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【Q&A Session Minutes】
Briefing for Investors and Analysts for Q4 FY2025

Date & Time	: Monday, February 16, 2026, 10:00 a.m. (JST)
Speakers	: Yoshinori Isozaki, CEO Takeshi Minakata COO Shinjiro Akieda, Senior Executive Officer & CFO Hiroaki Takaoka, Executive Officer & GM of Corporate Strategy Dept. Hidefumi Matsuo, GM of Finance Dept.

[Question and Answer]

Q. FANCL plans to establish an overseas in-house sales model. Could you elaborate on the expected return on this investment? Furthermore, FANCL intends to expand its direct business operations, particularly in the skincare category. Are there any new initiatives planned?

A. FANCL's business in China have primarily been conducted through a sales agency, but we have now transitioned to a structure enabling direct brand business operations. Previously, a sales agency led business development and branding efforts centered on physical stores, achieving certain results. However, considering changes in the business environment, physical stores alone are insufficient to grow profit. A broader approach utilizing brand investment and e-commerce is necessary. Therefore, starting in 2026, we plan to reorganize existing physical stores and invest in new e-commerce business initiatives.

This business model change will enable the unrestricted expansion of the FANCL brand into APAC markets beyond China, allowing us to achieve overseas profit growth from 2027 onwards. Under our new company "Kirin Health Science" International", which oversees the Health Science business in the APAC region, Kirin & Blackmores aim to formulate specific plans on which areas to target and how to approach them.

Q. Many competitors seem reluctant to invest in China. Could you share Kirin's perspective on the Chinese market and how it differs from other companies?

A. While I cannot disclose specific strategic details, we have a clear understanding of FANCL brand awareness, brand perception, and customer demographics in China. We also recognize the unique positioning of our brand relative to competitors based on this understanding. Building on this foundation, we are analyzing market opportunities and risks while strengthening our capabilities, including acquiring talent with expertise in the Chinese market. We are committed to establishing a robust organizational structure to succeed in this highly competitive market environment. Currently, the FANCL brand has earned strong customer satisfaction in the Chinese market. We intend to leverage this strength while exploring methods to nurture and expand FANCL products, including Attenia.

Q. Regarding the presentation slide of cash allocation, you mentioned stable cash flow generation capability and projected cumulative operating cash flow of ¥840 billion over the next three years. While FY2025 shows high profit levels and nearly ¥300 billion in operating cash flow, the projection appears conservative even excluding Four Roses. Why this level? Also, how much upside do you anticipate?

A. Overall, within the next three years, 2026 will require investment in the Alcoholic Beverages business in the market with liquor tax unification. Additionally, in the Pharmaceutical business, R&D expenses and sales networks will increase due to the scheme change for rocatinlimab. The cumulative total over the three years is ¥840 billion. The first half will involve investments for the future, with the second half reaping the benefits. We, as a management, aim to generate operating cash flow exceeding ¥840 billion.

A. The ¥840 billion operating cash flow on the slide reflects the offsetting effect of repayment of

lease liabilities (approximately ¥20 billion/year). Before lease repayments, the gross figure would be around ¥900 billion.

Q. It appears the cash allocation looks conservative. Is this intentionally being monitored on a gross basis (DE ratio) rather than net debt? Can we understand this as maintaining appropriate level of cash buffer in the cash allocation?

A. This guidance does not incorporate any buffer, but our stance is to aim for upward revisions in operating cash flow.

Q. Kyowa Kirin's stock price is currently weak, partly due to the shift to in-house sales of rocatinib. Is this the time to review the holding of shares?

A. While some say the current stock price level is a good time for acquisition, we are now in the midst of restructuring our business portfolio and wish to redirect cash toward investments in our Health Sciences business. To achieve full ownership of Kyowa Kirin, even at current stock prices, we would need approximately ¥800 billion in cash.

Achieving full ownership would prevent further investment in the Health Sciences business. While we do not plan to fully acquire Kyowa Kirin at this time, we may consider it in the future once the Health Sciences business is established and cash becomes available for allocation.

Q. We understand the priority given to investing in the Health Sciences business, but is there a view that inviting external investors into Kyowa Kirin, not just Kirin itself, to incorporate third-party expertise and promote growth could also unlock the potential of the Health Sciences business, which still lacks sufficient speed?

A. Kyowa Kirin aims to be a specialty pharmaceutical company that excels in specific disease areas, not a mega-pharma.

To that end, if collaborating with other partners could be beneficial, we would discuss it with Kyowa Kirin and explore ways to enhance corporate value.

Q. In which areas of the Health Science business would you like to invest?

A. We are considering two major directions. One is investing in establishing our brand and sales channels in North America, the largest market, where we have yet to achieve this, despite having done so in APAC.

The other is that, as we establish Kirin Health Science International and drive growth across Asia, we see M&A opportunities to further accelerate this growth. Based on these two directions, we are also reviewing a long list and exploring many possibilities.

Q. Aiming for a market capitalization of ¥3 trillion signals heightened awareness of the capital markets. On the other hand, a key challenge has been that even as EPS improved through business growth, valuation did not rise. How will you address this challenge?

A. Enhancing corporate value is the state we aim to achieve. First, we aim to achieve a market capitalization of ¥3 trillion, approximately 1.5 times the current level. To accomplish this, we prioritize positioning the Health Science business as the growth driver. We will focus investments in this area while making it our top priority to expand the combined operating profit scale of the Health Science and Non-alcoholic Beverage businesses to approximately twice the current level. Naturally, it is also crucial to enhance profitability in our Alcoholic Beverages and Pharmaceutical businesses. By simultaneously advancing all three businesses, we aim to achieve corporate value enhancement with a sense of urgency. Ultimately, execution capability at the operational level will be key. Management will make appropriate decisions to maximize this capability.

A. Regarding multiples, sector averages tend to be applied generally. The multiples sell-side analysts apply to Kirin are also often influenced by the levels seen in the food and alcoholic beverage sector. However, the multiples for Health Sciences, where we are pursuing growth, are at a higher level than those in the food and alcoholic beverage sector. Going forward, we believe that if Kirin can achieve the scale and certainty of growth necessary to be recognized by capital market participants as a "health sciences company," the multiples will naturally be improved. To achieve this, demonstrating results, not just words, is essential, and we will steadily work towards

this.

Q. Health Sciences has long been discussed over a long-term horizon. Does this mean the certainty of short-term profit growth has also increased?

A. We believe it is crucial to establish Kirin Health Science International and manage our brands under a common strategy across the APAC region to drive growth. The foundational framework for this is now taking shape, and we will further accelerate these efforts going forward. This will help propel the Health Science business to grow at a faster pace than the alcoholic beverages business.

Q. You mentioned aiming for high single-digit EPS growth (6%). Frankly, my reaction is, "Is this level of growth sufficient?" Among Japan's many listed companies, when considering "Why should one invest in Kirin?", its growth potential doesn't appear particularly standout. I believe aiming for a higher level is necessary. Please share your thoughts.

A. I took it as encouragement. Regarding EPS, we aim for growth in the high-single-digit, targeting at least +6% or more. To achieve this, we believe it is crucial to demonstrate the results of our business portfolio reform while shifting to a more profitable business structure. How can we leverage our R&D capabilities in response to environmental changes, and thereby create value propositions that don't yet exist in the world? We believe this is precisely what leads to new value creation. By shaping Kirin's unique strengths going forward, we aim to realize innovative proposals that will surprise the world and consequently drive EPS growth.

Q. Regarding Blackmores and FANCL, I believe we have grasped the path to growth. On the other hand, while aiming for high growth in the non-alcoholic beverage business and working on initiatives like iMUSE utilizing Lactococcus lactis strain Plasma (LC-Plasma), the current situation is that it accounts for less than 20% of Kirin Beverage's sales. Given that value-added products are not necessarily sold at premium prices in the Japanese non-alcoholic beverage market, can we truly transform into a state where we can compete effectively on this axis?

A. I believe non-alcoholic beverages are a powerful format capable of delivering value to customers across a wide range of ages and regions. Naturally, the key challenge lies in how much value we can pack into our beverages. While we cited various approaches in the anti-aging field as one example this time, we are also steadily advancing other R&D initiatives: further regional expansion of our overall immune health portfolio and the development of new functional ingredients. I believe it is possible to sell such ingredients at premium prices within Kirin-style businesses, whether in supplements, beverages, or other foods. Looking at the significant growth of "Kirin Oishii Immune Care," we believe this area still holds considerable potential both in Japan and overseas markets. We intend to transform the entire Health Science business into a high-profit business, and we ask for your understanding.

Q. Kyowa Kirin's earnings announcement mentioned that rocatinlimab's peak sales are projected to reach ¥200 billion, with ¥20-30 billion required for R&D expenses etc.. Given that this sales scale for rocatinlimab is equivalent to the annual sales of the Health Science business, is it more advantageous to invest in Kyowa Kirin in the short term? How do you view the allocation of SG&A expenses for the group?

A. Kyowa Kirin has minimal debt, so the premise that ROIC and ROE are broadly aligned, but neither metric is particularly high. In the U.S. pharmaceutical market, achieving high sales for products like rocatinlimab requires significant upfront marketing investment to build awareness before recouping that investment. Kyowa Kirin is currently evaluating its own sales strategy, and it remains to be seen whether these initial investments can be recovered. Since Kyowa Kirin directly controls SG&A and R&D expenses, we will collaborate with them on refining investment focus and resource allocation.

Q. Does this mean the upside for ROIC in 2035 is greater for the Health Science business than for the Pharmaceutical business?

A. Yes. Even after launching rocatinlimab, significant sales won't materialize until at least 2028.

Q. Compared to 2025, when substantial profit growth and business divestments were announced, 2026 appears less substantial. How do you position 2026 strategically?

A. We position 2026 as a "year of transformation." For the Alcoholic Beverages business, with the unification of liquor taxes scheduled for October in Japan, we need to implement investments that will drive growth thereafter. For the Pharmaceuticals business, we need to invest toward growth following the launch of rocatinlimab in 2027-2028. Additionally, for the Health Science business, we will invest in Japan and overseas, particularly to re-strengthen the FANCL brand. All these represent intensified investments for growth starting in 2027 and beyond, making 2026 a preparatory year. While Normalized operating profit will indeed decline compared to 2025, we plan to secure a positive net profit. We view 2026 as a period of recharging, preparing for growth in subsequent years.

Q. I sensed a message about leveraging functional ingredients to drive growth. Within that, what is the current status of the global expansion of LC-Plasma? Also, are you planning to globally expand interesting functional ingredients like Agrimonia pilosa (Kinmizuhiki)? Japan's functional food labeling system has some loose aspects; can products approved in Japan be horizontally expanded globally?

A. LC-Plasma have seen sales growing domestically, and we plan to expand overseas going forward. Last year, we launched products containing LC-Plasma under the Blackmores brand in Taiwan. Various projects are underway, including in Southeast Asia and Australia. Expanding the LC-Plasma business independently is particularly challenging, so last year, we entrusted its sales to Lallemand, a company with extensive global B2B operations. This has advanced the globalization of LC-Plasma, and we aim to expand into up to approximately 80 countries in the future. Regarding other new ingredients, domestically we are advancing the process for registering them as functional foods or specific health claim foods. Overseas, since regulations vary by region, we will systematically advance international expansion while collecting data confirming actual effects in accordance with each country's regulations. For example, regarding citicoline, we plan to obtain TGA certification in Australia this year and sell it as a Blackmores brand supplement. We possess functional ingredients and intend to continue expanding their use.

Q. Regarding LC-Plasma, you mentioned advancing global health claim registrations. What is the projected timeline for achieving this? Also, there was mention of partnerships. When do you expect these to contribute to earnings?

A. While researching conditions in each country, Blackmores and Kirin Health Science International will take the lead in developing a global strategy outlining which countries will launch, when, and with which ingredients. We are currently in the planning phase, and we hope you will look forward to our future progress. This year, we will focus primarily on expanding our B2B business. We are also exploring launches in Australia, China, and Southeast Asia starting in 2027 and beyond.

Q. Regarding the business portfolio review, you mentioned no further major changes are anticipated at this time. However, if there are future revisions at a certain level, will they be disclosed?

A. We will disclose information that meets the criteria for timely disclosure in TSE. When explaining the impact of portfolio reviews on EPS, we will disclose information permitted under agreements with the transferee.

Q. Regarding the business portfolio review, you stated there are no major changes planned at this time. Shouldn't you be pursuing more bold changes? You present the non-alcoholic beverage business and Health Sciences business as a unified business, but wouldn't it be difficult to pursue initiatives tied to Health Sciences for Coke Northeast? Also, can't you consider bold measures such as portfolio restructuring to further accelerate the Health Sciences business?

A. We are structuring our current business portfolio with future prospects in mind, but it is

impossible to predict at this point whether our current business structure will remain unchanged going forward. We intend to continue discussions, primarily within the Board of Directors, regarding the appropriate portfolio structure for the future. We recognize that the sale of Four Roses represents the achievement of one major milestone. While all remaining businesses are core operations, we anticipate that bold thinking may be required at certain junctures depending on circumstances. We aim to build the optimal business model for Kirin while always maintaining this perspective. While Coke Northeast is a bottling business, distinct from operations of Kirin brands, we believe health consciousness will increase long-term in every country. We understand that even now, the proportion of health-focused products within Coke Northeast is growing, and we wish to advance discussions on how we can further collaborate in the future.

Q. Looking ahead 10 years, could Coke Northeast's positioning also be seen as part of Health Science business? If this collaboration extends beyond Coke Northeast to the entire Coca-Cola Company, the business scale would grow significantly. How do you view this possibility?

A. As seen in the trial of products using LC-Plasma conducted domestically by Coca-Cola the year before last, we recognize that they are advancing its challenges in the health domain. Amidst such movements, we intend to actively implement any proposals we can offer.

Q. I understand that the growth potential of the Health Science business will become apparent over the medium to long term as we work to increase valuation. I also feel that Kirin's profit management capabilities and overall strength are improving. Within this context, as various changes and investments for the future continue this fiscal year, where should we focus our attention in FY2026 as we enhance our underlying strength?

A. The most significant point for 2026 is the domestic liquor tax revision scheduled for October. How well we respond to this is crucial. Many have historically suggested, "Kirin Brewery has a low proportion of full-malt beer, so its beer products sales might decline compared to competitors." This year will be about clearly demonstrating to the capital market that this is not the case. Second is the Pharmaceutical business, where we will steadily advance preparations for the launch of rocatinlimab. Third, the Health Science business will be a year for properly laying the groundwork for the next leap forward. As mentioned earlier, establishing the APAC structure is not something that can be done overnight. It requires a year-long effort, and I believe this will be the year we demonstrate that "Kirin is a company that delivers on its promises."

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