

# KIRIN



## Kirin Group Plan for FY2027

February 14, 2025  
Kirin Holdings Company, Limited



# Toward Achieving KV2027

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**Six of the nine years of the Long-Term Management Vision period have passed, and we will climb the mountain we have identified to achieve KV2027 in the final three years**

- In the 2022 Medium-Term Business Plan period, the business infrastructure of the Health Science Business has been established
- Aiming high by strengthening our proactive approach to achieve KV2027 in the Alcoholic Beverages, Non-alcoholic Beverages, Pharmaceuticals, and Health Sciences business portfolios

The past six years have seen significant changes in the Group's internal and external environment.

## Kirin Group Vision 2027 (KV2027)

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

Capital and Business Alliance with FANCL

Sale of China Resources Kirin Beverages

Withdrawal from Myanmar business

Acquisition of Blackmores

FANCL become a wholly-owned subsidiary

Amino Acid Business scheduled to be sold

Aim to obtain KHK4083 approval

Widespread of COVID-19

Soaring raw material costs

Rising geopolitical risks

2019-2021

2022-2024

2025-2027

2019

2020

2021

2022

2023

2024

2025

2026

2027

# Review of FY2022 to FY2024

- It has been three years of progress in structural reforms to respond flexibly to rapid changes in the external environment
- In order to solve ongoing initiatives, change the management cycle to a rolling cycle and increase our ability to achieve the strategy

## Achievements

- Increased brand power in the Alcoholic Beverages Business (Japan, Australia, US)
- Dramatic growth of Coke Northeast
- Global expansion of Pharmaceuticals Business
- Boldly reorganized the business portfolio  
Acquired and formulated the growth strategy of Blackmores/FANCL, sold China Resources Kirin Beverages and decided to sell Kyowa Hakko Bio's amino acid business

## Ongoing initiatives

- Expand high unit price products in the Alcoholic Beverages Businesses
- Improve profitability of Non-alcoholic Beverages Business in Japan
- Improve profitability of Health Science Business
- Expanded late-stage development pipeline

**Need to understand deeply of consumers and the market and run our businesses to respond flexibly to the changing environment**

## Review of the management cycle

Before

3-year fixed  
Medium-Term  
Business Plan

After

3-year goals from a  
long-term  
perspective, rolled  
annually

- The goal aimed for in the long term will not change
- Aim to achieve our goals and draw up a flexible best plan to fit the external environment while keeping a long-term perspective

# Enhance corporate value by interacting with the capital market

- ▶ Continue the dialog with the capital markets, and reaffirm the commitment to achieve positive results for shareholders as soon as possible

## TSR (Total Shareholder Return)

Our TSR over the past 3 years outperforms major domestic and international food sector companies, but our corporate value has not enhanced and is not sufficient



## Future Growth Potential of Health Science Business

Capital market expect us to deliver on our Health Science Business growth strategy and Normalized OP targets

**Health Science Business**  
Normalized OP target for FY2027

**18.0-20.0**  
billion yen

Most of the future growth will come from sales growth, but how confident are you?



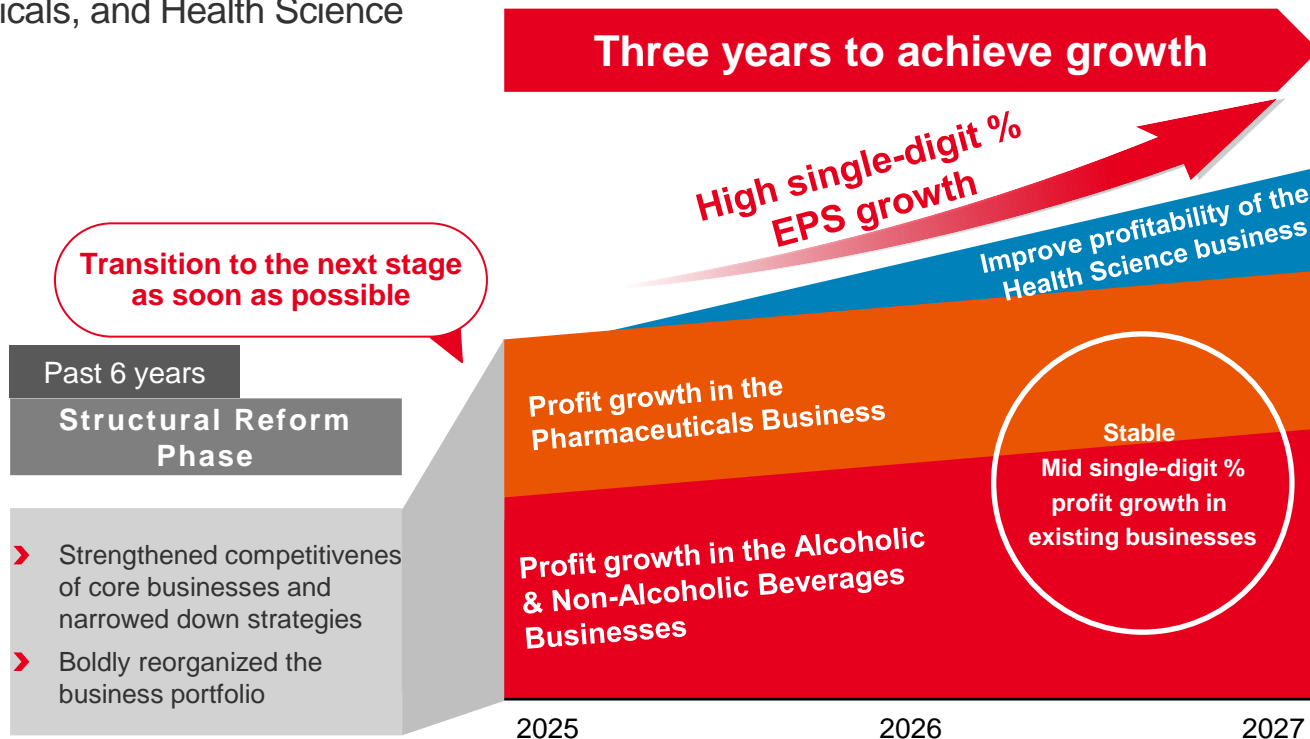
I would like more excitement for future growth



## Top priority is to enhance corporate value by fulfilling our promises

# Growth curve for the next 3 years

- Quickly transition from the structural reform phase to the **"Growth Achievement Stage"**
- Ensure a high EPS growth rate driven by our business portfolio of Alcoholic Beverages, Non-Alcoholic Beverages, Pharmaceuticals, and Health Science



# Develop a business portfolio to prepare for uncertainty

- Achieve EPS growth in each area by developing a business portfolio that takes into account the uncertainties and geopolitical risks

<p><b>Japan</b></p> <p>EPS Composition <b>33%</b></p>	<p>Achieve value creation with FANCL in addition to stable growth of Alcoholic Beverages Business, etc.</p> <p> </p>	<p> <b>Stable EPS growth</b></p> <p><b>Alcoholic &amp; Non-Alcoholic Beverages Businesses</b></p> <p><b>Health Science Business</b></p>	<p>Increase unit price through brand enhancement despite a shrinking market</p> <p>Strengthen inner and outer approaches to health challenges and FANCL business integration</p>
<p><b>APAC</b></p> <p>EPS Composition <b>30%</b></p>	<p>Achieve growth through structural reform of Alcoholic Beverages Business and by leveraging Blackmores' brand power. Enhance presence within the Group while also planting the seeds for future value creation.</p> <p>   </p>	<p> <b>Drive EPS growth</b></p> <p><b>Alcoholic &amp; Non-Alcoholic Beverages Businesses</b></p> <p><b>Health Science Business</b></p>	<p>Strengthen brands and improve profit structure</p> <p>Grow the Blackmores brand and expand FANCL</p>
<p><b>US, etc.</b></p> <p>EPS Composition <b>37%</b></p>	<p>Growth in the Alcoholic Beverages &amp; Non-Alcoholic Beverages Businesses due to its stable economic environment. Growth driven by the Pharmaceuticals Business.</p> <p>   </p>	<p> <b>Drive EPS growth</b></p> <p><b>Alcoholic &amp; Non-Alcoholic Beverages Businesses</b></p> <p><b>Pharmaceuticals Business</b></p>	<p>Contribute stable profit from strong brands</p> <p>Continue to grow global strategic products</p>

# Alcoholic & Non-Alcoholic Beverages Businesses

Segment's NOP  
Growth Rate  
(CAGR)

Mid single-digit %

- Gain consumer support and enhance brand power through business development based on a deep understanding of our consumers

## Trends up to FY2024

In addition to “deliciousness,” products that meet the needs of consumers and products that address social issues as part of their concept have gained consumer support



## Focus Area

Further evolve product development and marketing to meet consumer needs in terms of taste, health, empathy, etc., and implement pricing strategies while improving brand power



## Output・Outcome

- Steadily improve unit price through price revision and mix improvement
- Improve Normalized OP margin and ensure stable growth in EPS contribution



# Pharmaceuticals Business

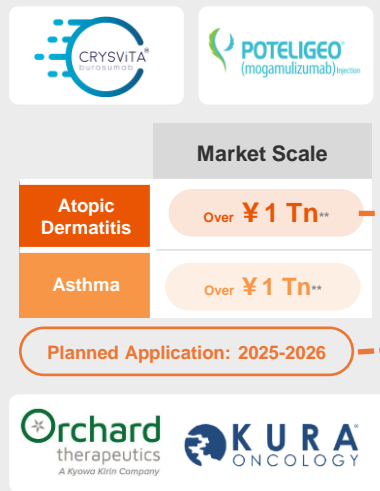
Segment's NOP  
Growth Rate  
(CAGR)

Mid single-digit %\*

\*Kirin Holdings' original expectation

## Focus Area

- Steady growth of global strategic products Crysvida and Poteligeo
- KHK4083/AMG451 (rocatinlimab), a promising pipeline with an estimated market size of more than 1 trillion yen\*\*, aims to file for US approval in 2025-2026 for the treatment of atopic dermatitis.
- Expand the next generation development pipeline for 2030 and beyond



## Output・Outcome

- Profit temporarily deteriorate in 2025 as Kyowa Kirin continues to invest aggressively in R&D and growth for future growth
- In FY2026 and FY2027 will bring a significant Normalized OP contribution of the Group's businesses

FY2024

FY2025e

Steady profit growth  
in FY2026-2027



# Health Science Business (Growth in the 3 Brands)





Segment's NOP  
Level  
for FY2027

**18.0-20.0**  
billion yen

- Commit to increasing the profitability of our business over the next three years until 2027 to become **one of the largest Health Science Companies in APAC**
- Promote organic growth of Kirin, FANCL, and Blackmores brands, as well as initiatives unique to the Group

## Focus Area: Growth of supplements and skincare business in the core markets

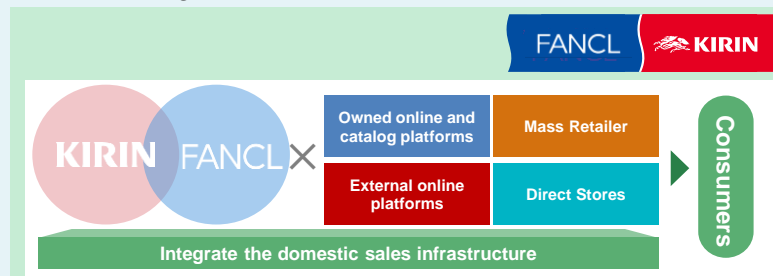
Solidify market leadership in each brand's core markets

ANZ 	Japan 
<ul style="list-style-type: none"> <li>● Maintain No.1 share in a stable market</li> <li>● Consider expansion of the FANCL brand in the skincare business and beauty category</li> </ul>	<ul style="list-style-type: none"> <li>● Optimize business processes and achieve growth under the KIRIN and FANCL brands</li> <li>● Further develop inner and outer care approaches to health challenges</li> </ul>
China 	Southeast Asia 
<ul style="list-style-type: none"> <li>● Increase awareness through brand investment</li> <li>● Accelerate growth through channel expansion</li> </ul>	<ul style="list-style-type: none"> <li>● Expand presence by developing products that meet the needs of growing markets</li> <li>● Consider to develop new skincare markets</li> </ul>

## Focus Area: Integrate the domestic business with FANCL

Create added value by leveraging both Kirin and FANCL brands to approach a wide range of consumers and strengthening approaches tailored to the characteristics of each sales channel

- Reinforce sales functions through integrating the business processes
- Promote integration of back office functions



## Health Science Business (LC-Plasma)

Segment's  
Normalized OP  
level for 2027

**18.0-20.0**  
billion yen

- Commit to increasing the profitability of our business over the next three years until 2027 to become **one of the largest Health Science Companies in APAC**
- For LC-Plasma, increase the added value of its ingredient and expand its business both in Japan and overseas in order to achieve profitability in 2025

### Focus Area: LC-Plasma

- Efforts will be made to increase the value of the ingredient of LC-Plasma, which activates a wide range of immune cells. Further value creation, including pharmaceutical development, will be promoted.
- While keeping the domestic business solid, leverage the capabilities of Blackmores to expand overseas, starting with Taiwan and gradually expanding to one or more countries each year.
- Aim to expand out-licensing by negotiating with major food companies and partnering with external companies to explore overseas opportunities
- LC-Plasma business will be profitable in 2025



### Overseas development of LC-Plasma supplements

- |                    |  |
|--------------------|--|
| ● Taiwan           | <b>Plan to launch by the end of 2025</b> |
| ● Australia        | <b>Aim to launch in 2026</b>             |
| ● Thailand/Vietnam | <b>To be launched from 2026 onward</b>   |

## Strengthen investment in Human Capital, R&D, Digital, and Marketing

- Take short-, medium-, and long-term actions to reach the growth achievement stage and continuously create value



### Human Capital

Develop and acquire human capital to achieve each business strategy; in particular, quickly secure human capital in the Health Science domain



### R&D

Contribute to the competitive advantage of the business by making technology and intellectual property into a source of competitive advantage while also utilizing digital



### Digital

Enhance business management and productivity through strategic partnering



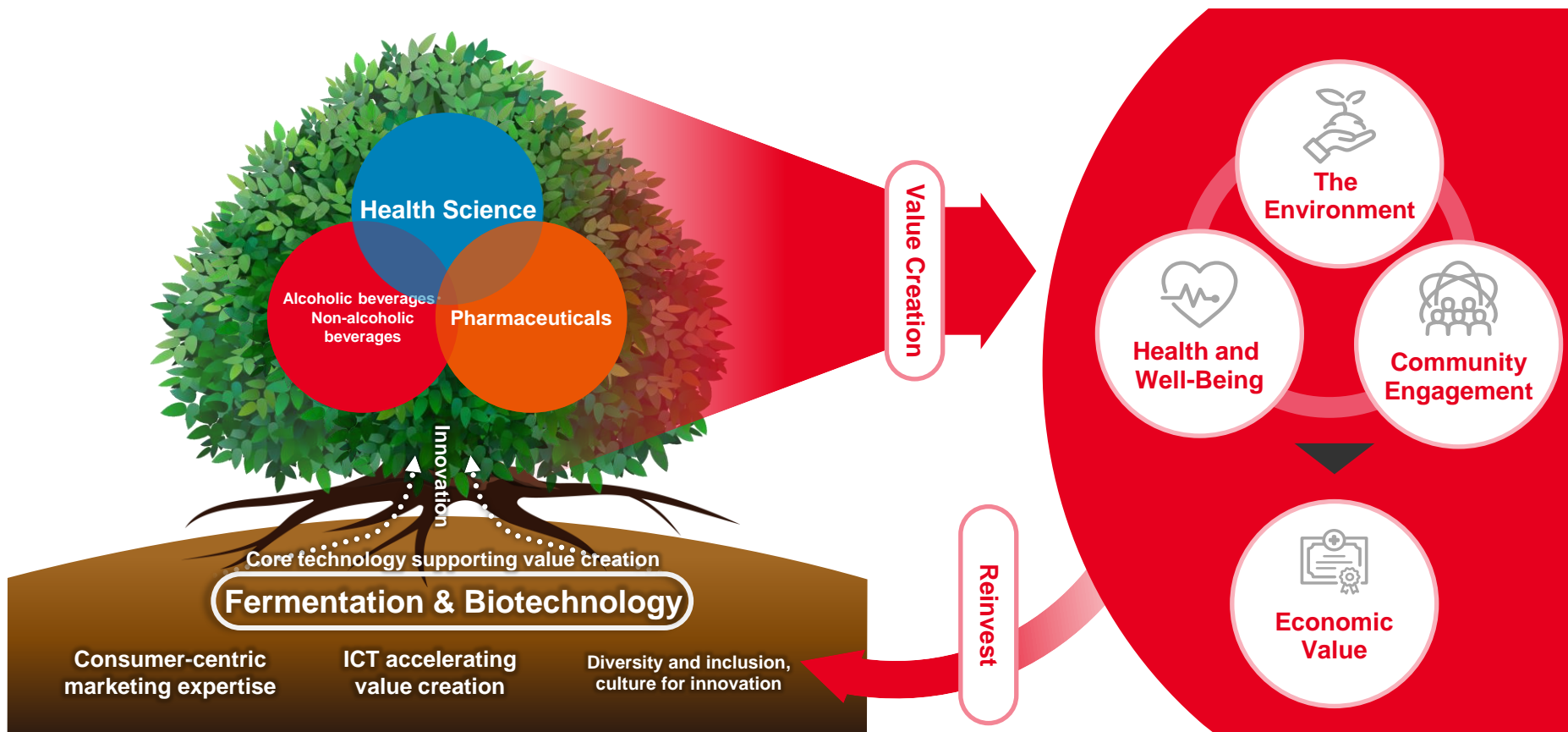
### Marketing

Enhance brand power by continuously evolving marketing techniques while also utilizing digital

**Enhance our business execution capabilities,  
competitive advantage and productivity through these efforts  
to achieve sustainable Group growth**

# Toward Enhancing Corporate value

- Become a global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals.





# Financial Strategy for Growth Achievement Stage

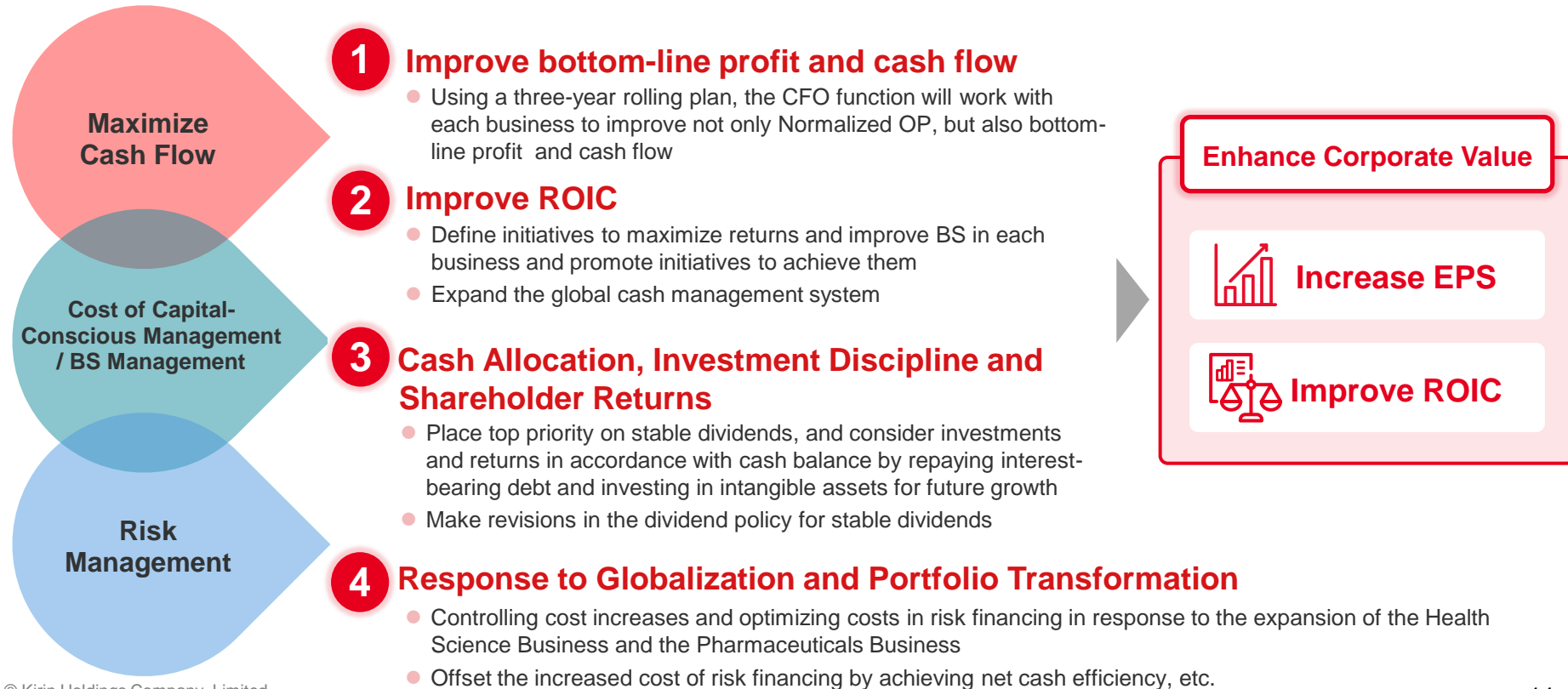
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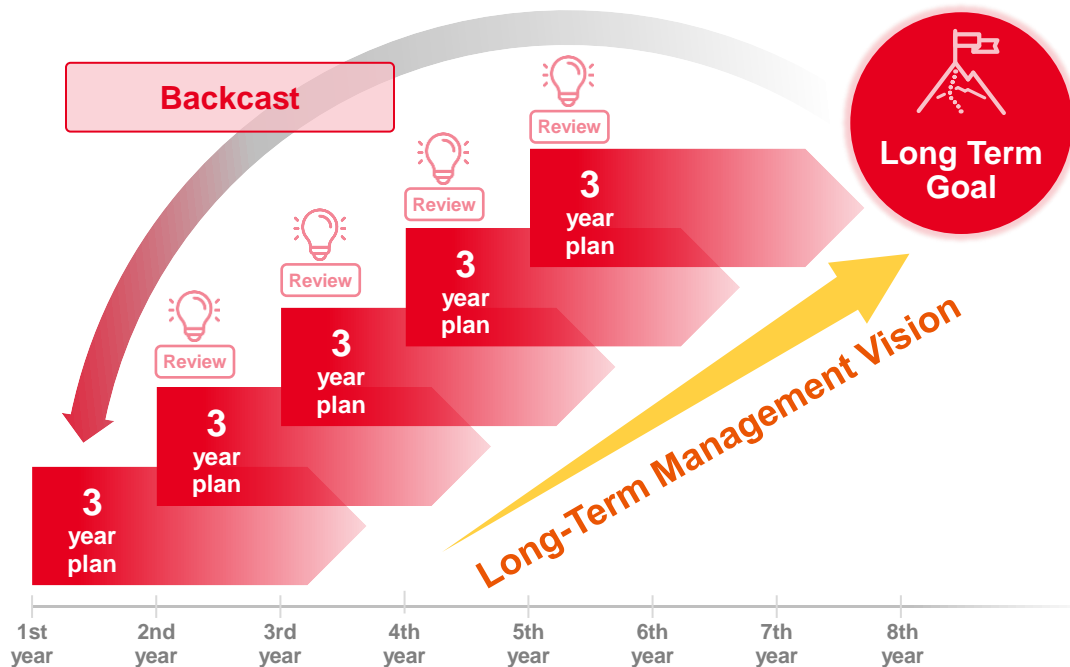
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# Financial strategy to maximize corporate value

- The concept of the financial strategy will not change significantly, but will be refined as a financial strategy to achieve growth and increase corporate value



**Transition to a three-year rolling plan**

- › The CFO function and businesses will work to improve bottom-line profit and cash flow by creating a 9-10 years financial model (BS, PL, CF) for each business
- › Implement cash allocation from short-, medium-, and long-term perspective through business portfolio management

**Implement plans that flexibly respond to changes in the environment and ensure growth achievement**



**Improve bottom-line profit and cash flow: Target ROIC/EPS growth rate**

- In the 2022-2024 MTBP\*, growth rate was limited to 3% due to increased costs for raw materials, fuels, and deteriorating profitability of the amino acid business, as well as increased investment in marketing and R&D expenses.
- Achieve high single-digit EPS growth rate in the short to medium and long term through continued unit price improvement and cost management initiatives, while continuing to make investments to strengthen competitiveness.

Financial Targets		Results	FY2025 Forecast	FY2027 Target	Long-term goal
<b>EPS</b>	Set at non-Normalized "EPS" to show more substantial "earning power"***	CAGR of Normalized EPS for the past 3 years <b>3%</b> (156 yen → 172 yen)	<b>185 yen</b> (+ 8%)	3-year CAGR high single-digit % (6% +)	CAGR high single- digit %
<b>ROIC</b>	Aim for ROIC to continuously exceed cost of capital (WACC) ***	FY2024 <b>4.1%</b>	<b>7.2%</b>	<b>9.0%</b>	<b>10% +</b>

\* Medium-term Business Plan

\*\* The actual results used as a reference when comparing EPS growth rates should be compared to recurring EPS, so Normalized EPS is used.

\*\*\* The Group's current cost of capital (WACC) is approximately 6%

- Promote initiatives to achieve ROIC improvement through the dual efforts of increasing returns in each business and improving BS

**Increase returns for each business****Top-line growth through revenue management**

- Achieve unit price improvement and price revision implementation while providing products and services that meet the needs of consumers and patients

**Disciplined cost management**

- Benchmark comparisons in the Group's internal and external to optimize investment enhancements and cost reductions

**Improve Balance Sheet****Alcoholic & Non-Alcoholic Beverages Businesses**

- Reduce total SKUs by reviewing product lineup
- Implement a CCC improvement plan appropriate for the business
- Optimize assets through thorough BS management

**Health Science Business**

- Appropriate CCC for scale expansion
- Liquidate and withdraw from unprofitable businesses

**Pharmaceuticals Business**

- Continuing structural reforms globally

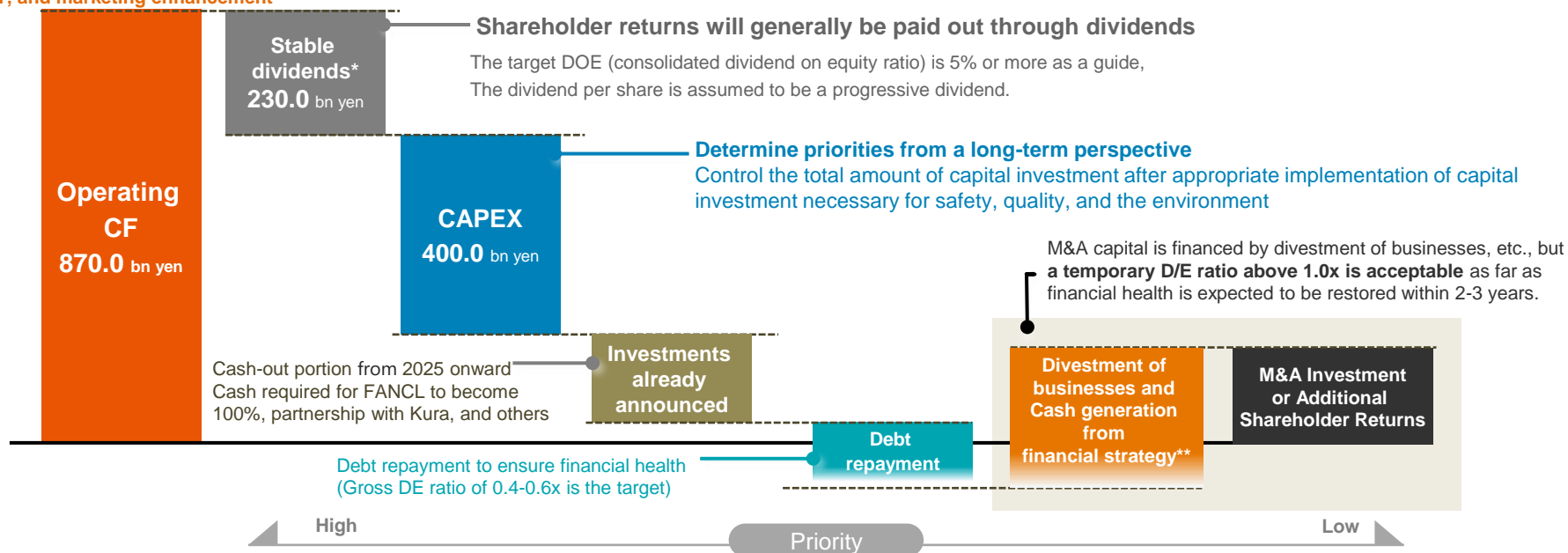
**Initiatives through the Business portfolio**

- Expand the global cash management system
- Optimize assets by reorganizing the business portfolio

**Aim for ROIC**  
**10%**

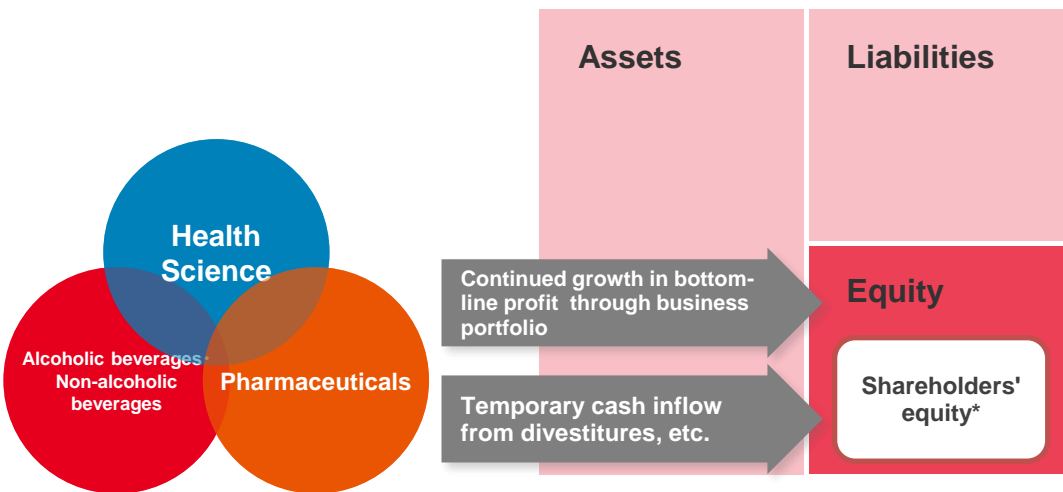
- Place top priority on stable dividends, and consider investments and shareholder returns in accordance with cash balance while repaying interest-bearing debt and investing in intangible assets for future growth
- Continue discussions to review the business portfolio
- Increase priority for M&A investments and additional shareholder returns when financial health is secured

Improve operating CF after  
investing in human capital, R&D,  
ICT, and marketing enhancement



# Cash Allocation, Investment Discipline and Shareholder Returns

- Introduce a progressive dividend in addition to the change from a Consolidated dividend payout ratio of at least 40% on Normalized EPS to a more cost of capital conscious dividend on DOE (consolidated dividend on equity ratio) of at least 5% as a guide



## Future Dividend Policy

- Introduce progressive dividend (progressive dividend per unit\*\*)
- Dividends based on a DOE (consolidated dividend on equity ratio) of at least 5% as a guide
- Be conscious of the cost of capital and pay stable dividends in accordance with the size of the capital
- Raise the guidance DOE ratio when higher-than-expected profit growth is confident for the future.
- Consider share buybacks to improve EPS and optimize capital amount when temporary cash is generated and there is no place to invest



**Provide more stable and transparent dividend than the Normalized EPS payout ratio**

\* Shareholders' equity = Total equity - (Reserves + Non-controlling interests)  
DOE = Dividends / Shareholders' equity

\*\* In principle, the amount of dividend per share will not be reduced and the amount of dividend will be maintained or increased.

# Response to Globalization and Portfolio Transformation

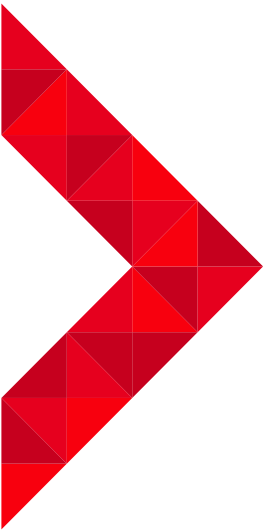
- ▶ Controlling cost increases and optimizing costs in risk financing expected to accompany the overseas operations in the Health Science Business and Pharmaceuticals Business
- ▶ Aim to reduce cash balance and costs by taking advantage of capital efficiency and tax incentives not only in Japan but also in the US and APAC

## Transition of Risk Finance



## Streamline funds and use of Tax incentives

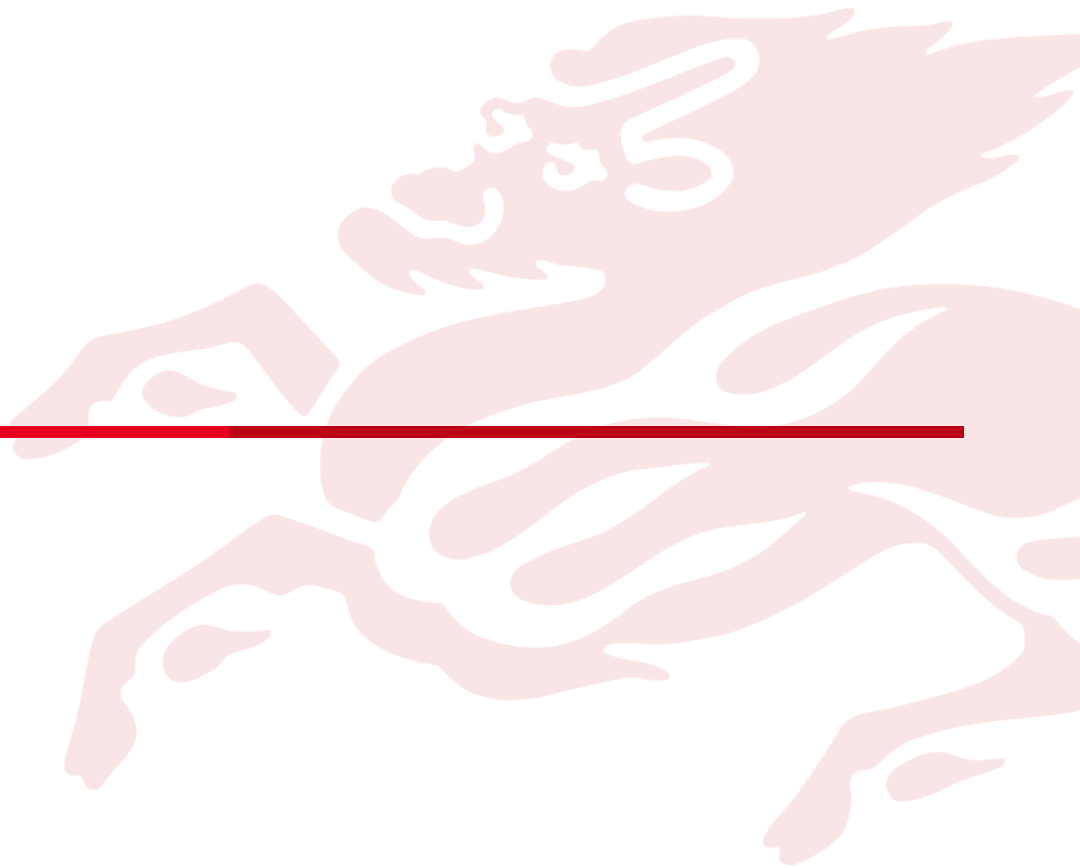




# Appendix

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**(Reference) Guidance on Normalized OP growth rate**

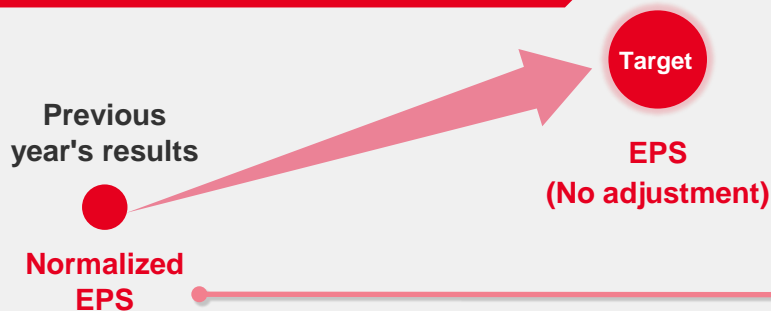
	Normalized OP (CAGR)		
	FY2024 Actual (bn yen)	FY2025 Forecast (bn yen)	Until FY2027 3-year CAGR (%)
<b>Alcoholic Beverages Business</b>	124.0	130.3	Mid single digit %
<b>Non-alcoholic Beverages Business</b>	64.0	64.9	
<b>Pharmaceuticals Business</b>	91.9	79.0	
<b>Health Science Business</b>	-10.9	3.7	18.0-20.0 bn yen*
<b>Consolidated total</b>	211.0	212.0	High single digit % (6%+)

\* Segment Normalized OP level in FY2027



- Aim to improve cash flow and maximize shareholder value through a firm grasp of the actual situation down to the bottom line, including other expenses and revenue

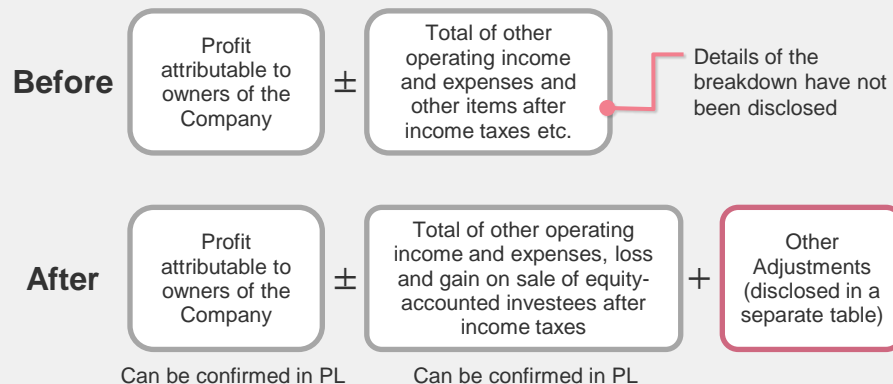
## EPS in financial targets



- Going forward, EPS without adjustment will be used as the financial KPI to improve cash flow and maximize shareholder value and pay dividends based on DOE,
- However, Normalized EPS will be used as the base for the previous year's results when making comparisons, as it is necessary to compare with recurring EPS\*

## Revision of calculation method of Normalized EPS

- The method used to calculate Normalized profit for the calculation of Normalized EPS will be clarified as follows

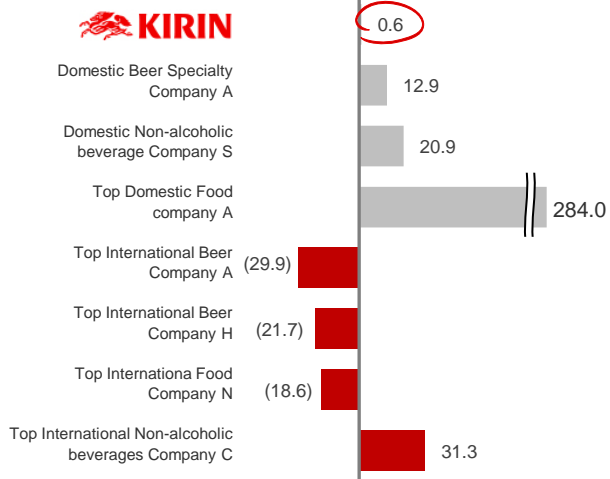


\* When calculating the EPS growth rate, if non-stationary factors are included in the base year, it will not be a useful reference for future growth rates

# (Reference) TSR Comparison (past 1, 3, and 5 years)

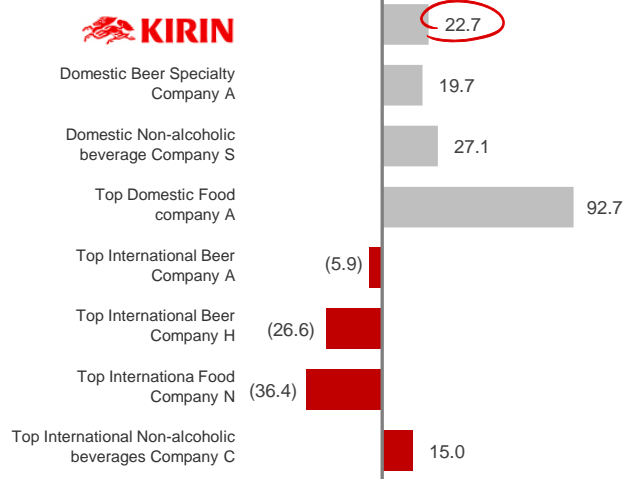
## Last 5 years\*

(50.0) 0.0 50.0 100.0



## Last 3 years\*

(50.0) 0.0 50.0 100.0



## Past 1 year\*

(50.0) 0.0 50.0 100.0



\*Source: Based on Bloomberg as of January 8, 2025, calculated from the end of December 2024.

# (Reference) List of Non-financial targets for 2027

item	Theme	Nonfinancial Indicators	2025 Target	Target for 2027
Health & Well-being	Health Science Strategy	<b>Social impact of the Group's Health Science products</b> Number of people reached through the sale of related products + Number of people reached through awareness activities	125 million people	135 million people
		<b>Contribution to the expansion of the immunity market (LC-Plasma)</b> Number of people reached through sales of related products + Number of people approached through educational activities	2.45 million people	3.05 million people
	Pharmaceuticals Strategy	<b>Global product launch status in key countries</b>	Number of products sold by country and application	Number of products sold by country and application
	Collaborative initiatives for Pharmaceutical and Health Science	<b>Achievement level of collaboration between Pharmaceuticals and Health Science</b>	Not disclosed*	Not disclosed*
Community engagement	Creating bonds	<b>Level of contribution to the creation of a positive force for society through business activities</b> Support for the sustainability of key raw material producing regions through measures such as support for farmers and environmentally friendly farming methods	Target values for each activity	Target values for each activity
Environment	Climate Change	<b>Reduction ratio of GHG emissions</b> Scope 1+2 emission reduction ratio compared with 2019	28%	42%
	Containers and packaging	<b>Ratio of recycled PET resin used in Japan</b>	40%	50%
	Water stewardship	<b>Water use intensity at manufacturing sites with high water stress</b> Lion (ANZ) (Water use intensity = Water usage ÷ Production amount)	Less than 2.4L/L	Less than 2.4 L/L
Human Capital	Employee engagement Empathy with Corporate Philosophy & Purpose	<b>CSV practice score</b> *CSV Practice Index" in the Engagement Survey	72	75
		<b>Employee engagement score</b> *Sustainable Engagement" in Engagement Surveys	72	75
	Employee health	<b>LTIR Score</b>	2.50	2.00
		<b>Presenteeism</b>	63.6%	66.5%
	Diversity	<b>Ratio of female executives in Japan</b> *This figure is based on employees with a domicile at Kirin Holdings Co., Ltd.	18%	24%

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

## (Reference) Revised Management Issues for Sustainable Growth



# Reference Information Links

## ➤ Kirin Holdings IR Information



<https://www.kirinholdings.com/en/investors/>

## ➤ Kirin Holdings Investor's Guide



<https://www.kirinholdings.com/en/investors/guide/>

## ➤ Kirin Holdings Integrated Report



<https://www.kirinholdings.com/en/investors/library/integrated/>

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