this clarified approach, changes have been made to the foreign exchange rates used for the translation of cash and cash equivalents for the following transactions.

1) Currency in question and the reason why the currency is no longer exchangeable

Kirin Holdings Singapore Pte, Ltd., a consolidated subsidiary of the Company, holds Myanmar Kyat deposit balances in the Myanmar branch of a bank in Japan. The subsidiary is subject to restrictions which requires approval to be obtained from the relevant authority in order to exchange Myanmar Kyat ("MMK") for another currency and to remit overseas due to foreign currency convertibility regulations issued by the Central Bank of Myanmar in April 2022.

2) Carrying amount of affected assets and liabilities

(Thousands of kyats)

	Balance at January 1, 2025	Balance at December 31, 2025
Cash and cash equivalents	343,431,695	343,706,074

3) Spot exchange rate used

Previously, the official exchange rate set by the Central Bank of Myanmar was used to convert such cash and cash equivalents, but this has been changed to the market trading rate offered by the Central Bank of Myanmar for currency conversion. The exchange rate used at January 1, 2025 was 3,588 MMK/USD.

In accordance with the required transitional approach, the Group recognized the effect of the change at the start of application as an adjustment to the balance of retained earnings at the beginning of the current fiscal year. As a result, the balance of retained earnings at January 1, 2025 in the consolidated statement of changes in equity for the current fiscal year and the balance of cash and cash equivalents at beginning of year in the consolidated statement of cash flows were each reduced by ¥10,731 million as “effect of changes in accounting policies.”

3. MATERIAL ACCOUNTING POLICIES

(1) BASIS OF CONSOLIDATION

1) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date on which control commences until the date on which control ceases.

A subsidiary with a different reporting period is consolidated based on its additional financial statements at the consolidated reporting date.

Changes in the ownership interest of a subsidiary without a loss of control are accounted for as equity transactions. Any difference between the adjustment of non-controlling interests and the fair value of the consideration received is recognized directly in equity as equity attributable to owners of the Company. If control over a subsidiary is lost, the Company derecognizes the subsidiary's assets and liabilities and the non-controlling interests related to the subsidiary. Any interest retained after the loss of control is remeasured at fair value as of the date of the loss of control, and any gain or loss related to the loss of control is accounted for as profit or loss.

Intra-group balances of receivables and payables, intra-group transactions, and unrealized gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

2) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method from the date on which significant influence commence until the date on which it loses such influence, and are recognized at cost at the date of acquisition.

With regard to certain equity-accounted investees, such as SAN MIGUEL BREWERY INC., it is impracticable to access their financial statements in a timely manner and unify the ends of the reporting periods, due to regulatory constraints in the jurisdictions where such entities (including their parents) are located or listed, or in the light of relationships with other shareholders. As a result, the equity method is applied to such equity-accounted investees based on financial information for the period ended three months before the Group's reporting date with adjustments for the effects of significant transactions and events which occurred between the end of the reporting period of the equity-accounted investees and that of the Group.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

If significant influence over an associate is lost and the application of the equity method is discontinued, gain or loss on sale of the interest in the associate is recognized in profit or loss. Any remaining interest is remeasured at fair value, and any gain or loss on such remeasurement is also recognized in profit or loss.

3) Joint arrangements

Joint arrangements are contractual arrangements based on which two or more parties have joint control. Depending upon the rights and obligations of the parties to the arrangement, the Group classifies a joint arrangement into a joint operation where the Group has rights to the assets and obligations to the liabilities relating to the arrangement, and a joint venture where the Group has only rights to the net assets of the arrangement. The Group recognizes the assets, liabilities, income and expenses relating to its interest from the date on which joint control commences until the date on which joint control ceases in a joint operation while a joint venture is accounted for using the equity method from the date on which joint control commences until the date on which joint control ceases.

If joint control over a joint venture is lost, it is accounted for similarly to associates.

4) Business combinations

Business combinations are accounted for using the acquisition method.

Identifiable assets acquired and liabilities assumed of are measured at fair value at the date of acquisition (the date on which control commences).

Goodwill is measured as the excess of the aggregate of the consideration transferred in a business combination, the amount of non-controlling interest in the acquiree and the acquisition-date fair value of equity interest in the acquiree previously held by the acquirer, over the net amount of identifiable assets and liabilities at the date of acquisition. The consideration transferred in a business combination is measured as the sum of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The Group elects to measure non-controlling interests in the acquiree for each business combination at either fair value or at the proportionate share of the acquiree's identifiable net assets.

If the initial accounting processing has not been completed by the end of the period in which a business combination occurred, provisional amounts are used for the accounting treatment. When new information on the facts and circumstances that existed at the acquisition date is obtained during a measurement period within one year from the acquisition date, these provisional amounts are revised retroactively.

The additional acquisition of non-controlling interests after obtaining control is accounted for as an equity transaction, and no goodwill is recognized.

The Group applies book value accounting to acquisitions under common control, which are business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combinations, and that control is not transitory.

(2) FOREIGN CURRENCY TRANSLATION

1) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions or the rate that approximates the actual rate.

At the end of the reporting period, foreign currency monetary items are retranslated into the functional currency at the closing rate, and non-monetary items that are measured at fair value in a foreign currency are retranslated using the exchange rates at the dates when the fair values were measured.
Exchange differences arising from the translation and settlement are recognized in profit or loss. However, exchange differences arising from financial assets measured at fair value through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

2) Foreign operations
The assets and liabilities in the statement of financial position of foreign operations are translated using the exchange rates at the dates of their respective statement of financial position. Income and expenses in the statements of profit or loss and comprehensive income of foreign operations are translated using the average exchange rates, unless exchange rates fluctuate significantly.
Exchange differences arising from the translation are recognized in other comprehensive income. In cases where a foreign operation is disposed of, the cumulative amount of exchange differences related to the foreign operation is transferred to profit or loss in the period of disposal.

(3) FINANCIAL INSTRUMENTS
1) Financial assets (excluding derivatives)
(i) Initial recognition and measurement
Financial assets are classified into financial assets measured at amortized cost, at fair value through profit or loss, and at fair value through other comprehensive income. The Group determines the classification at initial recognition of the financial assets. A regular way purchase or sale of financial assets is recognized or derecognized at the transaction date.
(a) Financial assets measured at amortized cost
Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets measured at fair value
Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.
As to equity instruments that are financial assets measured at fair value and not held for trading, each equity instrument may be irrevocably designated to be measured at fair value through other comprehensive income. Equity instruments which are not irrevocably designated to be measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.
All financial assets, except for those classified into the category as measured at fair value through profit or loss, are measured at fair value plus transaction costs that are directly attributable to the financial assets. However, trade receivables are measured at their transaction price if the trade receivables do not contain a significant financing component.
Accounting for derivatives is described in “4) Derivatives and hedge accounting.”
(ii) Subsequent measurement
After initial recognition, financial assets are measured based on classification as follows:
(a) Financial assets measured at amortized cost
Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.
(b) Financial assets measured at fair value
Financial assets other than those measured at amortized cost are measured at fair value. Changes in their fair value are recognized in profit or loss or in other comprehensive income based on the classification of the financial assets. Dividends on equity instruments designated as measured at fair value through other comprehensive income are recognized in profit or loss. When the decline in the fair value of the financial assets is significant or when they are derecognized, the cumulative amount that has been recognized in equity through other comprehensive income is transferred to retained earnings.
(iii) Derecognition
Financial assets are derecognized when the contractual rights to the cash flows expire, or when they are transferred and substantially all the risks and rewards of ownership are transferred.

2) Impairment of financial assets
An allowance for doubtful accounts is recognized for expected credit losses on financial assets measured at amortized cost.
Expected credit losses are measured as the present value of the difference between contractual cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
Changes in allowance for doubtful accounts are recorded in profit or loss.
After initial recognition, financial instruments are classified into the following three stages at the reporting date to measure their expected credit losses:

	Explanation	Measurement method of expected credit losses
Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition	12-month expected credit loss
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition	Lifetime expected credit loss
Stage 3	Financial instruments for which there is evidence of credit impairment	Lifetime expected credit loss

The Group, in principle, determines that the credit risk on a financial asset has increased significantly since initial recognition if it is more than 30 days past due on the contract, and that a financial asset is in default if it is more than 90 days past due. When a financial asset is in default or when there is evidence of impairment including significant financial difficulty of the issuer or borrower, the Group determines that the financial asset is credit-impaired.
However, regardless of the above, for certain financial assets such as trade receivables without a significant financing component, the allowance for doubtful accounts is measured at an amount equal to lifetime expected losses (the simplified approach).
Expected credit losses are measured using reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.
If the Group reasonably considers that there are no prospects of the full or partial recovery of financial assets, the carrying amount of the financial assets is written off.

3) Financial liabilities (excluding derivatives)
(i) Initial recognition and measurement
Financial liabilities are classified into financial liabilities measured at amortized cost, measured at fair value through profit or loss, and under financial guarantee contracts. The Group determines the classification at initial recognition of the financial liabilities.
All financial liabilities are initially measured at fair value; provided, however, that financial liabilities measured at amortized cost are measured at fair value less transaction costs that are directly attributable to the financial liabilities.
Accounting for derivatives is described in "4) Derivatives and hedge accounting."

(ii) Subsequent measurement
After initial recognition, financial liabilities are measured based on classification as follows:
(a) Financial liabilities measured at amortized cost
Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method after initial recognition. Interest cost using the effective interest method as well as any gain or loss on derecognition is recognized in profit or loss.
(b) Financial liabilities measured at fair value through profit or loss
Financial liabilities measured at fair value through profit or loss are measured at fair value after initial recognition, and changes in their fair value are recognized in profit or loss for the year.
(c) Financial guarantee contracts
After initial recognition, financial guarantee contracts are measured at the higher of:

- the amount of allowance for doubtful accounts determined in accordance with 2) Impairment of financial assets above; and
- the amount initially measured less the cumulative amount of income recognized in accordance with the principles of IFRS 15 "Revenue from Contracts with Customers".

(iii) Derecognition
Financial liabilities are derecognized when the obligations are discharged or cancelled, or expire.

4) Derivatives and hedge accounting
The Group utilizes derivatives, including forward foreign exchange contracts, currency swaps, interest rate swaps and commodity swaps, to hedge foreign exchange risk, interest rate risk and commodity price risk. These derivatives are initially measured at fair value at inception, and are subsequently remeasured at fair value.
Changes in the fair value of derivatives are recognized in the consolidated statement of profit or loss. However, the effective portion of cash flow hedges and hedges of net investment in foreign operations are recognized in the consolidated statement of comprehensive income.
At the inception of the hedge, the Group formally designates and documents the hedging relationship to which hedge accounting is applied and the objectives and strategies of risk management for undertaking the hedge. The documentation includes specific hedging instruments, the hedged items or transactions, the nature of the risks being hedged and how the effectiveness of changes in the fair value of hedging instruments is assessed in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risks. Even though these hedges are expected to be effective in offsetting changes in cash flows, they are assessed on an ongoing basis to determine whether they have actually been effective throughout the financial reporting periods for which they were designated.
Hedges that meet the requirements for hedge accounting are classified in the following categories and accounted for in accordance with IFRS 9:
(i) Cash flow hedge
The effective portion of gains or losses on hedging instruments is recognized in the comprehensive income, while the ineffective portion is recognized immediately in profit or loss.
The amounts of hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss. In cases where hedged items are forecast transactions that result in the recognition of non-financial assets or liabilities, the amounts recognized in other comprehensive income are accounted for as adjustments to the original carrying amount of non-financial assets or liabilities.

When forecast transactions are no longer expected to occur, any related cumulative gain or loss that has been recognized in equity through other comprehensive income is reclassified to profit or loss. When hedging instruments expire, are sold, terminated or exercised without the replacement or rollover of other hedging instruments, the amounts that have been recognized in equity through other comprehensive income continue to be recorded in equity until the forecast transactions occur.

(ii) Hedge of net investment in foreign operations

Exchange differences resulting from net investments in foreign operations are accounted for similarly to cash flow hedges. The effective portion of gains or losses on hedging instruments is recognized in comprehensive income, while the ineffective portion is recognized in profit or loss. At the time of the disposal of the foreign operations, any related cumulative gain or loss that has been recognized in equity through other comprehensive income is reclassified to profit or loss.

5) Fair value of financial instruments

The fair value of financial instruments that are traded in active financial markets at the reporting date refers to quoted market prices.

If there is no active market, the fair value of financial instruments is determined using appropriate valuation techniques.

(4) PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment is measured using the cost model after initial recognition and is stated at cost less accumulated depreciation and accumulated impairment losses.

The cost includes any costs directly attributable to the acquisition of the asset and the initial estimate of the costs of dismantling, removal and restoration.

The depreciation of assets other than land and construction in progress is recorded using the straight-line method over their estimated useful lives. The estimated useful lives of major assets by category are as follows:

Buildings and structures	2-57 years
Machinery, equipment and vehicles	2-30 years
Tools, fixtures and fittings	2-20 years

Depreciation methods, useful lives and residual values are reviewed at each year-end, and if any changes are required, such changes are applied prospectively as changes in accounting estimates.

(5) GOODWILL

Goodwill arising from a business combination is stated at cost less accumulated impairment losses.

Goodwill is not amortized. It is allocated to cash-generating units or groups of cash-generating units and is tested for impairment annually and whenever there is any indication of impairment. Impairment losses on goodwill are recognized in profit or loss and no subsequent reversal is made.

When the internal monitoring unit for goodwill is changed, goodwill is reallocated to each cash-generating unit or group of cash-generating units based on the internal monitoring unit after the change.

The measurement of goodwill at initial recognition is provided in (1) Basis of consolidation 4) Business combinations.

(6) INTANGIBLE ASSETS

Intangible assets are measured using the cost model after initial recognition and are stated at cost less any accumulated amortization and accumulated impairment losses. The cost includes costs directly attributable to the acquisition of the asset for intangible assets acquired separately and, employee benefit expenses incurred arising from the generation of the asset and costs related to services consumed for internally generated intangible assets.

1) Intangible assets acquired separately

Intangible assets acquired separately are measured at cost at initial recognition.

2) Intangible assets acquired through business combinations

Intangible assets acquired through business combinations are measured at fair value at the date of acquisition.

3) Internally generated intangible assets (development costs)

The Group’s research and development expenses are expensed when incurred, except for expenditures on development activities for which the Group can demonstrate all of the following requirements for capitalization:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are not amortized. These assets are tested for impairment annually and whenever there is any indication of impairment.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives from the point at which they become available for use, and are tested for impairment whenever there is any indication of impairment. The estimated useful lives of the Group’s major intangible assets are as follows:

Customer relationships:	20-41 years
Marketing rights	5-20 years
Software	2-10 years

Amortization methods, useful lives and residual values are reviewed at each year-end, and if any changes are required, such changes are applied prospectively as changes in accounting estimates.

(7) LEASES

Leases are recognized as right-of-use assets and lease liabilities at the lease commencement date.

1) Right-of-use assets

Right-of-use assets are initially measured at cost, which mainly comprises the amount of the initial measurement of the lease liability, initial direct costs and the initial estimate of the costs of dismantling, removing and restoring the underlying asset.

Right-of-use assets are measured using the cost model after initial recognition and are stated at cost less accumulated depreciation and accumulated impairment losses, and are included within the same line item in the consolidated statement of financial position as that within which the corresponding underlying assets would be presented if they were owned by the Group.

After initial recognition, the right-of-use assets are depreciated using the straight-line method over the estimated useful lives of the underlying assets if the lease transfers ownership of the underlying asset to the Group by the end of the lease term or when the cost of the right-of-use assets reflect that it is reasonably certain that the Group will exercise a purchase option; otherwise, the right-of-use assets are depreciated based on the straight-line method over the shorter of the lease term or the estimated useful lives of the right-of-use assets.

2) Lease liabilities

Lease liabilities are initially recognized at the present value of the lease payments that are not paid as of the lease commencement date. The lease payments are discounted using the interest rate implicit in the lease.

If that rate cannot be readily determined, the Group's incremental borrowing rate is used. In general, the Group uses the incremental borrowing rate as the discount rate.

Lease liabilities are subsequently measured by increasing the carrying amounts to reflect interest on the lease liabilities and by reducing the carrying amounts to reflect lease payments made, and are included in the line item "other financial liabilities" in the consolidated statement of financial position.

For short-term leases or leases for which the underlying assets is low value, the Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease terms unless another systematic method is more representative of the Group's benefits.

(8) INCOME TAXES

Income taxes are the sum of current taxes and deferred taxes.

Current taxes are measured at the amount that is expected to be paid to or refunded from the taxation authorities. In determining the tax amount, the Group uses the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current taxes are recognized in profit or loss, except for taxes arising from items that are recognized directly in other comprehensive income or in equity and taxes arising from business combinations.

Deferred taxes are determined based on the temporary differences between the tax base for assets and liabilities and their carrying amount for accounting purposes at the reporting date. Deferred tax assets are recognized for deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax liabilities are recognized, in principle, for all taxable temporary differences. However, deferred tax assets or liabilities are not recorded for:

- temporary differences arising from the initial recognition of goodwill;
- temporary differences arising from the initial recognition of assets or liabilities in a transaction that:
  (a) is not a business combination;
  (b) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and
  (c) at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- deductible temporary differences related to investments in subsidiaries and associates, and interests in joint arrangements to the extent that it is probable that the temporary differences will not reverse in the foreseeable future or it is not probable that future taxable profits will be available against which the temporary differences can be utilized; and
- taxable temporary differences related to investments in subsidiaries and associates, and interests in joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

In addition, the Group applies the temporary exception in the amendments to IAS 12 *Income Taxes* issued on May 23, 2023 and does not recognize or disclose information about deferred tax assets and liabilities related to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD (Organisation for Economic Co-operation and Development).

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The deferred taxes are recognized in profit or loss, except for taxes arising from items that are recognized directly in other comprehensive income or in equity and taxes arising from business combinations.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.

If it is probable that a tax authority will not accept uncertain tax treatments based on interpretation of relevant tax laws, the Group recognizes reasonably estimated amounts as assets or liabilities.

The group tax sharing system in Japan is applied by the Company and certain domestic subsidiaries.

(9) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group tests goodwill (see (5) Goodwill) and intangible assets with indefinite useful lives and those not yet available for use (see (6) Intangible assets) for impairment at least annually, as well as whenever there is any indication of impairment.

As of the reporting date, the Group determines whether there is any indication of impairment for non-financial assets other than inventories (see (10) Inventories), deferred tax assets (see (8) Income taxes), defined benefit asset (see (14) Employee benefits), and assets held for sale (see (12) Assets held for Sale and Discontinued Operations). Since goodwill that forms part of the carrying amount of equity-accounted investees is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of equity-accounted investees is assessed for any indication of impairment and is tested for impairment as a single asset.
If there is any indication that an asset may be impaired, or in cases where an impairment test is required to be performed annually, the recoverable amount of the asset is determined. In cases where the recoverable amount cannot be estimated for an individual asset, it is estimated for the cash-generating unit to which the asset belongs.
The recoverable amount of an asset or cash-generating unit is measured at the higher of its fair value less costs of disposal and its value in use. Value in use is determined by discounting estimated future cash flows to their present value using a discount rate that reflects the time value of money and the risks specific to the asset.
An impairment loss is recognized in profit or loss for an asset or a cash-generating unit only where its recoverable amount is less than its carrying amount, and the carrying amount is reduced to the recoverable amount.
The Group assesses at the reporting date whether there is any indication that an impairment loss recognized in prior years for an asset other than goodwill may have decreased or may no longer exist. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. In cases where the recoverable amount exceeds the carrying amount, the impairment loss is reversed up to the lower of the recoverable amount determined and the carrying amount (net of accumulated depreciation or accumulated amortization) that would have been determined if no impairment loss had been recognized in prior years. The reversal of the impairment loss is immediately recognized in profit or loss.

(10) INVENTORIES
Inventories are recorded at the lower of cost and net realizable value. The cost of inventories is determined primarily based on the periodic average method and includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(11) CASH AND CASH EQUIVALENTS
Cash and cash equivalents are cash on hand, readily available deposits and short-term highly liquid investments with negligible risk of changes in value and maturities not exceeding three months at the time of purchase.

(12) ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS
1) Assets held for sale
Assets or asset groups whose value is expected to be recovered through sale rather than through continuing use are classified as assets or disposal groups held for sale if it is highly probable that the assets or asset groups will be sold within one year, the assets or asset groups are available for immediate sale in their present condition, and the Group’s management has made a commitment to sell the assets or asset groups. In such cases, the assets stop to be depreciated or amortized or equity-accounted investees stop to be applied for the equity method and are measured at the lower of their carrying amount and fair value less costs to sell.

2) Discontinued operations
The Group recognizes as a discontinued operation a component of the Group’s business which has already been disposed of or classified as held for sale and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

The post-tax profit or loss of discontinued operations and the post-tax gain or loss recognized on the disposal of the disposal groups constituting the discontinued operations are presented as profit from discontinued operations, separately from continuing operations, in the consolidated statement of profit or loss, and the disclosures for prior periods are re-presented on a consistent basis.

(13) EQUITY

1) Ordinary shares

For ordinary shares, their issue prices are recorded in share capital and share premium. Costs (net of tax) associated with the issue of ordinary shares are deducted from share capital and share premium.

2) Treasury shares

When treasury shares are acquired, the amount of the consideration paid, which includes associated costs (net of tax), is recognized as a deduction from equity.

When treasury shares are sold, any difference between the carrying amount and the consideration received at the time of sale is recognized as share premium.

3) Dividends

Dividend distributions to the shareholders of the Company are recognized as liabilities for the period in which, for year-end dividends, the Annual General Meeting of Shareholders approves the distribution and, for interim dividends, the Board of Directors approves the distribution.

(14) EMPLOYEE BENEFITS

1) Post-employment benefits

The Group has defined benefit-type and defined contribution-type pension plans and provides lump-sum severance payment plans, defined benefit corporate pension plans and employees' pension fund plans as defined benefit-type plans.

For each defined benefit plan, the Group determines the present value of its defined benefit obligations and the related current service cost and past service cost using the projected unit credit method. The discount rate applied is determined by reference to market yields on high-quality corporate bonds at the year-end. The net defined benefit liability (asset) is determined by deducting the fair value of any plan assets (adjusted for the minimum funding requirements, if necessary) from the present value of the defined benefit obligations. When there is a surplus in a defined benefit plan, the present value of any future economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan is considered the asset ceiling. Remeasurements of the net defined benefit asset or liability are recognized collectively in other comprehensive income and reclassified to retained earnings for the period during which they were incurred.

Retirement benefit costs for defined contribution-type plans are expensed for the period during which employees render services.

2) Termination benefits

The Group provides termination benefits when the Group terminates an employee's employment before the normal retirement date or an employee voluntarily retires in exchange for the benefits. Termination benefits are expensed when the Group commits to terminating the employment; provided that the Group has detailed official plans related to the termination of the employee's employment and can no longer withdraw the offer of the benefits.

3) Short-term employee benefits

Short-term employee benefits are expensed on an undiscounted basis when the related service is provided. Bonuses are recorded as liabilities for the amount estimated to be paid in accordance with the applicable plans when the Group has present legal or constructive obligations to pay as a result of past labor rendered by employees, and the obligations can be reliably estimated.

(15) PROVISIONS

Provisions are recognized when present legal or constructive obligations exist as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligations.

(16) SHARE-BASED PAYMENTS

The Group has implemented a trust-type stock compensation called Board Incentive Plan Trust, a restricted stock compensation system, a performance-linked share-based remuneration plan (so-called "Performance Share Unit"), and a phantom stock plan mainly for officers.

For the Board Incentive Plan Trust and the restricted stock compensation system which are both equity-settled share-based payment plans, the consideration for services received is measured at the fair value of the shares at the grant date and is recognized as an expense over the vesting period (from the grant date to the vesting date) in profit or loss. The corresponding amount is recognized as an increase in equity.

For the Performance Share Unit, the portion which is an equity-settled share-based payment transaction is measured at the fair value of the shares to be granted in the future and is recognized as an expense over the vesting period with a corresponding increase in equity, whereas the portion which is a cash-settled share-based payment transaction is measured at the fair value of the services received and liabilities incurred and is recognized as an expense over the vesting period with a corresponding increase in liability. The fair value of the liability is re-measured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in the consolidated statement of profit or loss.

For the phantom stock plan which is a cash-settled share-based payment plan, the fair value of future cash payments is recognized as a liability and changes in fair value of the liability are recognized in the consolidated statement of profit or loss until the liability is settled.

In addition, the Group abolished the share option plan which was as an equity-settled share-based payment plan, but the share acquisition rights already granted remain. The fair value of the share options was estimated at the grant date and recognized as an expense over the vesting period in profit or loss with a corresponding increase in equity, considering the number of share options that are expected to be eventually vested. The fair value of the share options granted was calculated by using the Black-Scholes-Merton formula or other option pricing models, considering the terms and conditions of the options.

(17) REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognized based on the following five-step approach:

Step 1: Identify the contracts with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

If the Group executes sales transactions as an agent of the tax authority, consumption taxes, value added taxes, liquor taxes and others are excluded from consideration, taking into account laws and regulations of each country and the actual conditions of the transactions.

1) Alcoholic Beverages Business, Non-alcoholic Beverages Business and Health Science Business

The Group conducts sales of alcoholic beverages, non-alcoholic beverages and health food products, among others, in the Alcoholic Beverages Business, Non-alcoholic Beverages Business and Health Science Business.

Revenue from such sales is recognized when merchandise and finished goods are delivered to customers since control over the merchandise and finished goods is transferred to the customers and performance obligations are satisfied at that point in time.

Revenue generated from sale of merchandise and finished goods is measured by deducting rebates and discounts based on sales volumes and amounts from consideration under sales contracts, and consideration which is expected to be refunded to customers is stated as refund liabilities. The refund liabilities are estimated by using the most likely amount method based on terms and conditions, past transactions and other factors.

Consideration under sales contracts of merchandise and finished goods is recovered mainly within a month or two from the delivery of the merchandise and finished goods to customers and includes no significant financing components.

2) Pharmaceuticals Business

The Group conducts sale of merchandise and finished goods and technology licensing to customers in relation to pharmaceuticals in the Pharmaceuticals Business.

If the consideration in a contract with a customer includes a variable amount, the variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(i) Revenue from sale of merchandise and finished goods

Revenue under sales contracts for merchandise and finished goods with customers as well as transfer agreements of marketing rights of merchandise and finished goods and license agreements, is recognized when merchandise and finished goods, marketing rights, or license (“merchandise and finished goods”) are delivered to the customers, since control of the merchandise and finished goods is transferred to the customers and performance obligations are satisfied at that point in time.

Revenue from the sale of merchandise and finished goods is measured at the price in the contract after deduction of items such as rebates and discounts to wholesalers, medical institutions, medical insurers, and government agencies. The most important deduction adjustments are rebates to customers, chargeback payments to wholesalers, rebates associated with U.S. public health insurance programs, and a provision for returns of expired products. These adjustments are determined, taking into account the contents of the contract, historical data, and other factors. Since they are based on estimates, they may not fully reflect the actual deductions and may vary depending on sales mix by purchaser type, by ultimate consumer type, and by product type.

The Group recognizes as refund liabilities the amount of consideration that it expects to refund to customers. The refund liabilities are estimated by using the most likely amount method based on contractual terms, historical data, and other factors.

Consideration under sales contracts for merchandise and finished goods is received mainly within one year from the delivery of the merchandise and finished goods to customers. Such contracts do not contain any significant financing components.

(ii) Licensing revenue

The Group earns as revenue from technology out-licensing upfront income, milestone revenue, and running royalty income under license agreements that grants third parties licenses to develop, manufacture, and sell the Group’s development products. Some license agreements do not involve the provision of goods or services by the Group other than the granting of licenses, while others involve the provision of goods or services by the Group on development cooperation such as the provision of manufacturing technologies and drugs, application for regulatory approval, promotion of joint commercialization, etc.

When the Group does not provide any significant goods or services other than granting a license, upfront income is recognized as revenue at the time of granting the license since all performance obligations are usually satisfied at the time. Milestone revenue, which is mainly received upon successful completion of development activities and regulatory approval, is recognized as revenue when it becomes highly probable that an agreed-upon milestone, such as application for regulatory approval, will be reached, taking into account the probability of a significant revenue reversal in the future.

When the Group provides more than one significant good or service including granting a license, the Group allocates the transaction price consisting of upfront income and milestone revenue to a single or more than one recognized performance obligation (s) depending on its content, records the upfront consideration as a contract liability, and recognizes revenue over a period of time by measuring the progress towards complete satisfaction of that performance obligation. For development cooperation in relation to license agreements and other performance obligations, the progress is measured using an input method that is appropriate for each license agreement.

Running royalty income and milestone revenue received for the achievement of sales targets, such as when the total sales of a drug product exceed a specified amount, are a sales-based or usage-based royalty and are measured mainly based on the sales recorded by the contract counterparty. The Group recognizes revenue at the later of when the sale or usage occurs and when the performance obligations to which the sales-based or usage-based royalty has been allocated are satisfied.

Consideration of license agreements is received mainly within one year from the time of granting the license and the time agreed upon in the agreement such as the achievement of a specified milestone. Such contracts do not contain any significant financing components.

(18) FINANCE INCOME AND FINANCE COSTS

Finance income mainly comprises interest received, dividends received, foreign currency gain and changes in the fair value of financial assets measured at fair value through profit or loss. Interest received is recognized when it occurs using the effective interest method. Dividends received are recognized when the Group's right to receive payment is established.

Finance costs mainly comprise interest paid, foreign currency loss and changes in the fair value of financial assets measured at fair value through profit or loss. Interest paid is recognized when it occurs using the effective interest method.

Foreign currency gain or loss is recorded on a net basis in finance income or finance costs.

(19) GOVERNMENT GRANTS

Government grants are recognized at fair value if there is reasonable assurance that the Group will comply with the conditions associated with the grants and they will be received.

When government grants are related to expense items, they are recognized as profit on a systematic basis over the periods in which the Group recognizes as an expense the related costs for which the grants are intended to compensate. Government grants related to assets are deducted from the cost of the assets.

(20) BORROWING COSTS

For assets that necessarily take a substantial period of time to get ready for their intended use or sale, borrowing costs that are directly attributable to the acquisition, construction or production of the assets are capitalized as part of the cost of those assets (see (4) Property, plant and equipment and (6) Intangible assets). Other borrowing costs are recognized as an expense in the period in which they are incurred.

(21) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit attributable to ordinary shareholders of the parent by the weighted-average number of ordinary shares (after adjusting for treasury shares) outstanding during the period. Diluted earnings per share is calculated by adjusting the effects of all dilutive potential ordinary shares.

4. ACCOUNTING STANDARDS AND GUIDELINES ISSUED BUT NOT YET ADOPTED

Among new accounting standards and guidelines that have been issued or amended by the date of approval of the consolidated financial statements, those that the Group has not early adopted in the year ended December 31, 2025 are mainly as follows. The impact to the Group from adoption of the new IFRS standards is currently being assessed and thus cannot yet be estimated.

IFRS	Title of standard	Effective date (From the year beginning)	To be adopted by the Group from the year ending:	Outline of new standards and amendments
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	December 31, 2027	Introduction of three new requirements to improve entities' reporting of financial performance and provide investors with a better basis for analyzing and comparing entities.

5. OPERATING SEGMENTS

(1) SUMMARY OF REPORTABLE SEGMENTS

The reportable segments of the Group are determined based on the operating segments which are constituent units of the Group for which separate financial information is readily available, and which are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating the business results. The Group has identified four reportable segments, namely, "Alcoholic Beverages Business," "Non-alcoholic Beverages Business," "Pharmaceuticals Business" and "Health Science Business."

"Alcoholic Beverages Business," for which Kirin Brewery Company, Limited, Lion Pty Ltd and other entities operate businesses in Japan and overseas. Kirin Brewery Company, Limited conducts production and sale of alcoholic beverages such as beer, low alcohol drinks and other products in Japan while Lion Pty Ltd conducts production and sale of beer, low alcohol drinks and other products in the Oceania region and other regions, and production and sale of craft beer and other products in North America.

"Non-alcoholic Beverages Business," for which Kirin Beverage Company, Limited and Coca-Cola Beverages Northeast, Inc. and other entities operate non-alcoholic beverages businesses in Japan and overseas. Kirin Beverage Company, Limited conducts production and sale of non-alcoholic beverages in Japan while Coca-Cola Beverages Northeast, Inc. conducts production and sale of Coca-Cola beverages in the U.S.

"Pharmaceuticals Business," for which Kyowa Kirin Co., Ltd. and other entities conduct production and sale of pharmaceutical products in Japan and overseas.

“Health Science Business,” for which FANCL CORPORATION, Blackmores Limited and other entities operate health food and other businesses in Japan and overseas. FANCL CORPORATION conducts research and development, production and sale of cosmetics and health food. Blackmores Limited conducts production and sale of nutritional supplements and related products in Australia, Southeast Asia, China and other regions. The Company made FANCL CORPORATION a consolidated subsidiary in the third quarter of the previous fiscal year, which is categorized and reported in the “Health Science Business.”

Accounting policies for segment information are generally the same as those for the Company’s consolidated financial statements.

Inter-segment revenue is based on actual market prices.

(2) INFORMATION ON REPORTABLE SEGMENTS

Information related to each reportable segment is set out below.

(¥ millions)

At and for the year ended December 31, 2024	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated
	Alcoholic Beverages	Non-alcoholic Beverages	Pharmaceu-ticals	Health Science			
Revenue from unaffiliated customers	¥ 1,081,694	¥ 564,871	¥ 495,295	¥ 175,256	¥ 21,270	¥ –	¥ 2,338,385
Inter-segment revenue	2,319	2,967	264	4,217	76,659	(86,425)	–
Total revenue	1,084,013	567,837	495,558	179,473	97,929	(86,425)	2,338,385
Segment income (loss) (Note 3)	124,045	63,961	91,866	(10,895)	30	(58,040)	210,968
						Other operating income	16,145
						Other operating expenses	101,773
						Finance income	14,595
						Finance costs	17,994
						Share of profit of equity-accounted investees	37,035
						Impairment loss on equity-accounted investees	19,255
						Profit before tax	139,721

(¥ millions)

	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated
	Alcoholic Beverages	Non-alcoholic Beverages	Pharmaceu-ticals	Health Science			
Segment assets	¥ 1,367,470	¥ 326,366	¥ 1,012,722	¥ 764,058	¥ 362,385	¥ (478,841)	¥ 3,354,159
Other items							
Depreciation and amortization	36,070	12,778	24,780	8,937	3,753	9,383	95,702
Impairment losses (excluding financial assets)	3,902	–	2,060	7,427	–	–	13,389
Equity-accounted investees	213,065	–	3,139	–	–	–	216,205
Capital expenditures	39,024	20,897	109,474	6,683	7,172	10,358	193,607

Notes:

1. “Others” includes segments which are not included in the reportable segments.
2. Adjustments are as follows:
   (1) Adjustment in segment income (loss) mainly includes inter-segment eliminations and corporate expenses not attributable to any reportable segment. The expenses are mainly group administrative expenses incurred by the Company, a holding company, and administrative expenses relating to some reportable segments incurred by shared services companies.
   (2) Adjustment in segment assets includes inter-segment asset and liability eliminations and corporate assets not attributable to any reportable segment. The assets mainly consist of surplus funds (cash), long-term investments (equity instruments) and assets of the administrative department of the Company, a holding company, and shared services companies.
3. Segment income (loss) represents normalized operating profit which is calculated by deducting the total of cost of sales and selling, general and administrative expenses from revenue.

(¥ millions)

	Alcoholic Beverages	Non-alcoholic Beverages	Pharmaceu-ticals	Health Science	Others (Note 1)	Adjustment (Note 2)	Consolidated
At and for the year ended December 31, 2025							
	Reportable segment						
Revenue from unaffiliated customers	**¥ 1,075,261**	**¥ 578,190**	**¥ 496,514**	**¥ 251,366**	**¥ 32,031**	**¥ –**	**¥ 2,433,363**
Inter-segment revenue	**2,070**	**3,290**	**312**	**4,746**	**68,984**	**(79,401)**	**–**
Total revenue	**1,077,331**	**581,480**	**496,826**	**256,113**	**101,015**	**(79,401)**	**2,433,363**
Segment income (loss) (Note 3)	**135,354**	**67,667**	**102,325**	**11,105**	**(1,100)**	**(63,567)**	**251,785**
						Other operating income	**6,497**
						Other operating expenses	**48,605**
						Finance income	**10,673**
						Finance costs	**18,321**
						Share of profit of equity-accounted investees	**35,830**
						Profit before tax	**237,859**

(¥ millions)

	Alcoholic Beverages	Non-alcoholic Beverages	Pharmaceu-ticals	Health Science	Others (Note 1)	Adjustment (Note 2)	Consolidated
	Reportable segment						
Segment assets	**¥ 1,433,463**	**¥ 364,724**	**¥ 1,056,641**	**¥ 764,105**	**¥ 417,559**	**¥ (542,449)**	**¥ 3,494,043**
Other items							
Depreciation and amortization	**32,483**	**13,735**	**26,058**	**15,200**	**3,714**	**10,660**	**101,850**
Impairment losses (excluding financial assets)	**1,221**	**–**	**2,778**	**2,176**	**–**	**–**	**6,175**
Equity-accounted investees	**220,256**	**–**	**8,324**	**–**	**214**	**–**	**228,794**
Capital expenditures	**50,549**	**19,738**	**93,656**	**12,691**	**9,298**	**10,033**	**195,965**

Notes:

1. "Others" includes segments which are not included in the reportable segments.
2. Adjustments are as follows:
   (1) Adjustment in segment income (loss) mainly includes inter-segment eliminations and corporate expenses not attributable to any reportable segment. The expenses are mainly group administrative expenses incurred by the Company, a holding company, and administrative expenses relating to some reportable segments incurred by shared services companies.
   (2) Adjustment in segment assets includes inter-segment asset and liability eliminations and corporate assets not attributable to any reportable segment. The assets mainly consist of surplus funds (cash), long-term investments (equity instruments) and assets of the administrative department of the Company, a holding company, and shared services companies.
3. Segment income (loss) represents normalized operating profit which is calculated by deducting the total of cost of sales and selling, general and administrative expenses from revenue.

(3) GEOGRAPHIC INFORMATION

1) Revenue

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Japan	¥ 1,214,171	**¥ 1,286,658**
Oceania	234,529	**226,862**
America	631,040	**657,490**
Others	258,644	**262,353**
Total	2,338,385	**2,433,363**

Note: Revenue is classified by country or area based on customer location.

2) Non-current assets

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Japan	¥ 906,390	**¥ 964,444**
Oceania	455,852	**474,682**
America	296,476	**339,649**
Others	188,524	**199,749**
Total	1,847,242	**1,978,524**

Note: Non-current assets exclude financial instruments, deferred tax assets and defined benefit assets.

(4) MAJOR CUSTOMER

The unaffiliated customer which accounted for 10% or more of revenue on the consolidated statement of profit or loss was as follows:

(¥ millions)

	Related segment	Year ended December 31, 2024	**Year ended December 31, 2025**
Mitsubishi Shokuhin Co., Ltd.	Alcoholic Beverages, Non-alcoholic Beverages, Health Science	¥ 234,844	**¥ –**

For the year ended December 31, 2025, the information is omitted since there is no unaffiliated customer which accounted for 10% or more of revenue on the consolidated statement of profit or loss.

6. PROPERTY, PLANT AND EQUIPMENT

(1) RECONCILIATION OF CARRYING AMOUNT

Changes in carrying amounts, costs, accumulated depreciation and accumulated impairment losses of property, plant and equipment were as follows:

1) Carrying amount

(¥ millions)

	Buildings and structures	Machinery, equipment and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Total
Balance at January 1, 2024	¥ 223,553	¥ 192,534	¥ 47,807	¥ 85,723	¥ 43,311	¥ 592,928
Acquisitions	11,137	6,835	13,065	68	72,017	103,123
Acquisitions through business combinations (Note 1)	18,400	4,301	1,292	26,092	58	50,144
Transfer from construction in progress	26,696	26,276	9,324	2,588	(64,884)	–
Depreciation (Note 2)	(25,153)	(25,937)	(16,950)	(332)	–	(68,372)
Impairment losses (Note 3)	(3,422)	(5,741)	(918)	(16)	(515)	(10,611)
Disposals (Note 2)	(361)	(1,919)	(3,481)	(1,996)	(509)	(8,267)
Foreign currency translation differences	7,959	6,236	657	2,560	1,648	19,059
Other	(4,214)	507	(158)	198	(308)	(3,975)
Balance at December 31, 2024	**254,594**	**203,092**	**50,639**	**114,886**	**50,818**	**674,028**
Acquisitions	**22,837**	**13,748**	**13,135**	**2,791**	**83,409**	**135,922**
Transfer from construction in progress	**17,829**	**40,358**	**8,811**	**–**	**(66,997)**	**–**
Depreciation (Note 2)	**(27,075)**	**(28,095)**	**(16,218)**	**(395)**	**–**	**(71,783)**
Impairment losses (Note 3)	**(1,729)**	**(1,242)**	**(1,146)**	**(59)**	**(147)**	**(4,324)**
Disposals (Note 2)	**(607)**	**(1,963)**	**(772)**	**(3,695)**	**(151)**	**(7,187)**
Foreign currency translation differences	**1,232**	**3,365**	**76**	**598**	**1,311**	**6,582**
Other	**(839)**	**1,993**	**226**	**3,838**	**531**	**5,748**
Balance at December 31, 2025	**266,243**	**231,255**	**54,751**	**117,963**	**68,774**	**738,987**

Notes:
1. Acquisitions through business combinations include revisions within the measurement period that have not been retroactively restated due to immateriality.
2. Depreciation is included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss, and gain or loss on disposals is included in other operating income and other operating expenses in the consolidated statement of profit or loss.
3. Impairment losses are explained in Note 9. Impairment of non-financial assets.
4. The above figures include the carrying amounts of right-of-use assets. Changes in the carrying amounts of right-of-use assets are explained in Note 17. Leases.

2) Cost

(¥ millions)

	Buildings and structures	Machinery, equipment and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Total
Balance at January 1, 2024	¥ 641,170	¥ 985,789	¥ 197,516	¥ 91,633	¥ 45,834	¥ 1,961,942
Balance at December 31, 2024	691,006	1,021,143	196,948	121,024	52,819	2,082,940
Balance at December 31, 2025	**696,385**	**1,011,873**	**197,258**	**121,297**	**70,215**	**2,097,028**

3) Accumulated depreciation and accumulated impairment losses

(¥ millions)

	Buildings and structures	Machinery, equipment and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Total
Balance at January 1, 2024	¥ 417,617	¥ 793,255	¥ 149,709	¥ 5,910	¥ 2,523	¥ 1,369,014
Balance at December 31, 2024	436,412	818,052	146,309	6,139	2,001	1,408,912
Balance at December 31, 2025	**430,142**	**780,618**	**142,507**	**3,334**	**1,441**	**1,358,042**

7. GOODWILL

(1) RECONCILIATION OF CARRYING AMOUNT

Changes in carrying amount, costs and accumulated impairment losses of goodwill were as follows:

1) Carrying amount

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Balance at January 1	¥ 390,568	**¥ 501,480**
Acquisitions through business combinations (Note)	95,601	**14,904**
Disposals	–	**(279)**
Foreign currency translation differences	15,311	**17,216**
Balance at December 31	501,480	**533,321**

Note: Acquisitions through business combinations include revisions within the measurement period that have not been retroactively restated due to immateriality.

2) Cost and accumulated impairment losses

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Cost	¥ 514,354	**¥ 546,195**
Accumulated impairment losses	12,874	**12,874**

8. INTANGIBLE ASSETS

(1) RECONCILIATION OF CARRYING AMOUNT

Changes in carrying amount, costs, accumulated amortization and accumulated impairment losses of intangible assets were as follows:

1) Carrying amount

(¥ millions)

	Brands (Note 1)	Customer relationships	Marketing rights	In-process research and development (Note 2)	Software	Other	Total
Balance at January 1, 2024	¥ 129,787	¥ 28,619	¥ 38,537	¥ 22,191	¥ 65,586	¥ 18,819	¥ 303,540
Acquisitions	44	–	450	76,353	2,701	10,936	90,485
Acquisitions through business combinations (Note 3)	136,106	114,182	17,346	13,201	2,223	87	283,145
Amortization (Note 4)	(126)	(2,625)	(7,669)	–	(16,395)	(514)	(27,329)
Impairment losses (Note 5)	–	–	(1,391)	–	(146)	(124)	(1,662)
Disposals (Note 4)	(2)	–	(43)	(190)	(375)	(131)	(740)
Transfer to other account	–	–	10,131	(10,131)	8,554	(8,554)	–
Foreign currency translation differences	5,986	392	2,483	2,390	488	433	12,172
Other	–	–	–	–	11	(59)	(48)
Balance at December 31, 2024	**271,794**	**140,569**	**59,844**	**103,813**	**62,645**	**20,895**	**659,561**
Acquisitions	**1**	**–**	**24,943**	**21,053**	**2,566**	**11,481**	**60,043**
Amortization (Note 4)	**(128)**	**(5,636)**	**(7,649)**	**–**	**(16,244)**	**(410)**	**(30,068)**
Impairment losses (Note 5)	**–**	**–**	**(138)**	**(1,130)**	**(339)**	**(213)**	**(1,820)**
Disposals (Note 4)	**(442)**	**–**	**–**	**(513)**	**(48)**	**(194)**	**(1,197)**
Transfer to other account	**–**	**–**	**43,256**	**(43,256)**	**12,807**	**(12,807)**	**–**
Foreign currency translation differences	**5,308**	**1,995**	**1,181**	**(739)**	**127**	**27**	**7,900**
Other	**(90)**	**–**	**8**	**–**	**△57**	**387**	**248**
Balance at December 31, 2025	**276,443**	**136,929**	**121,445**	**79,228**	**61,459**	**19,165**	**694,668**

Notes:

1. Except for certain brands, brands are classified as intangible assets with indefinite useful lives because the period over which net cash inflows are expected to continue cannot be determined.
2. In-process research and development mainly represents intangible assets acquired in connection with in-licensing agreements for products, development products, technologies, etc., and that are still in the research and development stage or have not yet received regulatory approval for sale. Accordingly, such assets are classified as intangible assets not yet available for use. Once regulatory approval is obtained, these assets are reclassified to marketing rights as intangible assets available for use. Acquisitions of in-process research and development include increases due to internal development of ¥9,664 million and ¥5,527 million for the years ended December 31, 2024 and 2025, respectively.
3. Acquisitions through business combinations include revisions within the measurement period that have not been retroactively restated due to immateriality.

4. Amortization is included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss, and gain or loss on disposals is included in other operating income and other operating expenses in the consolidated statement of profit or loss.
5. Impairment losses are explained in Note 9. Impairment of non-financial assets.

2) Cost

(¥ millions)

	Brands	Customer relationships	Marketing rights	In-process research and development	Software	Other	Total
Balance at January 1, 2024	¥ 138,997	¥ 29,227	¥ 140,628	¥ 35,607	¥ 146,814	¥ 34,673	¥ 525,947
Balance at December 31, 2024	281,128	143,825	163,330	113,946	157,669	37,099	896,998
Balance at December 31, 2025	**286,022**	**146,098**	**215,039**	**81,025**	**143,925**	**35,726**	**907,835**

3) Accumulated amortization and accumulated impairment losses

(¥ millions)

	Brands	Customer relationships	Marketing rights	In-process research and development	Software	Other	Total
Balance at January 1, 2024	¥ 9,210	¥ 608	¥ 102,091	¥ 13,416	¥ 81,228	¥ 15,854	¥ 222,407
Balance at December 31, 2024	9,334	3,256	103,485	10,133	95,024	16,205	237,437
Balance at December 31, 2025	**9,579**	**9,170**	**93,593**	**1,797**	**82,466**	**16,562**	**213,167**

(2) RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of ¥116,073 million for the year ended December 31, 2024 and ¥118,080 million for the year ended December 31, 2025 were recorded in selling, general and administrative expenses in the consolidated statement of profit or loss.

9. IMPAIRMENT OF NON-FINANCIAL ASSETS

(1) CASH-GENERATING UNITS

The Group considers each Group company's business, or the unit for making investment decisions, as a cash-generating unit. Goodwill is allocated to cash-generating units or groups of cash-generating units based on the monitoring units for internal management purposes. For idle properties, each property is considered to constitute a cash-generating unit. Headquarters and welfare facilities are classified as corporate assets because they do not generate cash inflows independent from other assets or group of assets but contribute to cash flow generation of other cash-generating units.

(2) IMPAIRMENT LOSSES

Impairment losses by segment consisted of the following:

(¥ millions)

Segments	Year ended December 31, 2024	Year ended December 31, 2025	Types of major assets
Alcoholic Beverages Business	¥ 3,902	**¥ 1,221**	Buildings and structures, Machinery, equipment and vehicles, Tools, fixtures and fittings
Pharmaceuticals Business	2,060	**2,778**	Buildings and structures, Machinery, equipment and vehicles, Tools, fixtures and fittings, Land, Marketing rights, In-process research and development, Software
Health Science Business	7,427	**2,176**	Buildings and structures, Machinery, equipment and vehicles, Tools, fixtures and fittings, Software
Total	13,389	**6,175**	

Year ended December 31, 2024

Regarding the Bio-chemicals business in the Health Science Business, the Group entered into an agreement to transfer the amino acid and human milk oligosaccharide (HMO) business in the year ended December 31, 2024. Upon the conclusion of the agreement, since the recoverable amount of the disposal group was less than its carrying amount, the entire carrying amount was written off as an impairment loss. As a result, ¥5,532 million of impairment losses for non-current assets of the Bio-chemicals business were recognized for the year ended December 31, 2024. The impairment losses of ¥5,532 million primarily consisted of ¥3,211 million in machinery, equipment and vehicles and ¥1,944 million in buildings and structures.

The impairment losses of ¥13,389 million were recorded in other operating expenses in the consolidated statement of profit or loss, since they are not considered to be linked to any functions, such as expenses covering overall business activities.

Year ended December 31, 2025

There were no material items for the year ended December 31,2025. The impairment losses of ¥6,175 million were recorded in other operating expenses in the consolidated statement of profit or loss, since they are not considered to be linked to any functions, such as expenses covering overall business activities.

(3) IMPAIRMENT TEST FOR CASH-GENERATING UNITS (GROUPS OF UNITS) CONTAINING GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill and intangible assets with indefinite useful lives arising from business combinations were allocated to the Group's cash-generating units or groups of cash-generating units. The carrying amount of goodwill and intangible assets with indefinite useful lives by segment is as follows:

(¥ millions)

	At December 31, 2024		**At December 31, 2025**	
	Goodwill	Brands	Goodwill	Brands
Alcoholic Beverages Business	¥ 222,128	¥ 72,706	**¥ 232,900**	**¥ 74,012**
Pharmaceuticals Business	138,430	–	**140,894**	–
Health Science Business	136,270	197,322	**154,889**	**200,592**
Of which, Blackmores	72,708	63,108	**77,071**	**66,476**
Of which, FANCL CORPORATION	62,500	134,079	**76,757**	**134,077**
Non-alcoholic Beverages Business and others	4,652	1,767	**4,639**	**1,838**

Significant goodwill and intangible assets relate to Lion (Alcoholic Beverages Business), Kyowa Kirin (Pharmaceuticals Business), Blackmores (Health Science Business) and FANCL CORPORATION (Health Science Business), and were tested for impairment as set out below.

Lion (Alcoholic Beverages Business)

These are goodwill and brands arising from business combinations with Lion Pty Ltd, Lion Global Craft Beverages Pty Ltd and other Lion entities. The recoverable amount is measured at fair value less costs of disposal.

Fair value less costs of disposal is based on the comparable company analysis method using market multiples. Calculation of fair value entails management's judgment and assumptions on the future plans for the businesses that are subject to the calculation, and such judgment and assumptions are based on certain premises that are determined to be reasonable at the time of calculation. These premises include significant assumptions on pricing strategies, and other factors. The fair value measurement is categorized as Level 3 in the fair value hierarchy considering the significant inputs in the valuation techniques used.

As the recoverable amount sufficiently exceeded the carrying amount of cash-generating units, the Company considers that the recoverable amount is not likely to fall below the carrying amount even when the assumptions for calculating recoverable amounts such as the market values related to businesses of peer companies change within a reasonable range.

In addition, following the change to a structure under which the Company directly monitors businesses within the North American region, goodwill will be reallocated in the next fiscal year to goodwill related to businesses within the Oceania region centered on Lion Pty Ltd and to goodwill related to businesses within the North American region centered on New Belgium Brewing Company, Inc., which operates under Lion Global Craft Beverages Pty Ltd. Thereafter, each goodwill item will be allocated to the independent group of cash-generating units within the respective region and will be subject to impairment testing accordingly.

Kyowa Kirin (Pharmaceuticals Business)

These are goodwill arising from business combinations with Kyowa Kirin Co., Ltd and other Kyowa Kirin entities.

The recoverable amount is measured at value in use.

Value in use is determined by discounting the future cash flows over three years to present value. The future cash flows are estimated based on the business plan prepared reflecting past experience and external information and approved by management. Pre-tax discount rate is determined at 10.0% based on weighted-average capital cost of cash-generating units.

Calculation of value in use entails management's judgment and assumptions on the future plans for the businesses that are subject to the calculation, and such judgment and assumptions are based on certain premises that are determined to be reasonable at the time of calculation. These premises include significant assumptions, such as regarding the planned launch of new drugs and the status of competition.

As the recoverable amount sufficiently exceeded the carrying amount of cash-generating units, the Company considers that the recoverable amount is not likely to fall below the carrying amount even when the assumptions such as future cash flows and discount rates change within a reasonable range.

Blackmores (Health Science Business)

These are goodwill and brands arising from a business combination with Blackmores Limited.

The recoverable amount is measured at fair value less costs of disposal.

Fair value less costs of disposal is determined by discounting the estimated future cash flows to present value, less estimated costs of disposal. The future cash flows are estimated based on the business plan, which was prepared reflecting past experience and external information and approved by management, over nine years and assumed to grow with a perpetual growth rate of 2.75% thereafter. Pre-tax discount rate is determined at 11.7% based on the weighted-average capital cost of cash-generating units. Calculation of fair value entails management's judgment and assumptions on the future plans for the businesses that are subject to the calculation, and such judgment and assumptions are based on certain premises that are determined to be reasonable at the time of calculation. These premises include significant assumptions on measures to expand the market size in Australia, Southeast Asia, and China, as well as measures to increase sales in Southeast Asia and other regions. The fair value measurement is categorized as Level 3 in the fair value hierarchy considering the significant inputs in the valuation techniques used.

As the recoverable amount sufficiently exceeded the carrying amount of cash-generating units, the Company considers that the recoverable amount is not likely to fall below the carrying amount even when the assumptions such as future cash flows, perpetual growth rates and discount rates change within a reasonable range.

FANCL(Health Science Business)

These are goodwill and brands arising from the business combination with FANCL CORPORATION.

The recoverable amount is measured at fair value less costs of disposal.

Fair value less costs of disposal is determined by discounting the estimated future cash flows to present value, less estimated costs of disposal. The future cash flows are estimated based on the business plan, which was prepared reflecting past experience and external information and approved by management, over ten years and assumed to grow with a perpetual growth rate of 2.0% thereafter. The pre-tax discount rate is determined at 7.4% based on the weighted-average capital cost of cash-generating units. Calculation of fair value entails management's judgment and assumptions on future plans for businesses that are subject to the calculation, and such judgment and assumptions are based on certain premises that are determined to be reasonable at the time of calculation. These premises include significant assumptions on sales expansion in domestic online and catalogue channels, sales expansion in overseas markets, and other factors. The fair value measurement is categorized as Level 3 in the fair value hierarchy considering the significant inputs in the valuation techniques used.
As the recoverable amount sufficiently exceeded the carrying amount of cash-generating units, the Company considers that the recoverable amount is not likely to fall below the carrying amount even when the assumptions such as future cash flows, perpetual growth rates, and discount rates change within a reasonable range.

10. OTHER FINANCIAL ASSETS

(1) OTHER FINANCIAL ASSETS CONSISTED OF THE FOLLOWING:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Shares	¥ 58,392	**¥ 65,180**
Derivative assets	2,985	**1,062**
Other	52,066	**36,715**
Allowance for doubtful accounts	(1,513)	**(1,510)**
Total	111,930	**101,447**
Non-current assets	103,360	**95,058**
Current assets	8,570	**6,389**

Notes:
1. The amounts less allowance for doubtful accounts are presented in the consolidated statement of financial position.
2. Shares are classified as equity instruments measured at fair value through other comprehensive income, derivative assets are classified as financial assets measured at fair value through profit or loss, and “Other” is classified mainly as financial assets measured at amortized cost.

(2) THE FAIR VALUES OF MARKETABLE AND NON-MARKETABLE EQUITY INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME WERE AS SET OUT IN THE TABLE BELOW. THESE EQUITY INSTRUMENTS ARE MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AS THE GROUP HOLDS THEM FOR THE PURPOSE OF BUILDING, MAINTAINING AND STRENGTHENING TRANSACTIONAL AND COLLABORATIVE RELATIONSHIPS.

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Marketable	¥ 28,974	**¥ 36,050**
Non-marketable	29,418	**29,130**
Total	58,392	**65,180**

Of the above, fair values of major marketable shares were as follows:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
SKYLARK HOLDINGS CO., LTD.	¥ 8,167	**¥ 11,217**
Central Japan Railway Company	4,058	**5,935**
HIDAY HIDAKA Corp.	3,086	**3,817**
Imperial Hotel, Ltd.	1,238	**1,621**
ROYAL HOLDINGS Co., Ltd.	1,226	**1,350**
Chimney Co., Ltd.	1,243	**1,265**
Nightingale Health Oyj	1,266	**1,021**
East Japan Railway Company	671	**992**
Kisoji Co., Ltd.	742	**896**
RINGER HUT CO., LTD.	730	**762**

Non-marketable shares mainly consisted of investments in customers and counterparties in Japan. The total fair value of the investments in Japan at December 31, 2024 and 2025 was ¥27,751 million and ¥25,025 million, respectively.

(3) THE GROUP SELLS AND DERECOGNIZES EQUITY INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME TO MAKE EFFICIENT AND EFFECTIVE USE OF THE ASSETS IT HOLDS. FAIR VALUES AT THE TIME OF SALES IN EACH YEAR AND ACCUMULATED PROFIT OR LOSS RECOGNIZED IN OTHER COMPREHENSIVE INCOME IN EQUITY WERE AS FOLLOWS:

(¥ millions)

Year ended December 31, 2024		**Year ended December 31, 2025**	
Fair value	Accumulated profit or loss recognized in other comprehensive income in equity (Note)	Fair value	Accumulated profit or loss recognized in other comprehensive income in equity (Note)
¥ 7,037	¥ 1,961	**¥ 102**	**¥ 52**

Note: Accumulated profit or loss recognized in other comprehensive income in equity was transferred to retained earnings when the equity instruments were derecognized.

(4) PLEDGED ASSETS

The balances of pledged assets were as follows:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Buildings and structures	¥ 760	**¥ 676**
Land	592	**592**
Other financial assets (current assets) (Note)	300	**300**
Total	1,652	**1,567**

Note: The other financial assets (current assets) were pledged as collateral in order to utilize the deferred payment system under the Japanese Customs Act and Consumption Tax Act.

11. INCOME TAX

(1) DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Deferred tax assets and deferred tax liabilities in the consolidated statement of financial position were as follows:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Deferred tax assets	¥ 109,761	**¥ 83,092**
Deferred tax liabilities	123,233	**125,239**
Net	(13,471)	**(42,147)**

(2) CHANGES IN THE BALANCE OF DEFERRED TAX

Changes in the balance of deferred tax were as follows:

Year ended December 31, 2024

(¥ millions)

	Balance at January 1 (net)	Amount recognized in profit or loss	Amount recognized in other comprehensive income	Acquisitions through business combinations (Note 1)	Other (Note 2)	Balance at December 31 (net)
Defined benefit asset or liability	¥ 12,176	¥ (344)	¥ (1,742)	¥ 239	¥ 46	¥ 10,376
Accrued expenses	21,788	(3,388)	–	890	657	19,947
Inventories	25,084	(3,532)	–	206	558	22,316
Unused tax losses	7,289	(3,170)	–	7,930	596	12,645
Property, plant and equipment and intangible assets	(41,494)	(8,418)	–	(87,926)	(5,678)	(143,516)
Fair value reserve on equity instruments measured at fair value through other comprehensive income	(7,463)	–	(284)	–	663	(7,084)
Other	53,071	14,275	(2,000)	3,507	2,993	71,846
Total	70,451	(4,576)	(4,027)	(75,154)	(165)	(13,471)

Notes:
1. Acquisitions through business combinations include revisions within the measurement period that have not been retroactively restated due to immateriality.
2. “Other” includes foreign currency translation differences on foreign operations.

Year ended December 31, 2025

(¥ millions)

	Balance at January 1 (net)	Amount recognized in profit or loss	Amount recognized in other comprehensive income	Other (Note)	Balance at December 31 (net)
Defined benefit asset or liability	**¥ 10,376**	**¥ (1,625)**	**¥ (891)**	**¥(597)**	**¥ 7,263**
Accrued expenses	**19,947**	**(1,757)**	**–**	**580**	**18,770**
Inventories	**22,316**	**(6,499)**	**–**	**(984)**	**14,833**
Unused tax losses	**12,645**	**7,404**	**–**	**(746)**	**19,303**
Property, plant and equipment and intangible assets	**(143,516)**	**(6,578)**	**–**	**(5,793)**	**(155,887)**
Fair value reserve on equity instruments measured at fair value through other comprehensive income	**(7,084)**	**–**	**(2,021)**	**74**	**(9,032)**
Other	**71,846**	**(11,964)**	**955**	**1,767**	**62,604**
Total	**(13,471)**	**(21,019)**	**(1,957)**	**(5,699)**	**(42,147)**

Note: “Other” includes foreign currency translation differences on foreign operations and decreases resulting from the disposal of subsidiaries.

In recognizing deferred tax assets, the Group takes into account the possibility that future taxable profits will be available against which part or all of deductible temporary differences and unused tax losses can be utilized. In assessing the recoverability of deferred tax assets, the Group takes into account the planned reversal of deferred tax liabilities, estimated future taxable profits and tax planning. The Group considers that recognized deferred tax assets are likely to be recovered based on the past taxable profit level and estimated future taxable profits for the period when deferred tax assets are deductible.

(3) UNRECOGNIZED DEFERRED TAX LIABILITIES

Deferred tax liabilities related to investments in subsidiaries and associates and interests in joint arrangements are not recognized when the Group can control the timing of reversal of the related taxable temporary differences and it is not probable that they will reverse in the foreseeable future. The total amount of temporary differences related to investments in subsidiaries and associates and interests in joint arrangements at December 31, 2024 and 2025 was ¥710,779 million and ¥835,527 million, respectively.

(4) UNRECOGNIZED DEFERRED TAX ASSETS

Deferred tax assets are not recognized in respect of the following items as it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Deductible temporary differences	¥ 173,284	**¥ 206,794**
Unused tax losses	147,786	**160,610**
Unused tax credits	34	**2,074**

The amounts and expiration periods of unused tax losses carryforwards and tax credit carryforwards for which deferred tax assets have not been recognized are as follows:

(¥ millions)

	At December 31, 2024		**At December 31, 2025**	
	tax loss carryforwards	**Tax credit carryforwards**	tax loss carryforwards	**Tax credit carryforwards**
1st year	¥ 28	25	5,681	4
2nd year	5,637	4	607	265
3rd year	650	5	71	1,805
4th year	198	—	3,072	—
5th year	12,834	—	17,836	—
With no expiration	128,438	—	133,344	—
Total	147,786	34	160,610	2,074

(5) INCOME TAX EXPENSE

Income tax expense was as follows:

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Current tax expense (Note)	¥ 49,334	**¥ 38,667**
Deferred tax expense	4,576	**21,019**
Income tax expense	53,910	**59,686**

Note: The income tax expense associated with the Pillar Two model included in current tax expense is not material.

(6) RECONCILIATION OF EFFECTIVE TAX RATE

The Group is mainly subject to a national corporate tax, an inhabitant tax and enterprise tax, based on which the statutory tax rate is calculated at 30.6% for the years ended December 31, 2024 and 2025. For foreign subsidiaries, local corporate and other tax rates have been applied. Reconciliation of the statutory tax rate and the average effective tax rate was as follows:

(In percent)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Statutory tax rate	30.6	**30.6**
(Adjustments)		
Tax effect of income and expenses not taxable and deductible for tax purposes	1.4	0.8
Equity in earnings of associates	(8.1)	(4.5)
Changes in unrecognized deferred tax assets	15.2	3.0
Difference in applicable tax rates between the Company and its subsidiaries	(5.7)	(2.5)
Withholding tax related to dividends from overseas subsidiaries	1.9	1.2
Tax credits	(1.4)	(1.9)
Retained earnings of subsidiaries and affiliates	2.6	0.0
Other	2.1	(1.6)

Average effective tax rate	38.6	25.1

12. INVENTORIES

Inventories consisted of the following:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Merchandise and finished goods	¥ 251,611	**¥ 240,622**
Work in process	28,105	**30,523**
Raw materials and supplies	79,268	**77,273**
Total	358,985	**348,418**
Of which, inventories held for sale over 12 months	59,729	**64,790**

Loss on devaluation of inventories which was recognized as an expense was ¥24,297 million for the year ended December 31, 2024 and ¥15,326million for the year ended December 31, 2025.
These write-downs are included in cost of sales and other operating expenses in the consolidated statement of profit or loss.

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Notes and accounts receivable, trade (trade receivables)	¥ 482,994	**¥ 518,335**
Accrued accounts receivable	21,535	**19,418**
Allowance for doubtful accounts	(1,649)	**(2,040)**
Total	502,880	**535,713**

Notes:
1. The amounts less allowance for doubtful accounts are presented in the consolidated statement of financial position.
2. Trade and other receivables are classified as financial assets measured at amortized cost.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2024 and 2025 consisted of cash and time deposits (except for fixed term deposits over three months), and the amount of cash and cash equivalents in the consolidated statement of financial position was the same as the amount of cash and cash equivalents in the consolidated statement of cash flows. Cash and cash equivalents are classified as financial assets measured at amortized cost.

Kirin Holdings Singapore Pte, Limited, the Company’s consolidated subsidiary, is subject to certain restrictions on the use of part of cash and cash equivalents held by the company, partly due to restrictions on deposit withdrawals based on a notice issued by the Central Bank of Myanmar. The amounts subject to such restrictions were ¥25,875 million at December 31, 2024 and ¥14,751 million at December 31, 2025, which are included in cash and cash equivalents.

15. CAPITAL AND RESERVES

(1) SHARE CAPITAL AND SHARE PREMIUM

Changes in the number of shares issued and the number of shares authorized were as follows:

(Thousands of shares)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Issued shares at January 1	914,000	**914,000**
Changes	–	**–**
Issued shares at December 31 —fully paid	914,000	**914,000**
Authorized shares at December 31	1,732,026	**1,732,026**

All of the shares issued by the Company are no-par ordinary shares without any limitation on the rights of the shares.

Regarding share premium and retained earnings, the Japanese Companies Act prescribes that until the total amount of capital reserve in share premium and legal earnings reserve included in retained earnings reaches 25% of share capital, 10% of any appropriation of surplus to shareholders from retained earnings is required to be set aside as additional paid-in capital or legal earnings reserve in each year.

The distributable amount under the Japanese Companies Act is calculated based on share premium and retained earnings as presented in the Company's accounting books in accordance with generally accepted accounting principles in Japan. Paid-in capital and legal earnings reserve are deducted from the distributable amount.

In addition, if the ending balance of share premium becomes negative, a transfer is made from retained earnings to bring the share premium balance to zero.

(2) TREASURY SHARES

Changes in the number of treasury shares were as follows:

(Thousands of shares)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Treasury shares at January 1	104,126	**104,006**
Changes	(121)	**(154)**
Treasury shares at December 31	104,006	**103,852**

Treasury shares of the Company comprise the cost of shares in the Company that the Group holds.

Changes in treasury shares for the year ended December 31, 2024 consisted of the following:

・Acquisition of less-than-one unit shares: 30 thousand shares
・Sale of less-than-one unit shares: (1) thousand shares
・Disposal of shares held in the Board Incentive Plan Trust: (150) thousand shares

Treasury shares at December 31, 2024 include 1,761 thousand shares held in the Board Incentive Plan Trust.

Changes in treasury shares for the year ended December 31, 2025 consisted of the following:

・Acquisition of less-than-one unit shares: 9 thousand shares
・Sale of less-than-one unit shares: (0) thousand shares
・Disposal of shares held in the Board Incentive Plan Trust: (162) thousand shares

Treasury shares at December 31, 2025 include 1,599 thousand shares held in the Board Incentive Plan Trust.

(3) DETAILS AND PURPOSE OF RESERVES

1) Foreign currency translation differences on foreign operations

Foreign currency translation differences on foreign operations comprise foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

2) Cash flow hedges

Cash flow hedges comprise the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

3) Net change in equity instruments measured at fair value through other comprehensive income

Net change in equity instruments measured at fair value through other comprehensive income comprises net unrealized gains or losses on the fair value of equity instruments measured at fair value through other comprehensive income.

4) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans comprise net change of actuarial gains and losses, the return on plan assets (excluding the amount included in interest income) and the effect of asset ceiling (excluding the amount included in interest income). Actuarial gains and losses result from adjustments based on performance related to defined benefit obligations (the difference between actuarial assumptions at the beginning of the year and the result of performance) and the effect of changes in actuarial assumptions. They are recognized in other comprehensive income as incurred and immediately transferred from reserves to retained earnings.

(4) DIVIDENDS

Dividend payments were as follows:

Resolution	Type of shares	Total amount of dividend (¥ millions) (Note)	Dividend per share (Yen)	Record date	Effective date
March 28, 2024 Ordinary General Meeting of Shareholders	Ordinary shares	¥ 29,630	¥ 36.50	December 31, 2023	March 29, 2024
August 6, 2024 Board of Directors' Meeting	Ordinary shares	28,818	35.50	June 30, 2024	September 4, 2024
March 28, 2025 Ordinary General Meeting of Shareholders	Ordinary shares	28,817	35.50	December 31, 2024	March 31, 2025
August 7, 2025 Board of Directors' Meeting	Ordinary shares	30,035	37.00	June 30, 2025	September 4, 2025

Note: The total amount of dividend includes dividends on shares held in the Board Incentive Plan Trust, which amount to ¥70 million for the dividend resolved by the Ordinary General Meeting of Shareholders on March 28, 2024, ¥63 million for the dividend resolved by the Board of Directors' Meeting on August 6, 2024, ¥63 million for the dividend resolved by the Ordinary General Meeting of Shareholders on March 28, 2025, and ¥59 million for the dividend resolved by the Board of Directors' Meeting on August 7, 2025.

Dividends for which the record date is attributable to, but to be effective after, the year are as follows:

Resolution	Type of shares	Total amount of dividend (¥ millions) (Note)	Dividend per share (Yen)	Record date	Effective date
March 27, 2026 Ordinary General Meeting of Shareholders	Ordinary shares	¥ 30,035	¥ 37.00	December 31, 2025	March 30, 2026

Note: The total amount of dividend includes dividends of ¥59 million on shares held in the Board Incentive Plan Trust.

16. BONDS AND BORROWINGS (INCLUDING OTHER FINANCIAL LIABILITIES)

(1) DETAILS OF FINANCIAL LIABILITIES

Bonds and borrowings and other financial liabilities consisted of the following:

	At December 31, 2024 (¥ millions)	**At December 31, 2025** (¥ millions)	Average interest rate (%) (Note 2)	Maturity
Bonds (excluding current portion) (Note 3)	¥ 232,404	**¥ 292,203**	0.86	June 7, 2027 to September 5, 2039
Current portion of bonds (Note 3)	34,985	**39,987**	0.17	June 3, 2026
Long-term borrowings (excluding current portion)	547,180	**550,231**	0.83	March 12, 2027 to September 28, 2035
Current portion of long-term borrowings	29,995	**24,996**	0.15	February 25, 2026
Short-term borrowings	7	**21**	0.00	–
Commercial paper	12,999	**15,995**	0.53	January 16, 2026
Accrued expenses	27,453	**31,268**	–	–
Derivative liabilities	7,638	**5,398**	–	–
Lease liabilities	73,762	**79,404**	–	–
Other	33,480	**31,828**	–	–
Total	999,902	**1,071,331**	–	–
Non-current liabilities	866,981	**927,317**	–	–
Current liabilities	132,920	**144,014**	–	–

Notes:
1. Derivative liabilities are classified as financial liabilities measured at fair value, and financial liabilities other than derivative liabilities and lease liabilities are classified as financial liabilities measured at amortized cost.
2. Average interest rates are determined based on average balances for the year.
3. The terms and conditions of bond issuance are summarized as follows:

Company name	Series	Issue date	At December 31, 2024 (¥ millions)	**At December 31, 2025 (¥ millions)**	Interest rate (%)	Maturity
The Company	The Company 10th series of unsecured bonds	March 2, 2015	¥ 14,999	¥ –	–	February 28, 2025
The Company	The Company 13th series of unsecured bonds	September 5, 2019	29,932	**29,946**	0.230	September 5, 2029
The Company	The Company 14th series of unsecured bonds	September 5, 2019	9,950	**9,953**	0.510	September 5, 2039
The Company	The Company 16th series of unsecured bonds	June 4, 2020	9,996	–	–	June 4, 2025
The Company	The Company 17th series of unsecured bonds	June 4, 2020	9,970	**9,976**	0.370	June 4, 2030
The Company	The Company 18th series of unsecured bonds	November 27, 2020	9,990	–	–	November 27, 2025
The Company	The Company 19th series of unsecured bonds	June 3, 2021	39,957	**39,987**	0.090	June 3, 2026
The Company	The Company 20th series of unsecured bonds	June 3, 2021	29,943	**29,960**	0.180	June 2, 2028
The Company	The Company 21st series of unsecured bonds	June 7, 2022	19,956	**19,974**	0.290	June 7, 2027
The Company	The Company 22nd series of unsecured bonds	October 26, 2023	39,888	**39,918**	0.673	October 26, 2028
The Company	The Company 23rd series of unsecured bonds	October 26, 2023	19,931	**19,943**	0.996	October 25, 2030
The Company	The Company 24th series of unsecured bonds	October 26, 2023	32,876	**32,890**	1.318	October 26, 2033
The Company	The Company 25th series of unsecured bonds	May 29, 2025	–	**19,942**	1.182	May 29, 2028
The Company	The Company 26th series of unsecured bonds	May 29, 2025	–	**29,899**	1.412	May 29, 2030
The Company	The Company 27th series of unsecured bonds	May 29, 2025	–	**14,942**	1.665	May 28, 2032
The Company	The Company 28th series of unsecured bonds	May 29, 2025	–	**34,860**	2.075	May 29, 2035
Total			267,389	**332,190**	–	–

17. LEASES

(1) LEASING ACTIVITIES

The Group has entered into leases mainly for real estate of business offices and warehouses.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are mainly included in real estate leases for business offices and warehouses, many of which are options to extend the lease over one year or the same period as the original contract or options to terminate early the lease upon a six-month written notice to the counterparty. These options are used by the lessee as necessary to utilize real estate for business.

Some of the leases within the Group contain variable payment terms for warehouse fees that are linked to the volume of inventories or real estate rents that are linked to sales generated from the store. Variable payment terms are used in order to link rental payments to real estate cash flows and minimize fixed costs.

(2) RIGHT-OF-USE ASSETS

Carrying amounts and depreciation and amortization of right-of-use assets consisted of the following:

(¥ millions)

	Property, plant and equipment				Intangible assets	
	Buildings and structures	Machinery, equipment and vehicles	Tools, fixtures and fittings	Land	Software	Total
Balance at January 1, 2024	¥ 48,176	¥ 8,335	¥ 8,138	¥ 7,520	¥ 882	¥ 73,050
Acquisitions	3,907	2,004	2,833	68	127	8,939
Acquisitions through business combinations	6,117	–	–	–	–	6,117
Depreciation and amortization	(13,339)	(2,057)	(4,103)	(332)	(506)	(20,337)
Impairment losses	(743)	–	–	–	–	(743)
Other	17	324	(1,388)	510	–	(536)
Balance at December 31, 2024	**44,135**	**8,606**	**5,480**	**7,765**	**502**	**66,489**
Acquisitions	**19,352**	**3,402**	**1,304**	**1,051**	**36**	**25,144**
Depreciation and amortization	**(14,282)**	**(2,230)**	**(2,369)**	**(395)**	**(204)**	**(19,480)**
Impairment losses	**(1,009)**	**(371)**	**–**	**–**	**–**	**(1,380)**
Other	**1,713**	**(99)**	**(284)**	**3,160**	**(5)**	**4,485**
Balance at December 31, 2025	**49,908**	**9,308**	**4,131**	**11,581**	**329**	**75,257**

(3) LEASE LIABILITIES

Lease liabilities by maturity were as follows:

At December 31, 2024

(¥ millions)

	Carrying amount	Contractual cash flow	Due within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Lease liabilities	¥ 73,762	¥ 85,159	¥ 19,247	¥ 12,583	¥ 8,868	¥ 7,444	¥ 5,414	¥ 31,602

At December 31, 2025

(¥ millions)

	Carrying amount	Contractual cash flow	Due within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Lease liabilities	**¥ 79,404**	**¥ 90,926**	**¥ 19,117**	**¥ 14,659**	**¥ 11,024**	**¥ 9,089**	**¥ 7,100**	**¥ 29,937**

(4) AMOUNTS RECORDED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Interest paid for leases	¥ 1,522	**¥ 1,951**
Variable leases	722	**787**
Short-term leases	2,335	**1,998**
Leases for low value items	1,160	**1,122**

(5) AMOUNT RECORDED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Total cash outflow for leases	¥ 25,962	**¥ 26,729**

18. EMPLOYEE BENEFITS

(1) DEFINED BENEFIT PLANS

As defined benefit plans, the Group has lump-sum severance payment plans, defined benefit corporate pension plans and employees' pension fund plans.

Benefits under the defined benefit plans are determined based on the points earned during the service period, benefit rates upon retirement, number of years of service, last average salary before retirement and other conditions.

In some cases, additional retirement benefits are paid for early retirement of employees before the ordinary retirement dates.

The defined benefit plans are managed by the Group or pension funds that are separate from the Group in accordance with relevant laws and regulations.

The Group or the administrative board of the pension funds and the pension management entrusted organizations are required by laws and regulations to faithfully conduct their work in relation to the funds of plan participants, bearing the responsibility to manage plan assets in accordance with given policies.

In managing plan assets, the optimum asset mix is formulated by external institutions that conduct pension ALM (asset liability management). Under the optimum asset mix, risks, expected rates of return and asset composition ratios by investment asset are determined, and plan assets are managed by maintaining the composition ratios.

The Group and pension funds periodically examine the pension financing pursuant to laws and regulations in order to keep the balance of pension finance in preparation for the appropriation for and shortages in future payments of benefits, and recalculate the amount of pension contributions.

Major plans of the Group are exposed to risks such as investment risk, interest rate risk, inflation risk and life span risk.

1) Defined benefit obligations and plan assets

The following table shows the relationship between the present value of defined benefit obligations, fair value of plan assets and defined benefit liability (asset) in the consolidated statement of financial position:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Present value of defined benefit obligations	¥ 244,837	**¥ 198,858**
Fair value of plan assets	(236,687)	**(223,524)**
Adjustments for asset ceiling	10,438	**33,291**
Total	18,588	**8,625**
Defined benefit liability	54,986	**46,289**
Defined benefit asset (Note)	(36,398)	**(37,664)**

Note: Defined benefit asset is included in other non-current assets in the consolidated statement of financial position.

2) Reconciliation of defined benefit obligations

Reconciliation between the beginning balance and ending balance of the present value of defined benefit obligations was as follows:

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Balance at January 1	¥ 255,340	**¥ 244,837**
Current service cost	9,307	**8,724**
Interest cost	3,883	**4,334**
Remeasurement loss (gain)		
Changes in demographic assumptions	(437)	**(4,093)**
Changes in financial assumptions	(10,786)	**(17,112)**
Changes in experience adjustment	(691)	**496**
Foreign currency translation differences	1,934	**(601)**
Payments from plans	(20,418)	**(28,520)**
Effects of business combinations and disposals	6,703	**–**
Decrease due to the settlement of the plan (Note)	–	**(9,320)**
Other changes	3	**114**
Balance at December 31	244,837	**198,858**

Note: "Decrease due to the settlement of the plan" represents the partial settlement of the defined benefit pension plan by Coca-Cola Beverages Northeast, Inc.

Weighted-average duration of defined benefit obligations was 10.6 years at December 31, 2024 and 9.5 years at December 31, 2025.

3) Reconciliation of plan assets

Reconciliation between the beginning balance and ending balance of the fair value of plan assets was as follows:

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Balance at January 1	¥ 231,031	**¥ 236,687**
Interest income	3,580	**4,079**
Remeasurement loss (gain)		
Gain on plan assets (excluding interest income)	4,478	**5,621**
Foreign currency translation differences	1,609	**(573)**
Contributions paid by the employer	4,311	**4,566**
Payments from plans	(14,098)	**(17,367)**
Effects of business combinations and disposals	5,852	**–**
Decrease due to the settlement of the plan(Note)	–	**(9,497)**
Other changes	(77)	**7**
Balance at December 31	236,687	**223,524**

Note: "Decrease due to the settlement of the plan" represents the partial settlement of the defined benefit pension plan by Coca-Cola Beverages Northeast, Inc.

The Group plans to contribute ¥3,403 million to the defined benefit plans for the year ending December 31, 2026.

4) Changes in adjustments for asset ceiling

Adjustments for asset ceiling were as follows:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Balance at January 1	¥ –	**¥ 10,438**
Interest income	–	**138**
Remeasurements Effect of limiting net plan assets to asset ceiling	10,438	**22,716**
Balance at December 31	10,438	**33,291**

5) Details of plan assets by class

Total plan assets consisted of the following:

(¥ millions)

	At December 31, 2024		**At December 31, 2025**	
	With quoted prices in active markets	Without quoted prices in active markets	With quoted prices in active markets	Without quoted prices in active markets
Equity instruments	¥ 45,401	¥ –	**¥ 52,672**	**¥ –**
Debt instruments	90,477	–	**52,832**	**–**
General accounts	–	56,380	**–**	**69,833**
Other	291	44,138	**48**	**48,139**
Total	136,169	100,518	**105,551**	**117,973**

6) Actuarial assumptions

Major actuarial assumptions were as follows:

	At December 31, 2024	**At December 31, 2025**
Discount rate (weighted-average)	2.0%	**2.6%**

The effect of 0.5% change in the material actuarial assumptions on the defined benefit obligations was as follows, assuming that the other variables are constant:

(¥ millions)

		At December 31, 2024	**At December 31, 2025**
Discount rate	Increase by 0.5%	¥ (8,865)	**¥ (7,010)**
	Decrease by 0.5%	9,804	**7,815**

(2) DEFINED CONTRIBUTION PLANS

The Company and some of its consolidated subsidiaries have defined contribution plans as well as defined benefit plans.

Expenses recorded for the defined contribution plans (including expenses recognized in relation to public pension systems) were ¥18,473 million for the year ended December 31, 2024 and ¥18,711 million for the year ended December 31, 2025.

(3) EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses included in the consolidated statement of profit or loss were ¥362,468 million for the year ended December 31, 2024 and ¥368,708 million for the year ended December 31, 2025. Employee benefit expenses mainly include salaries, employee bonuses, statutory welfare expenses and expenses for post-retirement benefits. Interest costs and interest income on post-retirement benefits are included in finance costs on a net basis, and past service costs are included in other operating expenses and other operating income. Other expenses relating to employee benefits are included in cost of sales, selling, general and administrative expenses and other operating expenses.

19. PROVISIONS

Details of and changes in provisions were as follows:
Year ended December 31, 2025

(¥ millions)

	Asset retirement obligations (Note 1)	Provision for business restructuring (Note 2)	Other (Note 3)	Total
Balance at January 1	¥ 4,795	¥ 10,811	¥ 3,708	¥ 19,314
Increase	3,907	7,603	14,938	26,448
Decrease resulting from settlement	(67)	(17,003)	(3,859)	(20,929)
Decrease due to reversal	–	(82)	(2,366)	(2,447)
Foreign currency translation differences	61	107	220	389
Balance at December 31	**8,697**	**1,436**	**12,642**	**22,775**
Non-current liabilities	8,518	–	3,072	11,590
Current liabilities	179	1,436	9,569	11,184

Notes:
1. This primarily relates to restoration obligations associated with real estate lease contracts for buildings.
2. Provision is recorded for reasonable estimates of expenses and losses to be incurred upon business restructuring. The main component of the balance at January 1 was the provision for loss on transfer incurred upon the conclusion of the agreement to transfer the amino acid and human milk oligosaccharide (HMO) businesses of the Company's subsidiary Kyowa Hakko Bio Co., Ltd. As the transfer was completed during the current fiscal year, there is no balance at December 31.
3. Other provisions include such as provision for onerous contracts, and provision for compensation losses.

20. TRADE AND OTHER PAYABLES

Trade and other payables consisted of the following:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Notes and accounts payable, trade	¥ 162,097	**¥ 164,851**
Accounts payable	108,882	**106,678**
Refund liabilities	93,286	**109,957**
Total	364,265	**381,487**

Note: Trade and other payables are classified as financial liabilities measured at amortized cost.

21. OTHER LIABILITIES

Other non-current liabilities and other current liabilities consisted of the following:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Liquor taxes payable	¥ 72,003	**¥ 72,319**
Contract liabilities (Note)	25,368	**28,382**
Other	139,489	**131,441**
Total	236,860	**232,142**
Non-current liabilities	13,622	**9,489**
Current liabilities	223,238	**222,653**

Note: The beginning balance of contract liabilities recognized as revenue was ¥9,142 million and ¥15,544 million for the years ended December 31, 2024 and 2025, respectively. Revenue recognized from the performance obligations satisfied in prior years was ¥41,714 million and ¥55,000 million for the years ended December 31, 2024 and 2025, respectively. These amounts mainly consist of milestone revenue and running royalty revenue.

22. REVENUE

(1) ANALYSIS OF REVENUE AND RECONCILIATION TO REVENUE FROM UNAFFILIATED CUSTOMERS BY SEGMENT

The Group disaggregates the segment revenue of its four reportable segments, namely, “Alcoholic Beverages Business,” “Non-alcoholic Beverages Business,” “Pharmaceuticals Business” and “Health Science Business,” into units used by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating the business results. Note that amounts for Kirin Brewery Company, Limited and Coca-Cola Beverages Northeast, Inc. are shown on a non-consolidated basis, while figures for other companies are shown on a consolidated basis.

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Alcoholic Beverages		
Kirin Brewery Company, Limited	¥ 657,506	**¥ 659,525**
Lion Pty Ltd	294,612	**283,338**
Australia and New Zealand	202,880	**195,494**
US Craft and others.	91,732	**87,844**
Other	129,576	**132,398**
Total	1,081,694	**1,075,261**
Non-alcoholic Beverages		
Kirin Beverage Company, Limited	265,826	**266,453**
Coca-Cola Beverages Northeast, Inc.	286,906	**299,884**
Other	12,138	**11,852**
Total	564,871	**578,190**
Pharmaceuticals	495,295	**496,514**
Health Science		
FANCL CORPORATION	34,241	**111,447**
Blackmores Limited	69,133	**70,167**
Other	71,882	**69,753**
Total	175,256	**251,366**
Others	21,270	**32,031**
Consolidated	2,338,385	**2,433,363**

(2) TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS

The following table shows the total transaction price which is allocated to residual performance obligations and periods when the revenue is expected to be recognized under agreements and other arrangements related to licensing revenue. The transactions with initial expected remaining periods not exceeding one year are excluded since a practical expedient is applied.

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Due within one year	¥ 16,260	**¥ 24,293**
Between one and two years	8,962	**3,939**
Between two and three years	110	**119**
More than three years	35	**32**
Total	25,368	**28,382**

23. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses consisted of the following:

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Sales promotion and advertising	¥ 169,421	**¥ 181,797**
Employee benefit expenses	260,749	**269,652**
Freight	61,239	**66,620**
Research and development	116,038	**118,045**
Depreciation and amortization	49,988	**54,149**
Other	197,552	**215,955**
Total	854,987	**906,218**

24. OTHER OPERATING INCOME

Other operating income consisted of the following:

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Gain on sale of property, plant and equipment and intangible assets	¥ 3,713	**¥ 3,351**
Gain on sale of shares of subsidiaries	7,372	–
Other	5,060	**3,146**
Total	16,145	**6,497**

25. OTHER OPERATING EXPENSES

Other operating expenses consisted of the following:

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Impairment losses	¥ 13,389	**¥ 6,175**
Business restructuring expenses (Note)	37,399	**18,417**
Loss on disposal and sale of property, plant and equipment and intangible assets	7,146	**4,550**
Loss on step acquisitions	18,265	–
Other	25,574	**19,463**
Total	101,773	**48,605**

Note: Regarding the business restructuring expenses, the Group recorded ¥19,692 million for the year ended December 31, 2024, and ¥14,274 million for the year ended December 31, 2025, primarily as additional employees' retirement benefits to be paid upon business restructuring.

26. FINANCE INCOME AND FINANCE COSTS

Finance income and finance costs consisted of the following:

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Interest income (Note 1)	¥ 10,448	**¥ 7,076**
Dividend income (Note 2)	655	**1,319**
Foreign exchange gains (net)	1,375	**–**
Other	2,116	**2,278**
Total finance income	14,595	**10,673**
Interest paid (Note 1)	6,916	**11,029**
Foreign exchange losses (net)	–	**3,109**
Loss on valuation of financial instruments	10,182	**2,329**
Other	896	**1,853**
Total finance costs	17,994	**18,321**

Notes:
1. Interest income and interest paid were generated mainly from financial assets and financial liabilities measured at amortized cost.
2. Dividend income was generated from equity instruments measured at fair value through other comprehensive income.

27. CASH FLOWS

(1) RECONCILIATION OF LIABILITIES FOR FINANCING ACTIVITIES

Changes in major assets and liabilities for financing activities were as follows:

Year ended December 31, 2024

(¥ millions)

	Balance at January 1, 2024	Total changes arising from cash flows from financing activities	Non-cash transactions and other changes				Balance at December 31, 2024
			Acquisitions	Acquisitions through business combinations	Foreign currency translation differences	Other	
Short-term borrowings	¥ 701	¥ (717)	¥ –	¥ –	¥ 23	¥ –	¥ 7
Commercial paper	–	12,999	–	–	–	–	12,999
Long-term borrowings (Note)	358,499	218,403	–	–	190	82	577,174
Bonds (Note)	297,197	(30,000)	–	–	–	192	267,389
Lease liabilities (Note)	76,682	(20,223)	7,169	8,134	2,956	(956)	73,762

Note: The balance of current portion is included.

Year ended December 31, 2025

(¥ millions)

	Balance at January 1, 2025	Total changes arising from cash flows from financing activities	Non-cash transactions and other changes			Balance at December 31, 2025
			Acquisitions	Foreign currency translation differences	Other	
Short-term borrowings	**¥ 7**	**¥ 26**	**¥ –**	**¥ (12)**	**¥ –**	**¥ 21**
Commercial paper	**12,999**	**2,996**	**–**	**–**	**–**	**15,995**
Long-term borrowings (Note)	**577,174**	**(2,029)**	**–**	**7**	**75**	**575,227**
Bonds (Note)	**267,389**	**64,601**	**–**	**–**	**201**	**332,190**
Lease liabilities (Note)	**73,762**	**(20,871)**	**24,928**	**738**	**847**	**79,404**

Note: The balance of current portion is included.

(2) PAYMENT FOR REDEMPTION OF BONDS WITH SHARE ACQUISITION RIGHTS

Payment for redemption of bonds with share acquisition rights of ¥9,621 million in the year ended December 31, 2024 relates to bonds with share acquisition rights issued by Orchard Therapeutics before the business combination.

28. OTHER COMPREHENSIVE INCOME

The following table shows amounts arising during the year, amounts reclassified to profit or loss and tax effects for each component of comprehensive income included in other comprehensive income:

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Net change in equity instruments measured at fair value through other comprehensive income		
Amount arising during the year	¥ 761	**¥ 5,507**
Before taxes	761	**5,507**
Tax effects	(284)	**(2,021)**
After taxes	476	**3,486**
Remeasurements of defined benefit plans		
Amount arising during the year	5,954	**3,615**
Before taxes	5,954	**3,615**
Tax effects	(1,742)	**(891)**
After taxes	4,213	**2,724**
Foreign currency translation differences on foreign operations		
Amount arising during the year	69,016	**43,772**
Reclassification adjustments	–	**(1,740)**
Before taxes	69,016	**42,031**
Tax effects	(258)	**258**
After taxes	68,758	**42,289**
Cash flow hedges		
Amount arising during the year	5,353	**(164)**
Reclassification adjustments	(90)	**(1,718)**
Before taxes	5,263	**(1,882)**
Tax effects	(1,742)	**697**
After taxes	3,521	**(1,184)**
Share of other comprehensive income of equity-accounted investees		
Amount arising during the year	(4,526)	**2,235**
Reclassification adjustments	(65)	**(45)**
Before taxes	(4,591)	**2,190**
Tax effects	–	**–**
After taxes	(4,591)	**2,190**
Total other comprehensive income		
Amount arising during the year	76,558	**54,965**
Reclassification adjustments	(155)	**(3,503)**
Before taxes	76,403	**51,462**
Tax effects	(4,027)	**(1,957)**
After taxes	72,376	**49,505**

29. EARNINGS PER SHARE

(1) BASIS OF CALCULATION OF BASIC EARNINGS PER SHARE

The basis of calculation of basic earnings per share was as follows:

1) Profit attributable to ordinary shareholders of the Company (basic)

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Profit attributable to owners of the Company	¥ 58,214	**¥ 147,542**
Profit not attributable to ordinary shareholders of the Company	–	**–**
Profit attributable to ordinary shareholders of the Company	58,214	**147,542**

2) Weighted-average number of ordinary shares (basic)

(Thousands of shares)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Weighted-average number of ordinary shares	**809,944**	**810,077**

(2) BASIS OF CALCULATION OF DILUTED EARNINGS PER SHARE

Diluted earnings per share were calculated as follows based on profit attributable to ordinary shareholders of the Company and weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares:

1) Profit attributable to ordinary shareholders of the Company (diluted)

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Profit attributable to ordinary shareholders of the Company	¥ 58,214	**¥ 147,542**
Adjustments for potential ordinary shares issued by subsidiary and associates	(9)	**(0)**
Profit attributable to ordinary shareholders of the Company (diluted)	58,205	**147,542**

2) Weighted-average number of ordinary shares (diluted)

(Thousands of shares)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Weighted-average number of ordinary shares (basic)	809,944	**810,077**
Effect of dilution	–	**–**
Weighted-average number of ordinary shares (diluted)	809,944	**810,077**

30. SHARE-BASED PAYMENTS

(1) DETAILS OF SHARE-BASED PAYMENT PLANS

The Company has adopted a Board Incentive Plan Trust as a performance-linked remuneration system for Directors, excluding Outside Directors, and Executive Officers of the Company who are residents in Japan ("the Directors and Officers"), for the sake of stable and efficient operation of the remuneration system as well as providing the Directors and Officers of the Company with incentives for improving medium- to long-term performance and increasing corporate value.

Kyowa Kirin Co., Ltd., a subsidiary of the Company, has adopted a restricted stock compensation system, which is an equity-settled share-based payment plan, and a performance-linked share-based remuneration plan (Performance Share Unit), which is an equity-settled and cash-settled share-based payment plan, for directors and officers of the company. It has also adopted a phantom stock plan, which is a cash-settled share-based payment plan, for certain employees of the Kyowa Kirin Co., Ltd. group.

(2) BOARD INCENTIVE PLAN TRUST

1) Details of the program

The Board Incentive Plan Trust is a scheme whereby a trust funded and created by the Company acquires shares in the Company by using such funds and delivers, in principle, the Company's shares along with the payment of cash equivalent to the proceeds from the realization of the Company's shares that are realizable (the "Company's Shares, etc." collectively) to the Directors and Officers who have been granted points in accordance with the Share Delivery Rules of the Company when the Directors and Officers follow the prescribed beneficiary-determining procedure at a certain point in time after three years have passed since the start of each performance evaluation period. When the Company's Shares, etc. are delivered or paid to the Directors and Officers, one point is converted to one share. Of the Company's Shares, etc., shares that are realizable under the Share Delivery Rules are delivered in cash in an amount equivalent to the value that those shares can be converted to.

2) Number of points granted during the year and fair values

	Year ended December 31, 2024	**Year ended December 31, 2025**
Grant date	March 28, 2024	**March 28, 2025**
Number of points granted	119,578	**304,252**
Fair value at grant date (Yen)	¥ 2,102.0	**¥ 2,108.0**

Note: Since fair value at grant date was considered to be approximately equal to the Company's share price at grant date, the fair value was determined using the share price at grant date.

(3) RESTRICTED STOCK COMPENSATION SYSTEM

1) Details of the program

Under the system, directors and officers of the Company's subsidiary Kyowa Kirin Co., Ltd. are issued with ordinary shares of Kyowa Kirin Co., Ltd. upon the payment of all monetary compensation claims provided in the form of contribution in kind, on condition that they remain in the position of director or officer of the company for a certain period.

The ordinary shares of Kyowa Kirin Co., Ltd. are issued under restricted stock compensation on condition that the company and the directors and officers conclude an agreement which contains the following provisions: (i) the shares shall not be transferred to a third party, securitized or disposed of during a certain period, and (ii) when certain grounds arise, the shares will be acquired by the company without compensation.

2) Number of shares granted during the year and fair values

	Year ended December 31, 2024	**Year ended December 31, 2025**
Grant date	April 11, 2024	**April 8, 2025**
Number of shares granted (Shares)	68,399	**112,206**
Fair value (Yen)	¥ 2,845	**¥ 2,184**

(4) PERFORMANCE-LINKED SHARE-BASED REMUNERATION PLAN (PERFORMANCE SHARE UNIT)

1) Details of the plan

The Company's subsidiary Kyowa Kirin Co., Ltd. has introduced a performance-linked share-based remuneration plan (Performance Share Unit), where the remuneration is granted based on the degree of achievement of performance targets with the period of three consecutive fiscal years as the period of performance evaluation (hereinafter, the "Performance Evaluation Period").

The directors and executive officers of the company are subject to the plan. At the beginning of the Performance Evaluation Period, the reference number of shares to be delivered is determined upon resolution by the board of directors. After the end of the Performance Evaluation Period, the reference number of shares to be delivered is multiplied by the degree of achievement of performance targets in the range of 0% to 150%. Approximately half of this amount is delivered in the form of shares and the remaining amount is paid in cash to the directors and officers during a specified period, normally April, every year.

The carrying amount of liabilities related to the plan was ¥88 million and ¥118 million as of December 31, 2024 and 2025, respectively.

2) Number of performance share units outstanding during the year

	Year ended December 31, 2024	**Year ended December 31, 2025**
	Reference number of shares to be delivered	Reference number of shares to be delivered
Shares at January 1	112,933	**116,514**
Grants	39,924	**84,219**
Other increases	2,790	**–**
Delivery or Payment	(32,238)	**(19,242)**
Other decreases	(6,895)	**(16,333)**
Shares at December 31	116,514	**165,158**
Weighted-average fair value (Yen)	¥ 2,933	**¥ 2,506**

Note: The fair value under the plan is measured based on the market price of the company's shares on the business day immediately before the date of resolution by the company's board of directors at the start of the applicable period of the plan and is not adjusted in consideration of expected dividends.

(5) PHANTOM STOCK PLAN

Kyowa Kirin Co., Ltd., a subsidiary of the Company, and some of its subsidiaries have adopted a phantom stock plan, which settles amounts based on the share price of Kyowa Kirin Co., Ltd. at the vesting of rights in cash when granting compensation.

Certain employees of the Kyowa Kirin Co., Ltd. group are subject to the plan. The vesting condition for the rights is three-year continuous service on and after the grant date, in principle. The plan does not have an exercise price as it determines and pays compensation amounts based on the share price of Kyowa Kirin Co., Ltd.

The carrying amount of liabilities related to the plan as of December 31, 2024 and 2025 was ¥917 million and ¥1,406 million, respectively.

(6) SHARE OPTION PLAN

1) Details of the plan

Until the year ended December 31, 2019, the Company's subsidiary, Kyowa Kirin Co., Ltd. had the share option plan, all of which are equity-settled share-based payments. Based on the details approved at the shareholders meetings and by the Board of Directors' Meetings of Kyowa Kirin Co., Ltd., share acquisition rights issued as share options are granted to directors and managing officers of Kyowa Kirin Co., Ltd. and some directors of the subsidiaries of Kyowa Kirin Co., Ltd. If grantees are dismissed from the position of director or managing officer, the share acquisition rights will be extinguished. When the retirement date of the grantee comes before the expiration of his or her term of office, the number of share acquisition rights is adjusted according to the number of months of his or her tenure. The exercise period is defined in the allotment agreement, ranging from three to twenty years. If the grantee loses his or her position or does not exercise the share acquisition rights during the exercise period, said rights will be extinguished.

2) Number of share options and weighted-average exercise prices

	Year ended December 31, 2024		**Year ended December 31, 2025**	
	Number of shares (Shares)	Weighted-average exercise price (Yen)	Number of shares (Shares)	Weighted-average exercise price (Yen)
Outstanding at January 1	46,900	¥ 1	**12,200**	**¥ 1**
Grants	–	–	–	–
Exercise	(34,700)	1	**(12,200)**	**1**
Expiry or extinguishment at maturity	–	–	–	–
Outstanding at December 31	12,200	1	–	–
Exercisable outstanding at December 31	12,200	1	–	–

Notes:
1. The weighted-average share price at the exercise dates for the share options exercised during the years ended December 31, 2024 and 2025 was ¥2,538 and ¥2,284, respectively.
2. The weighted-average remaining period of the outstanding share options was 0.2 years for the year ended December 31, 2024. For the year ended December 31, 2025, all of these share acquisition rights were exercised by February 12, 2025.

(7) AMOUNTS RECORDED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Expenses related to the aforementioned share-based payment plans were as below. They were recorded in selling, general and administrative expenses in the consolidated statement of profit or loss.

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Equity-settled	¥ 522	**¥ 683**
Cash-settled	463	**568**
Total	985	**1,251**

31. FINANCIAL INSTRUMENTS

(1) CAPITAL MANAGEMENT

The Group's basic policy for capital management is to maintain optimum capital structure with a focus on providing shareholders with returns and securing a sound, flexible financial footing towards the objective of maximizing corporate value. Aiming to improve profitability and efficiency, the Group utilizes cash flows which are provided by activities such as generating Group synergies, promoting CSV management and reducing assets, in order to conduct business investments and capital investments, provide shareholder returns, and repay interest-bearing liabilities.

(2) MATTERS RELATED TO RISK MANAGEMENT

The Group is exposed to financial risks, including credit risk, liquidity risk and market risk, in its business activities. To reduce such risks, the Group practices risk management based on established policies and procedures.

The Group limits the use of derivatives to that for the purpose of hedging financial risks, and does not use derivatives for speculative purposes.

(3) CREDIT RISK

1) Credit risk management

The Group is exposed to credit risk associated with trade receivables (notes and accounts receivable, trade), other receivables (accrued accounts receivable) and other financial assets (such as guarantee deposits).

In accordance with the internal policies for managing credit risk arising from these financial assets, in each sales division, the Company and relevant subsidiaries monitor credit worthiness of their main customers and counterparties on a periodical basis and manage due dates and outstanding balances by individual customer. In addition, efforts are made to quickly identify and mitigate risks of bad debts from customers who are having financial difficulties.

The Group believes that the credit risk of derivatives is insignificant as it enters into derivatives only with financial institutions which have a high credit rating.

The Group is not exposed to credit risk that is significantly concentrated on any particular customer or group which it belongs to.

2) Credit risk

Carrying amounts (before allowance for doubtful accounts) of financial assets by stage at December 31, 2024 and December 31, 2025 were as follows:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Trade and other receivables	¥ 504,530	**¥ 537,753**
Other financial assets measured at amortized cost		
Financial assets in stage 1	48,790	**34,472**
Financial assets in stage 2	795	**793**
Financial assets in stage 3	305	**304**

The maximum amount of credit risk at the reporting date without considering the valuation of collateral held by the Group is represented by the carrying amount of financial assets exposed to the credit risk. The collateral held as guarantee mainly consists of security deposits.

The Group collectively assesses expected credit losses on trade and other receivables and financial assets in stage 1 by multiplying the rate of credit losses in prior years by a provision rate that reflects forecasts of future economic conditions and other factors, and individually assesses expected credit losses on financial assets in stage 2 and stage 3 based on considering credit losses in prior years and forecasts of future economic conditions and other factors.

The table of changes in allowance for doubtful accounts related to the above financial assets was as follows:

(¥ millions)

	Trade and other receivables	Other financial assets measured at amortized cost		
	Allowance for doubtful accounts related to financial assets under the simplified approach	Allowance for doubtful accounts related to financial assets in stage 1	Allowance for doubtful accounts related to financial assets in stage 2	Allowance for doubtful accounts related to financial assets in stage 3
Balance at January 1, 2024	¥ 1,535	¥ 542	¥ 789	¥ 601
Net provision	164	(123)	4	(253)
Release due to settlement	(240)	–	(24)	(24)
Other	191	(5)	27	(19)
Balance at December 31, 2024	1,649	414	795	305
Net provision	**634**	**(1)**	**3**	**49**
Release due to settlement	**(310)**	**(0)**	**(5)**	**(49)**
Other	**67**	**–**	**–**	**0**
Balance at December 31, 2025	**2,040**	**412**	**793**	**304**

The balance of guarantee obligations presented below represents the Group's maximum credit exposure relating to those obligations.

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Loan obligations of employees	¥ 49	**¥ 31**

The Group has not recorded any provision for losses on guarantees which may be incurred due to performance under the guarantee obligation contracts because the amount is not expected to be material.

(4) LIQUIDITY RISK

1) Liquidity risk management

In accordance with the internal policies for managing financial risks, the Group formulates fund procurement plans based on the business plan for each year to counter liquidity risk. The Group also manages the liquidity risk which arises mainly due to deterioration in the fund procurement environment by, for example, entering into commitment lines with several financial institutions and achieving an appropriate balance between direct and indirect fund procurement as well as short-term and long-term fund procurement.

2) Financial liabilities by maturity

Financial liabilities by maturity were as follows:

At December 31, 2024

(¥ millions)

	Carrying amount	Contractual cash flow	Due within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Trade and other payables	¥ 364,265	¥ 364,265	¥ 364,265	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds and borrowings	857,569	897,083	83,484	70,458	93,865	105,047	124,634	419,594
Derivative liabilities	7,638	7,638	1,442	6,196	–	–	–	–
Other financial liabilities (current)	35,872	35,872	35,872	–	–	–	–	–
Other financial liabilities (non-current)	1,411	1,411	0	0	0	0	0	1,411

At December 31, 2025

(¥ millions)

	Carrying amount	Contractual cash flow	Due within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Trade and other payables	**¥ 381,487**	**¥ 381,487**	**¥ 381,487**	**¥ –**	**¥ –**	**¥ –**	**¥ –**	**¥ –**
Bonds and borrowings	**923,434**	**971,744**	**88,508**	**95,949**	**127,024**	**126,488**	**127,519**	**406,257**
Derivative liabilities	**5,398**	**5,398**	**5,368**	**30**	**–**	**–**	**–**	**–**
Other financial liabilities (current)	**38,797**	**38,797**	**38,797**	**–**	**–**	**–**	**–**	**–**
Other financial liabilities (non-current)	**1,277**	**1,277**	**–**	**–**	**–**	**–**	**–**	**1,277**

(5) MARKET RISK MANAGEMENT

1) Foreign exchange risk management

The Group operates businesses globally and, therefore, is exposed to the risk that Group's equity is influenced by foreign exchange fluctuations as a result of transactions undertaken in currencies other than the functional currency and when financial statements of foreign operations are translated into Japanese yen and consolidated. To manage foreign exchange risk, the Group hedges such risk mainly using foreign exchange contracts and currency swaps.

The Group is exposed to foreign exchange risk primarily from the Myanmar kyats, the U.S. dollar and the euro (excluding the risk related to transactions undertaken in the functional currency of each Group company).

The main net exposure to foreign exchange risk of the Group was as follows (figures in parentheses indicate liability), excluding exposures hedged by derivative transactions:

	At December 31, 2024	**At December 31, 2025**
Myanmar kyats (Thousands of Myanmar kyats)	343,431,695	**343,706,074**
U.S. dollar (Thousands of U.S. dollars)	94,461	**92,174**
Euro (Thousands of euro)	80,613	**140,684**

For the foreign currency denominated financial instruments held by the Group at the reporting date, if the Japanese yen depreciates by 10% against the Myanmar kyats, the U.S. dollar and the euro, the impact on profit after tax is as set out below.

The impact of translating financial instruments denominated in the functional currency, assets and liabilities of foreign operations and income and expenses into Japanese yen is not included. In addition, other variable factors are assumed to remain constant.

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Myanmar kyats	¥ 2,147	**¥ 1,224**
U.S. dollar	1,092	**1,046**
Euro	929	**1,802**

2) Interest rate risk

The Group is not exposed to interest rate risk since the Group does not hold any financial instruments with floating interest rates at the reporting date.

3) Price fluctuation risk

The Group is exposed to share price fluctuation risk arising from equity instruments (shares). For the equity instruments, the Group regularly assesses the fair values, the financial conditions of the issuers and other relevant factors, and continuously reviews the holding status of such instruments by taking into account the relationship with the issuer when the issuer is a customer of the Group.

If the market price of equity instruments held by the Group at the reporting date increases by 1% with other variable factors assumed to remain constant, the impact on other comprehensive income (before tax) is ¥290 million and ¥361 million for the years ended December 31, 2024 and 2025, respectively.

The Group is exposed to price fluctuation risk of commodities, such as aluminum and oil, but such exposure is hedged using mainly commodity swaps. If the price of aluminum and oil changes by 1% at the reporting date, the impact on profit before tax is not material.

The Group's exposure to price fluctuation risk of commodities is not material.

In addition, the Group determines whether there is an economic relationship between the hedged item and hedging instrument based on the amount and timing of the associated cash flows and other factors. In the hedging relationships to which the Group currently applies hedge accounting, the important conditions of the hedged item and hedging instrument are consistent.

(6) DERIVATIVE TRANSACTIONS AND HEDGE ACCOUNTING

1) Derivative transactions for which hedge accounting has not been applied

Notional amount and fair value of derivative transactions for which hedge accounting has not been applied were as follows:

(¥ millions)

	At December 31, 2024		**At December 31, 2025**	
	Notional amount	Fair value	Notional amount	Fair value
Forward foreign exchange contracts	¥ 60,496	¥ (6,880)	**¥ 6,326**	**¥ (4,716)**
Commodity futures	1,087	157	**1,072**	**53**
Total	61,583	(6,722)	**7,398**	**(4,663)**

2) Hedge accounting

Items designated as hedging instruments were as follows:

The carrying amounts of derivatives are the amounts recorded in other financial assets or other financial liabilities in the consolidated statement of financial position. The portions due later than one year are classified into non-current assets or non-current liabilities.

At December 31, 2024

(¥ millions)

	Notional amount		Carrying amount		Change in fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness
	Total amount	Portion due later than one year included therein	Assets	Liabilities	
Cash flow hedges					
Foreign exchange risk					
Forward foreign exchange contracts	¥ 40,442	¥ 2,044	¥ 2,123	¥ 226	¥ 4,587
Commodity price risk					
Commodity swaps (oil)	1,331 thousand liters	400 thousand liters	0	7	(20)
Commodity swaps and commodity futures (aluminum and others)	25 thousand tons	2 thousand tons	224	45	787

The average rates for forward foreign exchange contracts are ¥141.01 to the U.S. dollar, ¥156.81 to the euro, and ¥92.25 to the Australian dollar.

At December 31, 2025

(¥ millions)

	Notional amount		Carrying amount		Change in fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness
	Total amount	Portion due later than one year included therein	Assets	Liabilities	
Cash flow hedges					
Foreign exchange risk					
Forward foreign exchange contracts	**¥ 33,762**	**¥ 3,247**	**¥ 352**	**¥ 471**	**¥ (580)**
Commodity price risk					
Commodity swaps (oil)	**1,630 thousand liters**	**300 thousand liters**	**–**	**22**	**(3)**
Commodity swaps and commodity futures (aluminum and others)	**29 thousand tons**	**5 thousand tons**	**538**	**69**	**419**

The average rates for forward foreign exchange contracts are ¥153.93 to the U.S. dollar, ¥179.85 to the euro, and ¥100.91 to the Australian dollar.

The impact on the consolidated statement of comprehensive income as a result of applying hedge accounting was as follows:

Year ended December 31, 2024

(¥ millions)

	Change in the value of hedging instruments recognized in other comprehensive income	Amount reclassified to profit or loss	Line item in profit or loss affected by the reclassification	Amount reclassified to acquisition cost of hedged item
Cash flow hedges				
Foreign exchange risk	¥ 4,587	¥ 203	Cost of sales	¥ –
Commodity price risk	766	(293)	Cost of sales	–

The amount of hedge ineffectiveness recognized in profit or loss was not material.

Year ended December 31, 2025

(¥ millions)

	Change in the value of hedging instruments recognized in other comprehensive income	Amount reclassified to profit or loss	Line item in profit or loss affected by the reclassification	Amount reclassified to acquisition cost of hedged items
Cash flow hedges				
Foreign exchange risk	**¥ (580)**	**¥ (1,579)**	**Cost of sales**	**¥ –**
Commodity price risk	**417**	**(138)**	**Cost of sales**	**–**

The amount of hedge ineffectiveness recognized in profit or loss was not material.

(7) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value hierarchy of financial instruments is categorized from Level 1 to Level 3 as follows:

Level 1: Fair value measured at the quoted price in the active market

Level 2: Fair value determined, either directly or indirectly, using observable prices other than Level 1

Level 3: Fair value determined using valuation techniques including inputs not based on observable market data

Transfers between the levels of the fair value hierarchy are recognized as if they have occurred at the end of the reporting period.

1) Methods of fair value measurement

The method of fair value measurement for each financial instrument is as follows:

Long-term borrowings: The fair value of long-term borrowings is determined as the present value calculated by discounting the combined total of principal and interest with an assumed interest rate for similar new borrowings.

Bonds: The fair value of bonds is determined as the present value calculated by discounting the combined total of principal and interest with an interest rate that reflects the current maturity and credit risk.

Derivatives: The fair value of derivatives is based on prices determined from market data, such as exchange rates and interest rates, by the counterparty financial institutions and other parties.

Shares: The fair value of listed shares is determined based on quoted market prices. The fair value of unlisted shares is determined using valuation techniques based on market prices of similar entities.

2) Financial instruments measured at amortized cost

The carrying amount and fair value of financial instruments measured at amortized cost by level in the fair value hierarchy were as follows:

At December 31, 2024

(¥ millions)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Long-term borrowings (Note)	¥ 577,174	¥ –	¥ –	¥ 571,900	¥ 571,900
Bonds (Note)	267,389	–	262,757	–	262,757

Note: The balance of current portion is included.

At December 31, 2025

(¥ millions)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Long-term borrowings (Note)	**¥ 575,227**	**¥ –**	**¥ –**	**¥ 553,154**	**¥ 553,154**
Bonds (Note)	**332,190**	**–**	**320,475**	**–**	**320,475**

Note: The balance of current portion is included.

The carrying amount of short-term financial assets and liabilities measured at amortized cost is approximately equal to the fair value.

3) Financial instruments measured at fair value
The level in the fair value hierarchy of financial instruments measured at fair value was as follows:

At December 31, 2024

(¥ millions)

	Fair value			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative assets	¥ –	¥ 2,985	¥ –	¥ 2,985
Shares	28,974	–	29,418	58,392
Other	–	79	3,197	3,276
Total	28,974	3,064	32,615	64,653
Liabilities:				
Derivative liabilities	–	1,454	6,184	7,638
Other	–	–	17,400	17,400
Total	–	1,454	23,584	25,037

At December 31, 2025

(¥ millions)

	Fair value			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative assets	**¥ –**	**¥ 1,062**	**¥ –**	**¥ 1,062**
Shares	**36,050**	**–**	**29,130**	**65,180**
Other	**–**	**–**	**2,027**	**2,027**
Total	**36,050**	**1,062**	**31,157**	**68,269**
Liabilities:				
Derivative liabilities	**–**	**603**	**4,795**	**5,398**
Other	**–**	**–**	**18,043**	**18,043**
Total	**–**	**603**	**22,838**	**23,441**

Notes:
1. There were no transfers between Level 1 and Level 2 at December 31, 2024 and December 31, 2025.
2. The measurement of fair value of shares in Level 3 is conducted in accordance with the relevant internal policy, using valuation techniques and inputs that most appropriately reflect their nature, characteristics, and risks.
   The significant unobservable inputs associated with the fair value measurement of shares which are measured at fair value on a recurring basis and are categorized in Level 3 are operating margin and illiquidity discount. The fair value increases (decreases) with higher (lower) operating margin and decreases (increases) with higher (lower) illiquidity discount.
   Changes in the fair value of shares categorized in Level 3 are not material if the unobservable inputs are replaced by reasonable alternative assumptions.

Changes in financial assets categorized in Level 3 were as follows:

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Balance at January 1	¥ 25,992	¥ 32,615
Total gains and losses	2,073	(1,670)
Profit or loss (Note 1)	1,932	68
Other comprehensive income (Note 2)	140	(1,738)
Purchases	3,703	1,577
Sales	(2,120)	(14)
Other	2,968	(1,351)
Balance at December 31	32,615	31,157

Notes:
1. Gains and losses included in profit or loss are related to financial assets measured at fair value through profit or loss at the reporting date. These gains and losses are included in finance income and/or finance costs.
2. Gains and losses included in other comprehensive income are related to equity instruments measured at fair value through other comprehensive income at the reporting date. These gains and losses are included in net change in equity instruments measured at fair value through other comprehensive income.

(8) OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company has entered into cash pooling agreements with financial institutions, and thereby the Company has a legally enforceable right to set off financial assets and financial liabilities recognized under the cash pooling agreements. Furthermore, the Company intends either to settle the amounts on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities recognized under the cash pooling agreements at December 31, 2024 and 2025 were as follows:

At December 31, 2024

(¥ millions)

	Gross amount recognized	Amount of offset	Net amount presented in the consolidated statement of financial position
Financial assets: Cash and cash equivalents	¥ 97,785	¥ (87,122)	¥ 10,663
Financial liabilities: Bonds and borrowings	87,122	(87,122)	–

At December 31, 2025

(¥ millions)

	Gross amount recognized	Amount of offset	Net amount presented in the consolidated statement of financial position
Financial assets: Cash and cash equivalents	**¥ 173,846**	**¥ (151,696)**	**¥ 22,150**
Financial liabilities: Bonds and borrowings	**151,696**	**(151,696)**	**–**

32. RELATED PARTIES

(1) TRANSACTIONS WITH RELATED PARTIES

There are no material related party transactions.

(2) KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation was as follows:

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Short-term employee benefits	¥ 1,094	**¥ 1,361**
Share-based payments	265	**394**
Total	1,359	**1,755**

33. LIST OF SUBSIDIARIES

The Company's consolidated subsidiaries are listed in I. OVERVIEW OF COMPANY, 4. SUBSIDIARIES AND ASSOCIATES.

Changes in consolidated subsidiaries during the year ended December 31, 2025 are as follows:

Increase in number of subsidiaries through acquisition or establishment: 9

Decrease in number of subsidiaries by liquidation or sale: 22

34. NON-CONTROLLING INTERESTS

Financial information before any intra-group eliminations for the Group's subsidiary, Kyowa Kirin Co., Ltd., which has material non-controlling interests, is summarized as follows:

(1) GENERAL INFORMATION

	At December 31, 2024	**At December 31, 2025**
Non-controlling interests ratio	44.81%	**44.83%**
Accumulated amount of non-controlling interests (¥ millions)	¥ 287,074	**¥ 306,856**

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Profit or loss allocated to non-controlling interests	¥ 26,828	**¥ 30,682**
Dividends to non-controlling interests	14,298	**13,845**

(2) SUMMARIZED FINANCIAL INFORMATION

1) Summary of consolidated statement of financial position

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Total non-current assets	¥ 520,734	**¥ 571,909**
Total current assets	504,026	**493,348**
Total equity	808,208	**850,728**
Total non-current liabilities	51,876	**33,450**
Total current liabilities	164,675	**181,078**

2) Summary of consolidated statement of profit or loss

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Revenue	¥ 495,558	**¥ 496,826**
Profit	59,870	**67,040**

3) Summary of consolidated statement of comprehensive income

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Other comprehensive income	¥ 25,444	**¥ 6,088**
Total comprehensive income	85,314	**73,127**

4) Summary of consolidated statement of cash flows

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Net cash flows from operating activities	¥ 67,675	**¥ 96,619**
Net cash flows from (used in) investing activities	(142,387)	**(89,189)**
Net cash flows from (used in) financing activities	(84,488)	**(36,853)**

35. EQUITY-ACCOUNTED INVESTEES

Carrying amounts of equity-accounted investees were as follows:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Joint ventures	**¥ (10,458)**	**¥ 8,324**
Associates	**216,205**	**220,470**
Total	**205,747**	**228,794**

(1) MATERIAL ASSOCIATES

The Group's material associate is San Miguel Brewery Inc. ("San Miguel") (reporting date: September 30).

It should be noted that FANCL Corporation, which had been a material associate in the fiscal year before last (reporting date of December 31), became a consolidated subsidiary at the end of the previous fiscal year following the additional acquisition of 42.72% of its voting rights on September 19, 2024.

1) SAN MIGUEL BREWERY INC.

San Miguel conducts production and sale of beer mainly in the Philippines. The Group will continue enhancing its business base in the growing Southeast Asian beer market in order to develop the business as its growth driver.

The following table reconciles summarized financial information of San Miguel to the carrying amounts of the Group's equity interests. Items in the statement of financial position are based on financial information at September 30, and items in the statements of profit or loss and comprehensive income are based on financial information for the 12-month reporting period of San Miguel ended September 30.

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Percentage ownership interest	48.55%	**48.55%**
Total non-current assets	¥ 308,268	**¥ 314,636**
Total current assets	118,546	**125,435**
Total non-current liabilities	70,531	**81,735**
Total current liabilities	94,479	**81,365**
Equity	261,804	**276,970**
Non-controlling interests	9,667	**9,539**
Equity after deduction of non-controlling interests	252,137	**267,431**
Equity attributable to the Group	122,413	**129,838**
Goodwill and consolidation adjustments	81,819	**81,831**
Carrying amount of equity	204,232	**211,669**

	Year ended December 31, 2024	**Year ended December 31, 2025**
		(¥ millions)
Revenue	¥ 399,622	**¥ 400,556**
Profit or loss from continuing operations	64,968	**67,824**
Equity attributable to owners of the Company	63,763	**67,297**
Non-controlling interests	1,205	**527**
Other comprehensive income	(9,833)	**4,691**
Equity attributable to owners of the Company	(9,833)	**4,691**
Non-controlling interests	–	**–**
Total comprehensive income	55,135	**72,515**
Equity attributable to owners of the Company	53,930	**71,988**
Non-controlling interests	1,205	**527**
Share of:		
Profit or loss from continuing operations	30,957	**32,673**
Other comprehensive income	(4,774)	**2,277**
Total comprehensive income	26,183	**34,950**
Goodwill and consolidation adjustments	(35)	**12**
Total share of the Group	26,148	**34,962**
Dividends received by the Group	24,567	**27,525**

2) FANCL CORPORATION

The following table reconciles summarized financial information of FANCL to the carrying amounts of the Group's equity interests. In addition, since the Company acquired an additional 42.72% of the voting rights in FANCL on September 19, 2024, and the company became a consolidated subsidiary as of the end of the previous fiscal year, the statements of profit or loss and comprehensive income include the financial information for the period from January 1, 2024 to September 19, 2024.

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Percentage ownership interest	–	–
Total non-current assets	–	–
Total current assets	–	–
Total non-current liabilities	–	–
Total current liabilities	–	–
Equity	–	–
Equity attributable to the Group	–	–
Goodwill and consolidation adjustments	–	–
Share acquisition rights	–	–
Carrying amount of equity	–	–
Fair value of equity	–	–

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Revenue	79,666	–
Profit or loss from continuing operations	2,624	–
Other comprehensive income	(38)	–
Total comprehensive income	2,586	–
Share of:		–
Profit or loss from continuing operations	858	–
Other comprehensive income	(77)	–
Total comprehensive income	780	–
Total share of the Group	780	–
Dividends received by the Group	673	–

(2) INDIVIDUALLY IMMATERIAL JOINT VENTURES AND ASSOCIATES

Carrying amounts of the Group's equity interests in individually immaterial joint ventures and associates were as follows:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Joint ventures	¥ (10,458)	**¥ 8,324**
Associates	11,973	**8,801**

Total	1,515	**17,125**

The Group's shares of profit or loss from continuing operations, other comprehensive income and total comprehensive income in individually immaterial joint ventures and associates were as follows:

1) Individually immaterial joint ventures

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Share of:		
Profit or loss from continuing operations	¥ 2,752	**¥ 519**
Other comprehensive income	96	**(45)**
Total comprehensive income	2,848	**474**

2) Individually immaterial associates

(¥ millions)

	Year ended December 31, 2024	**Year ended December 31, 2025**
Share of:		
Profit or loss from continuing operations	¥ 2,469	¥ 2,057
Other comprehensive income	199	(54)
Total comprehensive income	2,668	2,003

36. COMMITMENTS

Commitments for asset acquisitions after the reporting date were as follows:

(¥ millions)

	At December 31, 2024	**At December 31, 2025**
Acquisition of property, plant and equipment	¥ 91,186	**¥ 60,508**
Acquisition of intangible assets	373,353	**327,304**
Total	464,539	**387,812**

Note: The above amounts for acquisition of intangible assets include the maximum amount of milestone payments for the achievement of development and sales goals relating to in-licensing contracts for development products or products in the Pharmaceuticals Business. The actual payments may be significantly different from the above amounts because it is highly uncertain whether a milestone will be achieved.

37. CHANGES IN THE OWNERSHIP INTEREST OF A SUBSIDIARY

The Company acquired additional shares in FANCL CORPORATION (hereinafter referred to as "FANCL"), a consolidated subsidiary, during the current fiscal year.
The sale to the Company of the fractional shares resulting from the share consolidation that took effect on December 20, 2024 was completed on March 14, 2025, and the Company's ownership interest in FANCL was increased from 75.62% to 100% when the share transfer agreement came into effect on the same date.
The consideration for the acquisition was ¥82,573 million in cash (including non-trade accounts payable), which is presented as "Payments for acquisition of interests in subsidiaries from non-controlling interests" in the consolidated statement of cash flows. In addition, non-controlling interests and share premium decreased by ¥62,814 million and ¥19,814 million, respectively, as a result of the additional acquisition.

38. SUBSEQUENT EVENTS

(1) SALE OF A CONSOLIDATED SUBSIDIARY

As of February 6, 2026 (Japan Standard Time), the Company has entered into a sale and purchase agreement with E. & J. Gallo Winery (hereinafter "Gallo") whereby all the membership interests in its wholly owned subsidiary, Four Roses Distillery, LLC (hereinafter "Four Roses") are to be transferred to Gallo.

1) Background of the transfer
Since our acquisition of Four Roses in 2002, the business has achieved strong growth, primarily in the U.S. market, and contributed to the growth of the Company's enterprise value. Meanwhile, the Group regularly reviews its balance sheet and business portfolio from a medium to long term perspective. After careful consideration as part of this review, the Company decided to enter into an agreement to transfer the business to Gallo.

2) Counterparty of the agreement
E. & J. Gallo Winery

3) Date of the transfer
The second quarter of 2026 (Planned)

4) Overview of the subsidiary

Company Name	Four Roses Distillery, LLC
Business	Sale and manufacture of bourbon whiskey

5) Membership interests to be transferred, membership interests held after the transfer, transfer price, and gain on sale

Membership interests to be transferred	100%
Membership interests held after the transfer	–
Transfer price	Up to approximately ¥120.0 billion (USD 775 million) (Note)
Gain on sale	Currently under review

Note: Of this amount, approximately ¥8.0 billion (USD 50 million) represents consideration that may become receivable contingent upon Four Roses achieving certain net sales revenue targets following the completion of the transfer. In addition, the actual transfer price is expected to be the amount determined after applying the price adjustment at the time of consummation of the transfer, as provided for in the transfer agreement.

(2) ACQUISITION OF SHARES OF THE COMPANY AND RETIREMENT OF TREASURY STOCKS

At the meeting of the Board of Directors held on February 13, 2026, the Company resolved, pursuant to Article 156 of the Companies Act as applied mutatis mutandis under Article 165, Paragraph 3 of the Act, to acquire shares of the Company and, further resolved, pursuant to Article 178 of the Companies Act, to retire treasury stocks, and implemented the acquisition and retirement, as described in 3) (i) below.
1) Reason for the acquisition of shares of the Company and retirement of treasury stocks
The Company has decided to acquire shares of the Company and retire treasury stocks as part of its optimal cash allocation. This action aligns with the Company's capital allocation policy, which prioritizes stable dividends and investments to execute its growth strategy, and follows a comprehensive review of its financial condition and capital efficiency. The objective of this initiative is to enhance mid- to long-term corporate and shareholder value through the implementation of flexible capital measures and the improvement of capital efficiency.

2) Details of the acquisition

Class of shares to be acquired	Shares of common stock of the Company
Maximum number of shares to be acquired	50,000,000 shares (representing 6.2% of total outstanding shares (excluding treasury shares))
Total acquisition cost	Up to ¥80,000 million
Period for acquisition	March 6, 2026 to February 12, 2027

3) Details of the retirement

(i) Retirement of treasury stocks possessed by the Company

Class of shares retired	Common stock
Number of shares retired	98,000,000 shares (representing 10.7% of total outstanding shares before retirement)
Date of retirement	March 3, 2026

(ii) Retirement of treasury stocks acquired through acquisition mentioned in above 2)

Class of shares to be retired	Common stock
Number of shares to be retired	Amounts acquired through acquisition mentioned in 2) above
Planned date of retirement	March 2, 2027

Independent Auditor's Report on the Financial Statements
and
Internal Control Over Financial Reporting

March 27, 2026

To the Board of Directors of Kirin Holdings Company, Limited.:

KPMG AZSA LLC
Tokyo Office, Japan

Isao Kamizuka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masahiro Sasaki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihiro Fujioka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kirin Holdings Company, Limited.("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the company's Annual Securities Report, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board prescribed in Article 312 of "the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the valuation of goodwill and intangible assets relating to FANCL (Health Science Business)	
The key audit matter	**How the matter was addressed in our audit**
As described in Note 9. "Impairment of non-financial assets" to the consolidated financial statements, the Company recognized goodwill and brands classified as intangible assets with indefinite useful lives ("goodwill and intangible assets") of ¥210,834 million, representing 6.0% of total assets at the end of the current fiscal year, relating to FANCL (Health Science Business), a group of cash-generating units. A group of cash-generating units to which goodwill and intangible assets are allocated is required to be tested for impairment at least annually and whenever there is an impairment indicator. In the impairment testing, when the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. As a result of the annual impairment testing of FANCL (Health Science Business) for the current fiscal year, the Company recognized no impairment loss, as the recoverable amount exceeded the carrying amount. The recoverable amount of FANCL (Health Science Business) in the annual impairment testing for the current fiscal year was measured using its fair value less costs of disposal. The future cash flows used for measuring fair value less costs of disposal were estimated based on the business plan of FANCL (Health Science Business) approved by the Company's management. The business plan included significant assumptions on sales expansion in domestic online and catalogue channels, sales expansion in overseas markets. These assumptions involved a high degree of uncertainty and had a significant effect on the measurement of the fair value; in particular, the assumptions relating to sales expansion in overseas markets were subject to a higher degree of uncertainty. In addition, selecting appropriate models and input data for determining the discount rate and perpetual growth rate used to measure the fair value required a high degree of valuation expertise. We, therefore, determined that our assessment of the reasonableness of the valuation of goodwill and intangible assets relating to FANCL (Health Science Business), a group of cash-generating units, was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	In order to assess the reasonableness of the valuation of goodwill and intangible assets relating to FANCL (Health Science Business), a group of cash-generating units, we inquired of management regarding significant assumptions adopted and the rationale for their adoption in preparing the business plan which formed the basis for estimating future cash flows. In addition, we performed the following procedures: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the measurement of the fair value less costs of disposal used in the impairment testing of a group of cash-generating units to which goodwill and intangible assets are allocated, with a particular focus on controls to validate the reasonableness of estimated future cash flows. **(2) Assessment of the reasonableness of the estimated fair value less costs of disposal** ● Assessment of the consistency of the assumptions on sales expansion in domestic online and catalogue channels, sales expansion in overseas markets, based on our understanding of the related sales expansion measures, with the most recent available external market forecast information that we obtained independently; ● Assessment of the assumptions on sales expansion in overseas markets where uncertainty is particularly high by comparing the future cash flows independently estimated incorporating the effect of specific uncertainty into the business plan with the cash flows estimated by the management; and ● Assessment of the reasonableness of the discount rate and perpetual growth rate used to measure the fair value by involving fair value valuation specialists within our network firms.

Reasonableness of the valuation of goodwill and intangible assets relating to Blackmores (Health Science Business)	
The key audit matter	**How the matter was addressed in our audit**
As described in Note 9. "Impairment of non-financial assets" to the consolidated financial statements, the Company recognized goodwill and brands classified as intangible assets with indefinite useful lives ("goodwill and intangible assets") of ¥143,547 million, representing 4.1% of total assets at the end of the current fiscal year, relating to Blackmores (Health Science Business), a group of cash-generating units. A group of cash-generating units to which goodwill and intangible assets are allocated is required to be tested for impairment at least annually and whenever there is an impairment indicator. In the impairment testing, when the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. As a result of the annual impairment testing of Blackmores (Health Science Business) for the current fiscal year, the Company recognized no impairment loss, as the recoverable amount exceeded the carrying amount. The recoverable amount of Blackmores (Health Science Business) in the annual impairment testing for the current fiscal year was measured using its fair value less costs of disposal. The future cash flows used for measuring fair value less costs of disposal were estimated based on the business plan of Blackmores (Health Science Business) approved by the Company's management. The business plan included significant assumptions on measures to expand the market size in Australia, China and Southeast Asia, as well as measures to increase sales in Southeast Asia. These assumptions involved a high degree of uncertainty and had a significant effect on the measurement of the fair value. In addition, selecting appropriate models and input data for determining the discount rate and perpetual growth rate used to measure the fair value required a high degree of valuation expertise. We, therefore, determined that our assessment of the reasonableness of the valuation of goodwill and intangible assets relating to Blackmores (Health Science Business), a group of cash-generating units, was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	In order to assess the reasonableness of the valuation of goodwill and intangible assets relating to Blackmores (Health Science Business), a group of cash-generating units, we inquired of management regarding significant assumptions adopted and the rationale for their adoption in preparing the business plan which formed the basis for estimating future cash flows. In addition, we performed the following procedures by involving the component auditors of Blackmores Limited, including directing and supervising the component auditors and reviewing their work: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the measurement of the fair value less costs of disposal used in the impairment testing of a group of cash-generating units to which goodwill and intangible assets are allocated, with a particular focus on controls to validate the reasonableness of estimated future cash flows. **(2) Assessment of the reasonableness of the estimated fair value less costs of disposal** ● Assessment of the consistency of the assumptions regarding the expected expansion of the market size in Australia, China and Southeast Asia with the most recent available external market forecast information that we obtained independently; ● Assessment of the assumptions on measures to increase sales in Southeast Asia by obtaining an understanding of the measures, and comparing the future cash flows independently estimated incorporating the effect of specific uncertainty into the business plan with the cash flows estimated by the management; and ● Assessment of the reasonableness of the discount rate and perpetual growth rate used to measure the fair value by involving fair value valuation specialists within our network firms.

Other Information

The other information comprises the information included in the Annual Securities Report , but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information.Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists.Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of Kirin Holdings Company, Limited as at December 31, 2025, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at December 31, 2025, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the Internal Control Report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the internal control report. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in CORPORATE GOVERNANCE, (3) [AUDITS] included in "INFORMATION ABOUT REPORTING COMPANY."

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

<u>Notes to the Reader of Audit Report</u>:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

[Cover]

[Document filed]	Internal Control Report (*Naibutosei Hokokusho*)
[Clause of stipulation]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director-General, Kanto Local Finance Bureau
[Filing date]	March 27, 2026
[Company name]	Kirin Holdings Kabushiki Kaisha
[Company name in English]	Kirin Holdings Company, Limited
[Title and name of representative]	Takeshi Minakata, President & Chief Operating Officer
[Title and name of Chief Financial Officer]	Shinjiro Akieda, Director of the Board & Senior Executive Officer
[Address of registered head office]	10-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. BASIC FRAMEWORK OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Takeshi Minakata, President & Chief Operating Officer, and Shinjiro Akieda, Director of the Board & Senior Executive Officer, are responsible for designing and operating effective internal control over financial reporting of Kirin Holdings Company, Limited (the "Company") and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in the report "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" released by the Business Accounting Council.

The internal control system is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. ASSESSMENT SCOPE, TIMING AND PROCEDURES

The assessment of internal control over financial reporting was performed as of December 31, 2025 which is the end of the fiscal year under review. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our overall financial reporting on a consolidated basis ("entity-level controls") and based on the results of this assessment, we selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

We determined the required scope of assessment of internal control over financial reporting for the Group from the perspective of the materiality that may affect the reliability of their financial reporting. The materiality that may affect the reliability of the financial reporting is determined by taking into account the materiality of quantitative and qualitative impacts, as well as the likelihood of their occurrence. In light of the results of assessment of entity-level controls conducted for the Company, its consolidated subsidiaries and equity-accounted investees, we reasonably determined the scope of assessment of internal controls over business processes. Consolidated subsidiaries and equity-accounted investees determined to have an insignificant quantitative and qualitative influence on the reliability of financial reporting are not included in the scope of assessment of entity-level controls.

For the scope of assessment for internal control over business processes, as the Group engages in manufacturing and sales of products across multiple businesses, we determined that revenue is an appropriate indicator for assessing the significance of business locations. Accordingly, six business locations of the Group were selected as significant business locations by aggregating revenue planned for the fiscal year under review for each business location until their aggregated amount accounted for two thirds of consolidated revenue planned for the fiscal year (after the elimination of transactions between consolidated companies). At selected significant business locations targeted for assessment, our scope of assessment included business processes leading to revenue, accounts receivable, trade and inventories as significant accounts that may have a material impact on the business objectives of the Company, and are important for assessing the operating results and financial condition of the Company's principal business. Furthermore, regardless of the selected significant business locations, taking into account the impact on financial reporting of business processes related to significant accounts involving estimates and forecasts where the likelihood of material misstatements is high, or businesses or operations dealing with high-risk transactions, we included business processes related to impairment of non-financial assets, recoverability of deferred tax assets, etc. to the scope of assessment.

3. RESULTS OF ASSESSMENT

The above assessments determined that the Company's internal control over financial reporting was effective as of the last day of the fiscal year under review.

4. SUPPLEMENTARY INFORMATION

Not applicable.

5. OTHER

Not applicable.