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**[Q&A Session Minutes]**  
**Briefing for Investors and Analysts for Q1 FY2026**

|             |                                                                                                                                                           |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date & Time | May 14, 2025(Thu), 4:00 pm (JST)                                                                                                                          |
| Speakers    | Hiroaki Takaoka, Senior Executive Officer & GM of Corporate Strategy<br>Department<br>Hidefumi Matsuo, Executive Officer & GM of the Financial Department |

**[Question and Answer]**

Q. Kirin has maintained its full-year normalized operating profit forecast, but Kyowa Kirin has upwardly revised its core operating profit by JPY 30 billion for the full year. We expect that the situation in the Middle East could affect normalized operating profit. Assuming current crude oil prices and exchange rates persist, please indicate when and to what extent you expect the impact on profit or loss to materialize.

A. Regarding the full-year normalized operating profit forecast, Kyowa Kirin's discontinuation of development of rocatinlimab reduced R&D expenses, creating a positive impact of about JPY 30 billion. On the other hand, the sale of Four Roses Distillery will reduce Four Roses Distillery's normalized operating profit by approximately JPY 7–8 billion from April onward. Our current assessment is that the situation in the Middle East could reduce profit by approximately JPY 10–20 billion due to higher raw material and packaging costs. At this stage, we intend to implement various measures to achieve its targets for the fiscal year.

Q. Which business segments are likely to be affected by the situation in the Middle East and how? Also, in which areas are options such as cost reductions, expense control, or price increases available?

A. At this stage, it is difficult to discuss each individual business in detail. By product category, for example, aluminum is used for cans, so the beer business, both domestic and overseas, will be mainly affected. Resin will affect beverage companies that use plastic bottles. Fuel costs will mainly affect overseas operations where transportation distances are longer. At this stage, the individual monetary impact cannot be disclosed. We are actively considering specific countermeasures, and intend to respond through a combination of actions such as sourcing alternative materials, raising prices, and reducing costs and improving efficiency.

Q. Essentially, are you saying the response is to absorb the increased costs?

A. At this stage we cannot forecast the impact, but please understand that we will make efforts to absorb it.

Q. This quarter's results appear to be progressing faster than the full-year plan, even after accounting for the profit contribution from Kyowa Kirin. Please provide your assessment of performance by business segment.

A. Other than Kyowa Kirin, each business is generally progressing as expected or slightly ahead of plan. Kirin Brewery recorded higher results than planned despite a year-on-year reversal of temporary demand following price increases. Regarding Lion, some of the increase reflected distributors building inventory in anticipation of higher fuel costs; this effect is expected to normalize from the second quarter onward. Overall, while profits are above plan, there are timing differences in expenses and delays in marketing investments. Including the situation in the Middle East, the outlook remains uncertain, and we do not view it optimistically.

Q. The Health Science segment's profit increase this quarter has exceeded the full-year increase guidance; please explain the outlook from Q2 onward, including the impact of the Middle East situation.

A. The Health Science business has had a steady start, but please note that timing differences in expenses mean profits are somewhat higher in Q1. It is commendable that the business is growing across each region, including Southeast Asia and China. Now that the Company has transitioned to an in-house sales model, it aims to continue expanding its overseas business. Kirin will closely monitor the situation in the Middle East because the outlook remains uncertain.

Q. Please discuss the outlook for overseas demand trends and the consumption environment, specifically for Lion, Coke Northeast, New Belgium, and dietary supplements in Southeast Asia.

A. Lion's Q1 results were positive, but the economic environment remains extremely challenging. Inflation is also very high, near 5%, and interest rates have risen three times this year, returning to pre-cut levels, which has weakened consumer sentiment. At present, alcohol consumption has not declined, but if this situation persists there is a risk of an adverse impact on alcohol consumption from the second half of the fiscal year onward. Consumption conditions for Coke Northeast remain solid, but there is a risk that the U.S. economy could weaken due to inflation or other factors. As of Q1, consumption has not fallen despite price increases, so the business is holding up currently. In addition, U.S. craft beer market has experienced mid-single-digit negative growth since last year, and that is expected to continue this year. While New Belgium's core brand *Voodoo Ranger*, including new product launches, is performing well, the overall market remains weak.

A. Household allocation is affected when costs rise, but compared with discretionary items, supplements tend to be consumed habitually or for health reasons, so they are likely to be less affected than other discretionary goods.

Q. Kirin Brewery has reportedly been progressing favorably compared with plan, but considering the temporary demand before last April's price increase, how does it compare to the plan? Also, in the initial plan we heard that Asahi's resumption of shipments would have a negative impact of about JPY 4 billion; what was the impact in Q1?

A. Kirin Brewery progressed steadily against plan in Q1. However, excluding factors such as the timing shift in marketing investments and reallocations toward the second half, performance is broadly in line with the plan. April was significantly higher than last year, and we ask that you regard these results as generally on plan. In the initial fiscal-year plan, we factored in a roughly JPY 4 billion negative adjustment reflecting a rebound from the cyberattack on Asahi, but since the main impact will occur in Q4, please consider that Q1 will be unaffected.

Q. I would like to ask about the approach to price increases for domestic beer. Is there a risk of increased aluminum costs, and can those cost increases be absorbed through price increases in beer products? Could Kirin lead the price increases, and what is the company's thinking on this?

A. We will consider it as one possible measure, but nothing has been decided at this stage. We will appropriately evaluate future changes in the situation in the Middle East and implement measures as necessary.

Q. Regarding the cost increases, is it correct to assume that you will respond including cost reductions?

A. As long as the impact remains within the anticipated range, Kirin intends to absorb it; however, the outcome will depend on future developments and cannot be predicted.

Q. By how much did first-quarter normalized operating profit exceed expectations?

A. Please note that normalized operating profit for Q1 is more than JPY 10 billion higher year-on-year and is also about the same scale above plan.

Q. Why is there a range of estimated impacts from the situation in the Middle East? Will the impact increase in the next fiscal year?

A. We present the impact as a range because the effect of the situation in the Middle East has

been calculated under various assumptions. We are presenting this primarily as the estimated impact for the second half of the current fiscal year. If the current situation continues into next year, we expect the full-year impact to increase.

Q. Please provide Lion's and the market's volume results for retail and commercial segments in Australia. Please also provide results on a sell-out basis.

A. While the overall market increased by the low single digits, Lion's volume grew by 3.1%, outperforming the market. Both the retail market and Lion's retail segment increased by the low single digits. Both the commercial market and Lion's commercial segment increased by the high single digits. Sell-out basis results show a similar trend.

Q. Can we assume that consumer conditions have improved for Lion?

A. The economic environment in Australia has not improved. The significant factor in Q1 was that distributors increased inventory before the rise in fuel costs, so the positive effect is not due to an improvement in Australia's economic conditions.

Q. For Lion, volume increased by 3%, while revenue grew by only 0.3%. Is this due to a decline in unit price?

A. The overall apparent decline is attributable to discontinuing the high-priced RTD *White Claw* in October last year. Excluding that impact, unit prices for beer and RTD have increased. Kirin plans to implement price increases beyond those attributable to liquor tax changes.

Q. Please explain how the impact from the situation in Middle East affects each segment and which segments are easier or harder to address.

A. We do not expect significant variation in impact across segments. We will respond through cost reductions and efficiency improvements within feasible areas. We will consider price increases as necessary, implementing them in each business when required. At this stage, Kirin does not believe the difficulty of responding will differ substantially by segment.

Q. Considering the domestic consumer environment, is it possible to raise prices?

A. Price increases will be implemented after careful consideration. Raising prices on any product weakens consumption, so we will consider carefully and implement increases when necessary.

Q. Regarding FANCL's top-line growth, please tell us the momentum from Q2 onward.

A. FANCL has begun strengthening its brand. The company is focusing on acquiring new customers who resonate with high-quality brands. FANCL has introduced a "skin patch" that assesses skin condition, increasing touchpoints with customers. FANCL aims to continue increasing touchpoints to convert them into new customers. From Q2 onward, FANCL plans to actively engage customers with whom it has established touchpoints. FANCL will capture growth in overseas markets. In particular, FANCL aims to drive growth in Southeast Asia and China through targeted promotions to customers.

Q. What is the upside potential for the Health Science segment's planned normalized operating profit of JPY 13.0 billion for this fiscal year? Will expenses settle at around JPY 13 billion from Q2 onward? Is the company in a position to achieve next fiscal year's target of JPY 18–20 billion earlier than planned?

A. While Q1 appears to be above expectation, there are still initiatives that must be implemented. The expected profit level under consideration has not changed from the beginning-of-year plan. It is positive that profits are accelerating, but Q1 represents progress in line with the beginning-of-year plan. We intend to execute the planned measures steadily.

Q. Regarding Health Science, you mentioned you would discuss it at the July briefing; what do you intend to present at that time?

A. I would like to focus on Kirin Health Science International and FANCL. Please wait a little for the content details.

Q. It appears Kirin Beverage has seen declines in volume and market share. Please tell us again how you evaluate Kirin Beverage's condition.

A. The decline in volume partly reflects a reaction to last year's price increases. We will focus on high-margin small-packaged products and the health science products, avoiding involvement in industry price competition, which is intense for some products. The health science products category may appear to be declining, but this is due to different timing of promotional activities and new product launches for the iMUSE product line between last year and this year. The strategy to continue growing high-margin health science beverages remains unchanged.

Q. So you mean the recent share decline is strategic and not a concern?

A. We will not prioritize volume at the expense of lowering prices.

Q. Will measures to address the impact of the situation in the Middle East provide upside to this term's performance?

A. If the measures can be implemented, they will provide upside to performance. If the current situation persists for longer than expected, or if further cost increases occur or procurement becomes impossible, the situation could change; however, we intend to take all possible countermeasures.

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