KIRIN HOLDINGS COMPANY, LIMITED

Annual Securities Report
("Yukashoken Hokokusho")

For the year ended December 31, 2024

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 28, 2025, 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 186th fiscal year

[Cover]

[Document filed]	Annual Securities Report (*Yukashoken Hokokusho*)
[Clause of stipulation]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
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[Filing date]	March 28, 2025
[Fiscal year]	The 186th fiscal year (January 1, 2024 through December 31, 2024)
[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
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[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		182nd	183rd	184th	185th	186th
Fiscal year ended		December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024
Revenue	(¥ millions)	1,849,545	1,821,570	1,989,468	2,134,393	2,338,385
Profit before tax	(¥ millions)	124,550	99,617	191,387	197,049	139,721
Profit attributable to owners of the Company	(¥ millions)	71,935	59,790	111,007	112,697	58,214
Comprehensive income attributable to owners of the Company	(¥ millions)	64,028	109,631	189,195	214,321	118,626
Equity attributable to owners of the Company	(¥ millions)	838,584	894,179	980,022	1,132,581	1,181,525
Total assets	(¥ millions)	2,459,363	2,471,933	2,542,263	2,869,585	3,354,159
Equity per share attributable to owners of the Company	(¥)	1,005.96	1,072.69	1,210.16	1,398.47	1,458.68
Basic earnings per share	(¥)	85.57	71.73	135.08	139.16	71.87
Diluted earnings per share	(¥)	85.54	71.70	135.07	139.15	71.86
Equity ratio attributable to owners of the Company	(%)	34.1	36.2	38.5	39.5	35.2
Ratio of profit to equity attributable to owners of the Company	(%)	8.2	6.9	11.8	10.7	5.0
Price earnings ratio	(times)	28.45	25.75	14.89	14.85	28.51
Cash flows from operating activities	(¥ millions)	164,839	219,303	135,562	203,206	242,844
Cash flows from investing activities	(¥ millions)	(115,981)	(56,408)	(10,399)	(226,091)	(329,375)
Cash flows from financing activities	(¥ millions)	(52,474)	(180,463)	(167,835)	35,909	58,125
Cash and cash equivalents at end of year	(¥ millions)	161,667	149,488	88,060	131,399	118,617
Number of employees [separately, average number of temporary employees]	(persons)	31,151 [5,063]	29,515 [4,077]	30,538 [4,012]	30,183 [3,556]	31,934 [4,298]

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		182nd	183rd	184th	185th	186th
Fiscal year ended		December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024
Sales	(¥ millions)	138,798	139,504	152,789	139,030	194,601
Ordinary income	(¥ millions)	72,043	73,830	76,878	62,239	60,401
Net income (loss)	(¥ millions)	79,333	77,251	48,679	70,386	(344,908)
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)	987,054	1,007,022	951,119	964,241	561,893
Total assets	(¥ millions)	1,969,497	1,996,761	1,898,795	2,282,080	1,847,181
Net assets per share	(¥)	1,184.06	1,208.06	1,174.47	1,190.61	693.70
Dividend per share	(¥)	65.00	65.00	69.00	71.00	71.00
[Of which, interim dividend per share]	(¥)	[32.50]	[32.50]	[32.50]	[34.50]	[35.50]
Net income (loss) per share	(¥)	94.37	92.67	59.24	86.91	(425.84)
Net income per share (diluted)	(¥)	–	–	–	–	–
Ratio of equity to total assets	(%)	50.1	50.4	50.1	42.3	30.4
Return on equity	(%)	7.82	7.75	4.97	7.35	(45.20)
Price earnings ratio	(times)	25.79	19.93	33.95	23.77	–
Dividend payout ratio	(%)	68.9	70.1	116.5	81.7	–
Number of employees	(persons)	1,117	1,156	914	977	1,067
Total shareholder return	(%)	104.6	82.7	92.5	97.7	100.0
[Benchmark: Dividend-included TOPIX]	(%)	[107.4]	[121.1]	[118.1]	[151.5]	[182.5]
Highest stock price	(¥)	2,591.00	2,430.00	2,306.00	2,245.00	2,310.00
Lowest stock price	(¥)	1,826.00	1,788.00	1,739.00	1,906.00	1,896.00

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.
August 1983	Heineken Japan Co., Ltd. (currently Heineken Japan K.K.) established. * Completes the transfer of shares in March 2023.
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.
January 2005	Acquires an additional stake in San Miguel Corporation (same in April 2005).
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.
December 2007	Makes National Foods Limited a wholly owned subsidiary (Changes its name to Lion-Dairy & Drinks Pty Ltd. in 2011). * Completes the transfer of shares in January 2021.

Month/Year	Primary events
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 2009	Lion Nathan Limited that operates alcoholic beverages business in Oceania and National Foods Limited that operates Non-alcoholic Beverages Business in Oceania are integrated as Oceania Integrated Beverages Business. * Completes the transfer of Oceania Non-alcoholic Beverages Business in January 2021 and changes the name of Oceania Integrated Beverages Business to Oceania Adult Beverages Business (currently Lion Pty Ltd).
July 2010	Acquires a stake in Fraser and Neave, Limited. * Completes the transfer of shares in February 2013.
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.
August 2011	China Resources Kirin Beverages (Greater China) Company, Limited established. * Completes the transfer of shares in August 2022.
October 2011	Makes Schincariol Participações e Representações S.A. (that changes its name to Brasil Kirin Participações e Representações S.A. in 2012) a consolidated subsidiary and makes it a wholly owned subsidiary in November 2011. * Completes the transfer of shares in June 2017.
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.
January 2015	SPRING VALLEY BREWERY COMPANY established.
August 2015	Makes Myanmar Brewery Limited a consolidated subsidiary. * Completes the transfer of shares in January 2023.
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.
December 2017	Makes Mandalay Brewery Limited a consolidated subsidiary. * Completes the transfer of shares in January 2023.
October 2018	Acquires a stake in Thorne Research, Inc. (currently Thorne HealthTech, Inc.) * Completes the transfer of shares in October 2023.
February 2019	◆ Formulates the Long-Term Management Vision “Kirin Group Vision 2027” (KV2027).
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

3. DESCRIPTION OF BUSINESS

The Kirin Group, which has introduced a pure holding company structure, consists of the Company, 177 consolidated subsidiaries, and 28 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. This year part of the classification has been changed. The details are as stated in "V. FINANCIAL INFORMATION, Consolidated Financial Statements, Notes to Consolidated Financial Statements, 5. OPERATING 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.

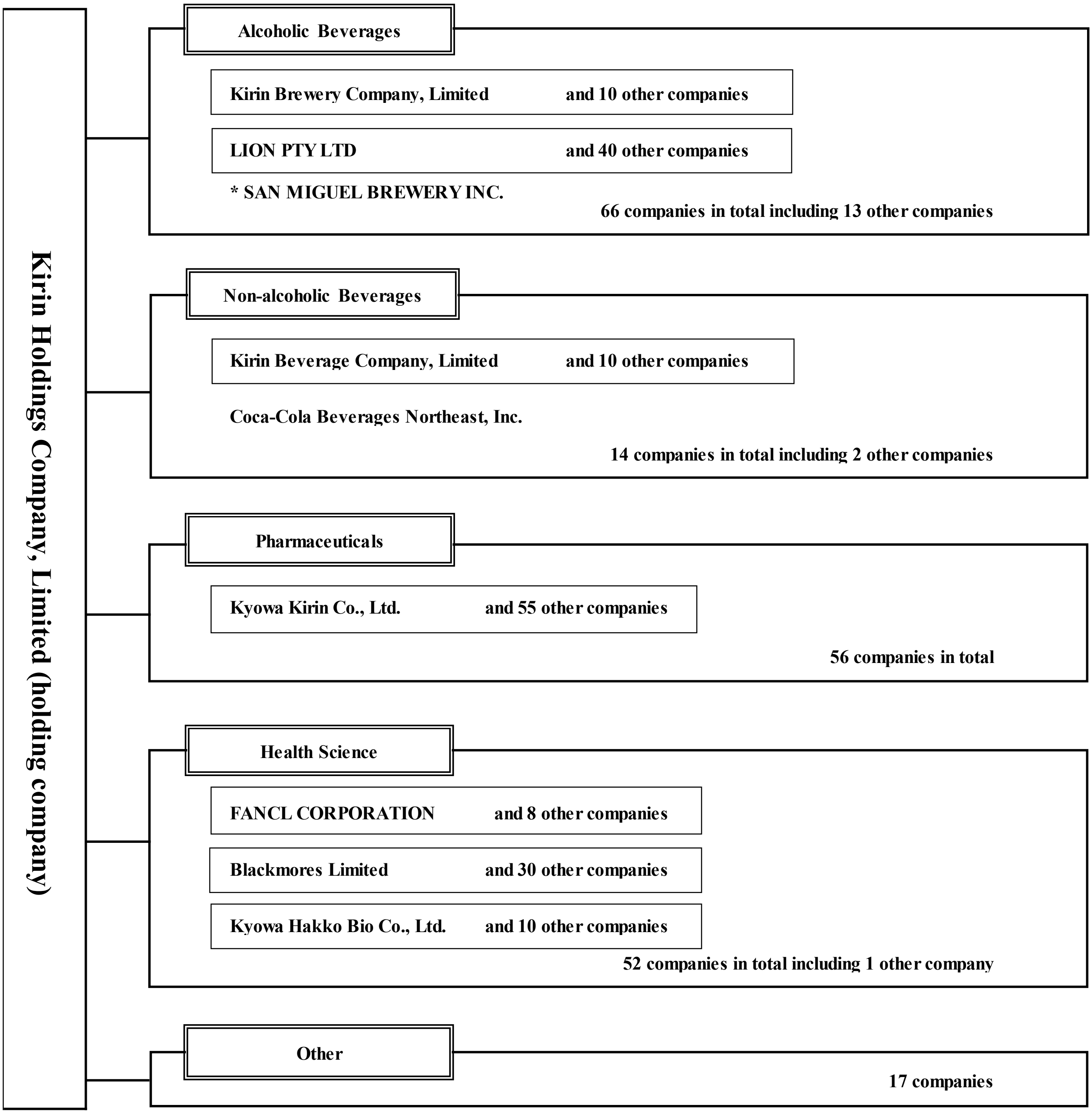
Pharmaceuticals Business

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), Kyowa Hakko Bio Co., Ltd. (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 and Southeast Asia, while Kyowa Hakko Bio Co., Ltd. conducts production and sale of pharmaceutical ingredient, amino acid, and natural health products. In addition, the Company acquired FANCL CORPORATION during the fiscal year under review. FANCL CORPORATION is categorized and disclosed in the Health Science Business.

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) 177 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$1	Alcoholic Beverages	100.0 (100.0)	None
Lion-Beer, Spirits & Wine Pty Limited *1	New South Wales, Australia	A$1,500,000 thousand	Alcoholic Beverages	100.0 (100.0)	None
Lion (NZ) Limited *1	Auckland, New Zealand	NZ$641,275 thousand	Alcoholic Beverages	100.0 (100.0)	None
Lion Nathan Finance (New Zealand) Limited *1	Auckland, New Zealand	A$212,937 thousand	Alcoholic Beverages	100.0 (100.0)	None
Lion Nathan USA Inc. *1	Oregon, USA	A$197,714 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
Fermentum Pty Ltd	New South Wales, Australia	A$30,305 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 *4	Chiyoda-ku, Tokyo	8,417	Non-alcoholic Beverages	100.0	Lending of funds, renting of equipment
Coca-Cola Beverages Northeast, Inc. *5	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, *6	Chiyoda-ku, Tokyo	26,745	Pharmaceuticals	55.2	Concurrent appointments of officers: Yes
Orchard Therapeutics Limited	London, United Kingdom	U.S.$29,569 thousand	Pharmaceuticals	100.0 (100.0)	None
Kyowa Kirin Asia Pacific Pte. Ltd. *1	Singapore	S$123,045 thousand	Pharmaceuticals	100.0 (100.0)	None
FANCL CORPORATION *1	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. *7	Chiyoda-ku, Tokyo	10,000	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
142 other companies	–	–	–	–	–

(2) 28 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
25 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: 662,692
   2) Profit before tax: 25,608
   3) Profit: 18,339
   4) Total equity: 55,509
   5) Total assets: 392,136
6. *4: Revenue of Kirin Beverage 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: 236,532
   2) Profit (loss) before tax: 1,088
   3) Profit (loss): 625
   4) Total equity: 47,251
   5) Total assets: 150,637
7. *5: 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: 286,906
   2) Profit before tax: 43,744
   3) Profit: 31,983
   4) Total equity: 90,093
   5) Total assets: 160,560
8. *6: 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.
9. *7: Kyowa Hakko Bio Co., Ltd. is in a state of balance sheet insolvency with negative equity of ¥20,370 million.
10. 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, 2024

Segment	Number of employees (persons)
Alcoholic Beverages	8,925 [1,580]
Non-alcoholic Beverages	7,887 [589]
Pharmaceuticals	5,669 [228]
Health Science	5,954 [1,437]
Others	2,113 [464]
Administration	1,386 [–]
Total	31,934 [4,298]

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, 2024

Number of employees (persons)	Average age (years-old)	Average length of service (years)	Average annual salary (yen)
1,067	41.80	14.2	10,007,382

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
15.9	85.2	73.1	73.3	64.3

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 71-4, 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. From this fiscal year, 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	8.8	116.0	72.3	74.3	77.3
Mercian Corporation	12.1	100.0	89.9	87.7	86.8
Kirin Distillery Company, Limited	0.0	50.0	66.9	77.7	69.2
Kirin City Company, Limited	5.8	0.0	49.1	67.9	104.9
Kirin Beverage Company, Limited	9.1	66.7	74.8	79.6	68.9
Tokyo Kirin Beverage Service Co., Ltd.	3.4	21.4	78.8	88.7	83.3
Tokai Beverage Service Co., Ltd.	0.0	0.0	52.9	89.2	83.8
Kansai Kirin Beverage Service Co., Ltd.	0.0	150.0	69.8	84.0	71.0
Kirin Vivax Co., Ltd.	0.0	–	68.5	78.9	85.6
Shinshu Beverage Co., Ltd.	6.7	100.0	87.6	84.3	135.1
Kirin Maintenance Service Co., Ltd.	4.8	66.7	88.0	92.2	108.4
Kyowa Kirin Co., Ltd.	15.5	115.4	77.2	78.0	64.8
Kyowa Kirin Plus Co., Ltd.	0.0	–	75.7	78.6	88.6
FANCL CORPORATION	45.6	100.0	55.7	81.5	98.0
ATTENIR CORPORATION	55.2	–	52.6	75.1	–
FANCL B&H CORPORATION	7.7	100.0	44.6	77.7	84.7
Kyowa Hakko Bio Co., Ltd.	13.6	84.6	83.0	80.5	88.3
Kyowa Pharma Chemical Co., Ltd.	10.3	77.8	83.4	82.5	71.2
Koiwai Dairy Products Company, Limited	15.9	100.0	68.2	79.5	81.4
Kirin Group Logistics Company, Limited	8.1	92.3	69.6	81.4	54.4
KL Service East Japan Co., Ltd.	0.0	40.0	42.8	82.6	64.9
KL Service Kyushu Co., Ltd.	0.0	66.7	62.0	87.4	74.7
KL Service West Japan Co., Ltd.	0.0	66.7	37.9	85.2	76.9
Kirin and Communications Company, Limited	40.0	–	45.6	71.8	84.6
Kirin Engineering Company, Limited	1.7	33.3	75.3	74.5	–
Kirin Business System Company, Limited	10.2	33.3	84.0	80.4	170.4

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 71-4, 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. From this year, 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

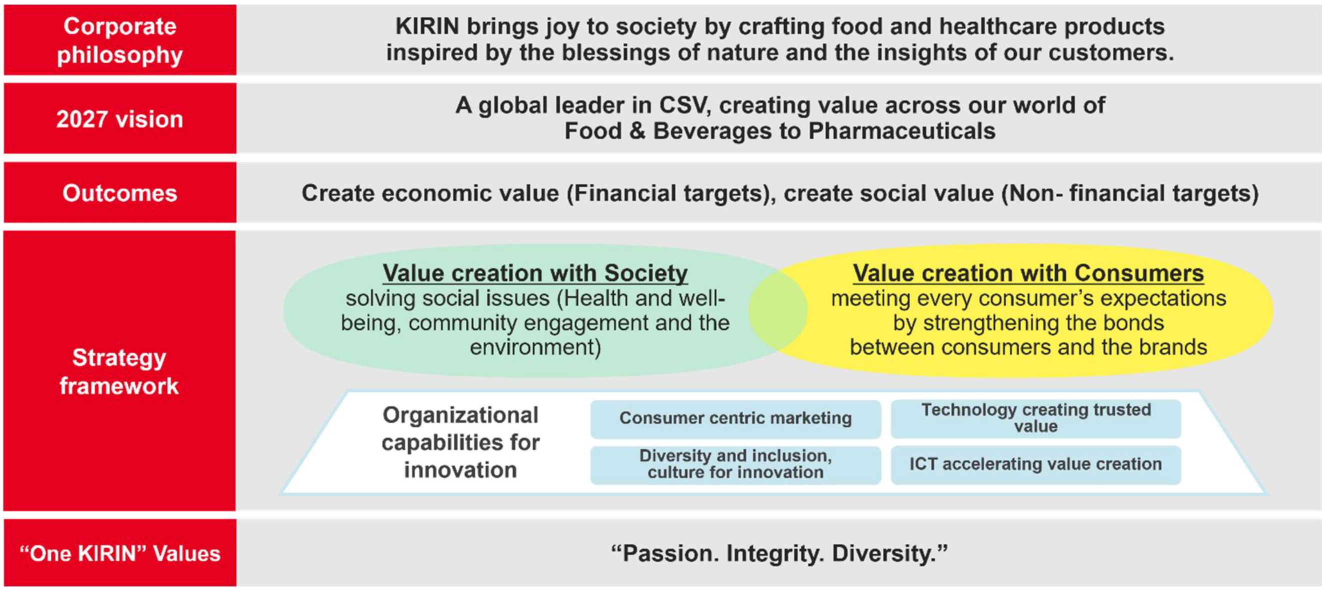
Forward-looking statements contained in this document are based on the assessment that Kirin Holdings made as of the end of this fiscal year. These statements are not guarantees of future performance.

(1) BASIC MANAGEMENT POLICY

In FY2019, Kirin Holdings formulated the *Kirin Group Vision 2027* (KV2027), Kirin Holdings' new Long-Term Management Vision toward 2027. Toward the realization of KV2027, Kirin Holdings also formulated the *Kirin Group CSV Purpose* (CSV Purpose), a guideline for co-creating value with society and achieving sustainable growth.

Long-Term Management Vision *Kirin Group Vision 2027*

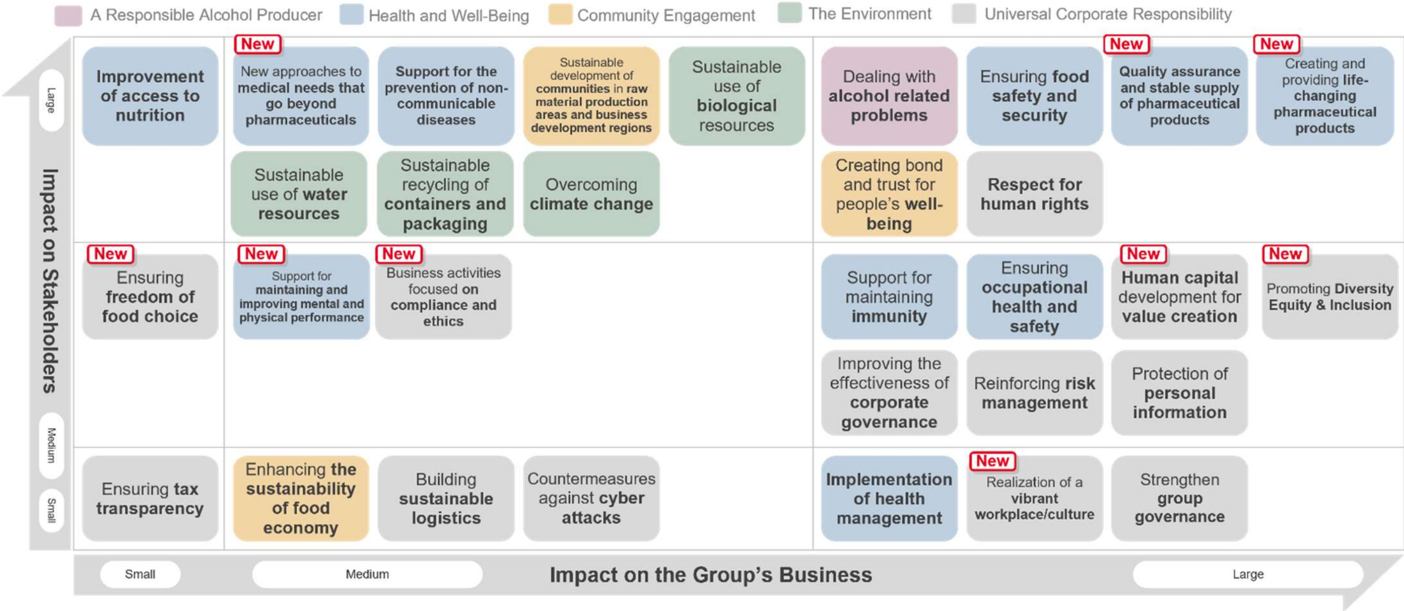
In line with the Corporate Philosophy and "One KIRIN" Values that are shared across the Group, Kirin Holdings aims to become a global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals.



To create value across our world of Food & Beverages to Pharmaceuticals, Kirin Holdings established the Health Science domain to take advantage of its unique strengths, in addition to the existing business domains, namely the Food & Beverages domain (alcoholic and non-alcoholic beverages businesses) and the Pharmaceuticals domain (Pharmaceuticals Business). In the Health Science domain, Kirin Holdings has grown the business into another core of its business by honing the core fermentation technology and biotechnology that have been cultivated since its founding, and by leveraging the organizational excellence and assets that Kirin Holdings has amassed over the years. Moreover, Kirin Holdings has further developed organizational capabilities for innovation, seeing solving social issues as its growth opportunities, so as to establish a business portfolio that will ensure sustainable growth.

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 Group considers that the GMM will change over time, it re-evaluates and revises the GMM as necessary. In light of changes in the internal and external environment since the formulation of the 2022–2024 Medium-Term Business Plan, Kirin Holdings re-identified key issues for the Kirin Group to address in order to continue to exist and develop sustainably alongside society over the next ten years. With a view to 2025 and beyond, we re-evaluated the impact of the Group's business through dialogue and surveys with stakeholders and exchanges of opinions among the Kirin Group's officers, and updated the GMM to better adapt to social needs.

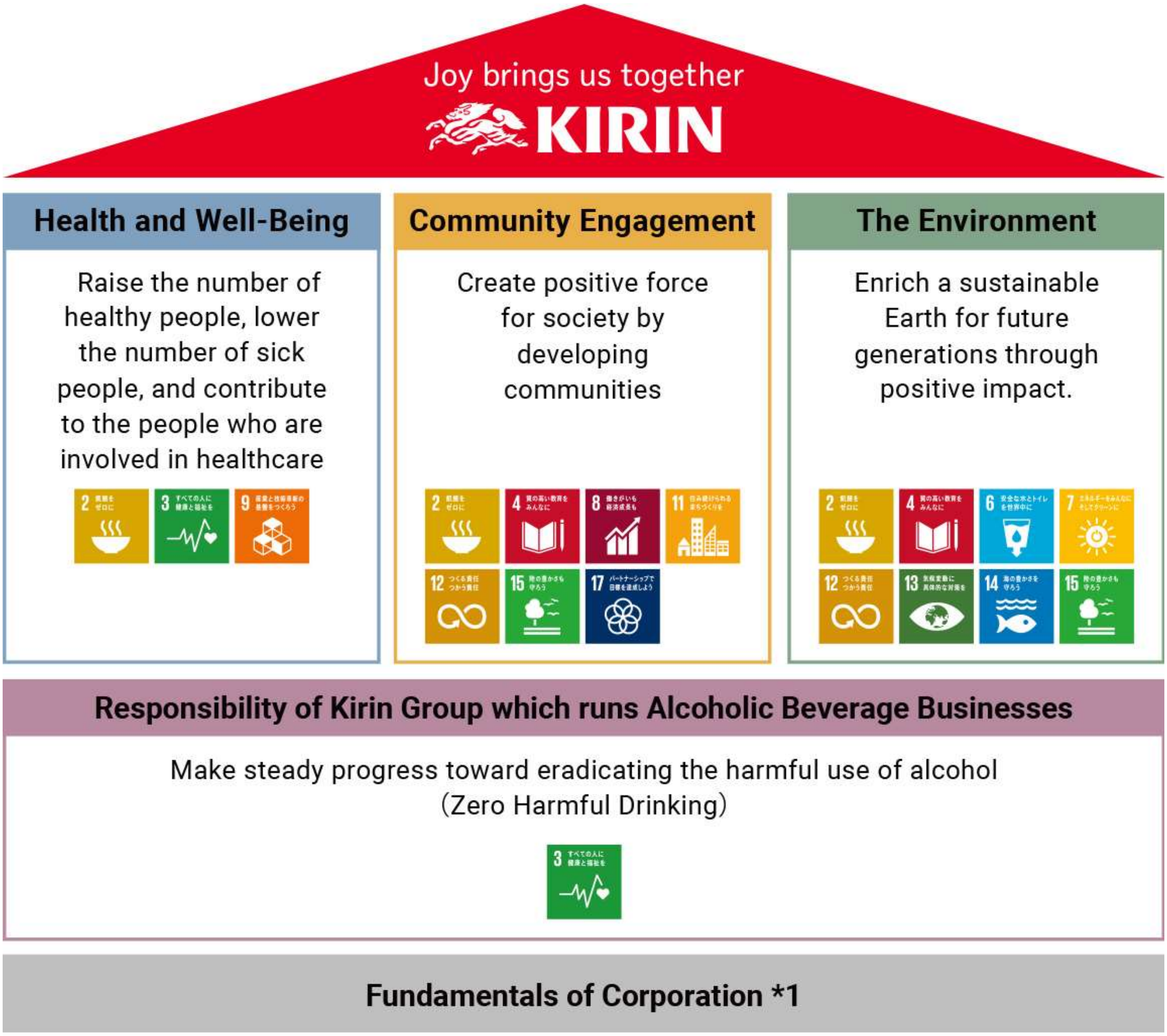


* There is no difference in importance among the items in each cell.

Kirin Group CSV Purpose

On the basis of the GMM, Kirin Holdings has aimed to address issues in the following four areas: Health and Well-Being, Community Engagement, The Environment, as well as the fulfillment of its role as A Responsible Alcohol Producer, designating these four as CSV Purpose. The Group develops a specific action plan as CSV commitment, and makes performance indicators more specific and sets targets for each of the Group companies, linking the indicators and targets to initiatives taken by each of the Group companies.

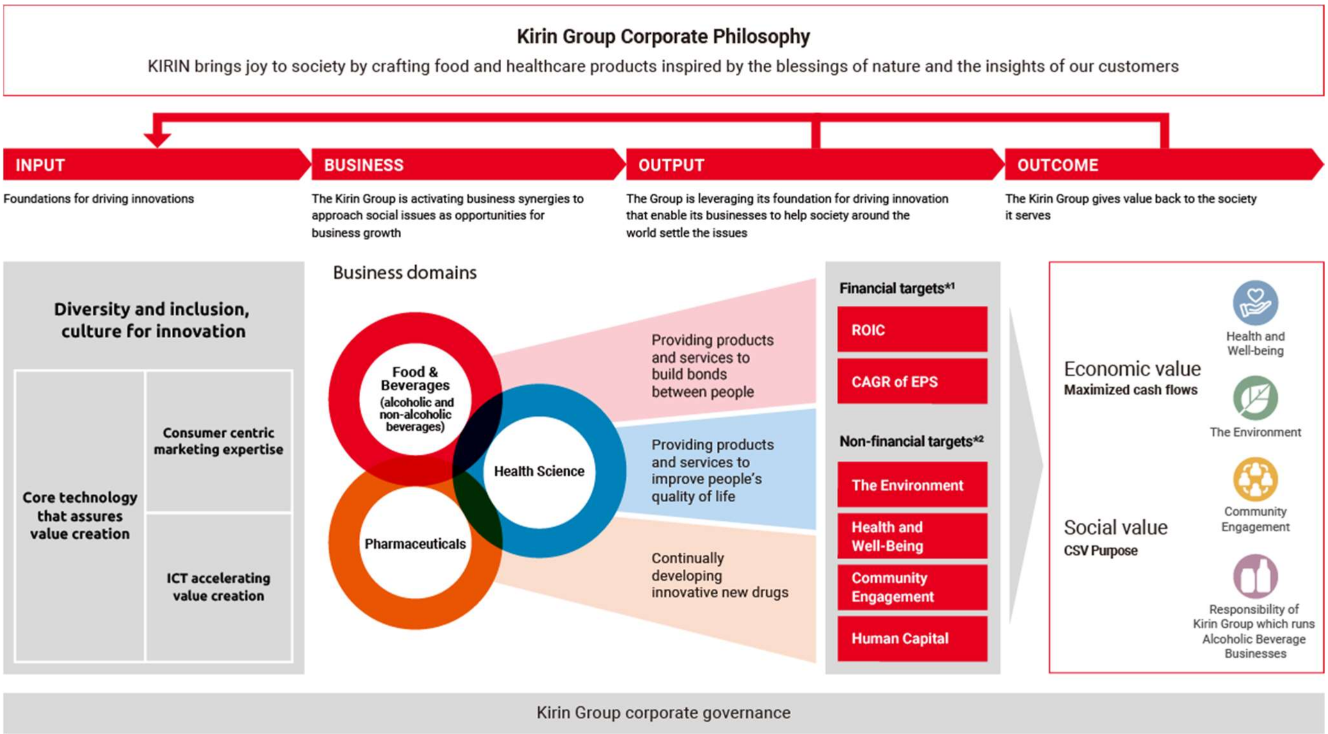
In addition, in order to refine the guidelines for the areas we will focus on in the next ten years, we have reviewed the expressions "Community Engagement" and "A Responsible Alcohol Producer" and have clearly stated "Fundamentals of Corporation*1" as the foundation of our corporate management.



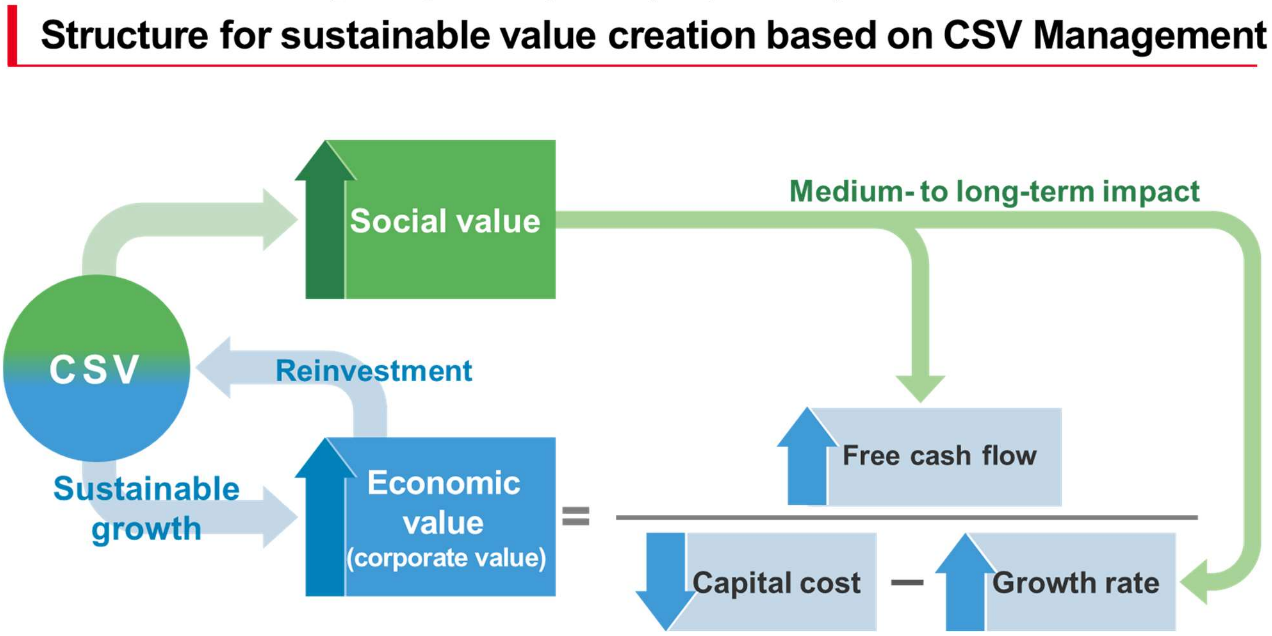
*1 "Fundamentals of Corporation" is a set of management issues that are not included in CSV Purpose, such as "human rights," "human resources," "governance," and "moral responsibility" etc.

Value Creation Model/CSV Management Concept

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 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.



Business activities (BUSINESS) alongside the solution of 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 eventually contribute to increasing free cash flows over the long term. A high level of social value we create 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.

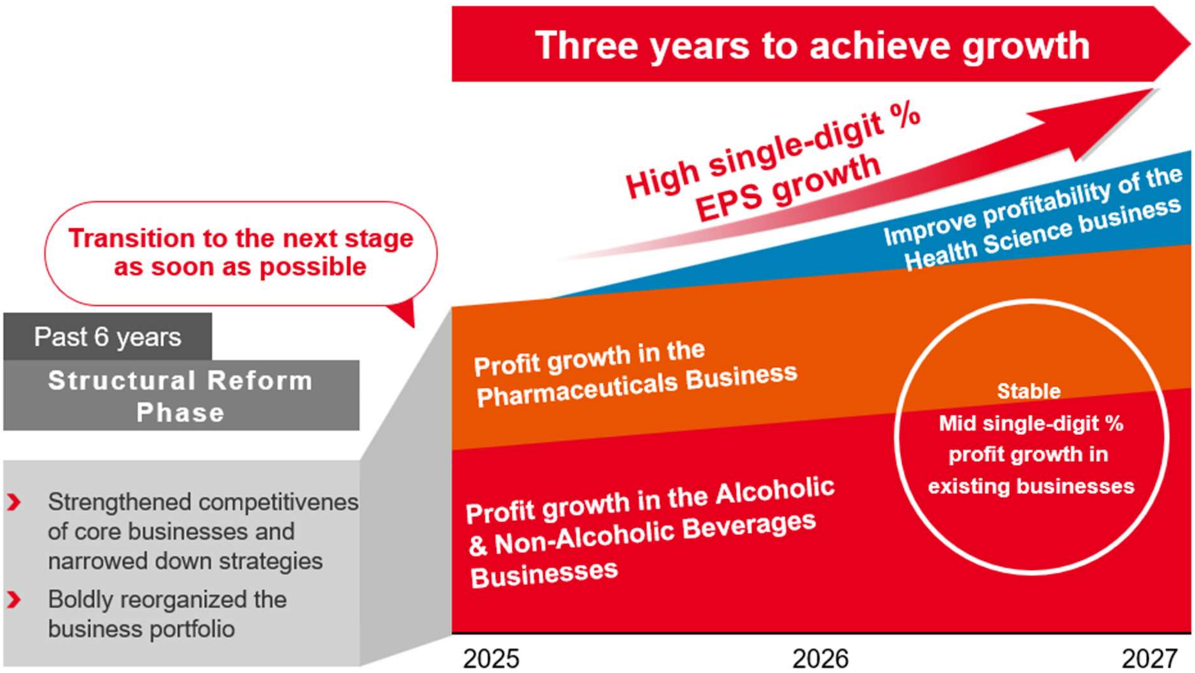
Reference:
- Management Issues for Sustainable Growth (Group Materiality Matrix)
  URL: https://www.kirinholdings.com/en/impact/materiality/
- Kirin Group CSV Purpose
  URL: https://www.kirinholdings.com/en/purpose/csv_purpose/
- Kirin Group CSV Commitments
  URL: https://www.kirinholdings.com/en/impact/csv_management/commitment/
- 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 2027

In recent years, environmental changes such as extreme weather and unseasonable weather conditions have continued to occur around the world, seriously threatening social systems. Six years have passed since we announced KV2027, and only three years remain until 2027. During these six years, the external environment has experienced major changes in consumer behavior patterns due in part to the spread of COVID-19, soaring raw material costs, and heightened geopolitical risks. While responding flexibly to these environmental changes, the Kirin Group will change the Medium-Term Business Plan from a one that covers fixed three-year period to a three-year rolling plan that is updated annually to realize the vision set forth in KV2027 of "becoming a global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals." Without changing our long-term goal, we will flexibly draw the optimal plan based on the external environment while maintaining a long-term perspective and aiming to achieve our goals.

The past six years have been a "structural reform phase," in which we focused on strengthening the competitiveness of our core businesses in response to environmental changes and boldly reshuffling our business portfolio. From now to 2027, we will move into the growth realization stage as early as possible and aim to achieve high single digit growth in EPS that can only be achieved with the business portfolios of Alcoholic Beverages, Non-alcoholic Beverages, Pharmaceuticals, and Health Science, even in an uncertain business environment.



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 our vision of "becoming a global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals," set forth in KV2027.

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 2027, we aim to improve shareholder value through EPS[*1] 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."

*1 We used normalized EPS in the previous Medium-Term Business Plan, but use non-normalized EPS to show more substantial earning power.

[Financial targets[*2]]

	2025 Goal	2027 Goal	Long-term Goal
ROIC[*3]	7.2%	9.0%	10%+
EPS	¥185	3-year CAGR + high single digit % (6%+)	CAGR + high single digit %

*2 Financial indicators are evaluated by excluding the impact of exchange rate fluctuations when overseas subsidiaries are consolidated and other factors.
*3 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]

item	Theme	Nonfinancial Indicators	2025 Target	Target for 2027
Health & Well-being	Health Science Strategy	Social impact of the Group's Health Science products Number of people reached through the sale of related products + Number of people reached through awareness activities	125 million people	135 million people
		Contribution to the expansion of the immunity market (LC-Plasma) 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	Global product launch status in key countries	Number of products sold by country and application	Number of products sold by country and application
	Collaborative initiatives for Pharmaceutical and Health Science	Achievement level of collaboration between Pharmaceuticals and Health Science	Not disclosed*	Not disclosed*
Community engagement	Creating bonds	Level of contribution to the creation of a positive force for society through business activities 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	Reduction ratio of GHG emissions Scope 1+2 emission reduction ratio compared with 2019	28%	42%
	Containers and packaging	Ratio of recycled PET resin used in Japan	40%	50%
	Water stewardship	Water use intensity at manufacturing sites with high water stress 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	CSV practice score "CSV Practice Index" in the Engagement Survey	72	75
		Employee engagement score "Sustainable Engagement" in Engagement Surveys	72	75
	Employee health	LTIR Score	2.50	2.00
		Presenteeism	63.6%	66.5%
	Diversity	Ratio of female executives in Japan *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

Financial Policy

We aim to generate profit through organic growth to maximize cash flow. We expect cash flows from operating activities of approximately ¥870.0 billion in total toward 2027. Aiming for more stable and sustainable dividend payments, we changed the dividend policy with a target payout ratio of 40% or more on a normalized EPS basis to one that aims for a consolidated divided on equity (DOE) of 5% or more. In principle, we will pay a progressive dividend per share. The total dividend amount for the Group is expected to be approximately ¥230.0 billion. We plan to make capital expenditures of approximately ¥400.0 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.

Non-financial Policy

We have been also putting more effort into non-financial initiatives in accordance with the basic policy of the 2025 business plan. We have aimed to build a solid organizational foundation by strengthening our organizational capabilities to achieve innovation, thoroughly utilizing Kirin Holdings' DNA of focusing on quality, building an SCM system that balances efficiency and sustainability, and strengthening governance to support value creation. Further, with a view to enhancing our organizational capabilities and 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 initiatives for non-financial capital, we will promote CSV management and contribute to solving sustainability issues in society.

(3) FUTURE CHALLENGES

Coupled with the global political situation, the future economic outlook remains uncertain. In addition, climate change countermeasures due to global warming are urgently needed, and the environment surrounding management is piled with challenges. In times of increasing uncertainty, the Kirin Group will make CSV a cornerstone of its management, solving social issues with the Group's strengths to create economic and social value. We will develop a long-term vision for the next 10 years and transform our organizational structure to one that can quickly and flexibly optimize and execute strategies in response to any changes in the environment. We will actively invest in human resources, ICT, and R&D to improve our organizational capacity to achieve innovation. In human resources, we will nurture employees who take on the challenge of creating value based on their expertise and diversity, while at the same time developing the systems and environment for this purpose. In addition, we will expand the number of global human resources and career hires who will be responsible for future group management. In ICT, we will promote value creation in marketing and R&D areas, etc., by utilizing digital technologies such as generative AI, and work to transform business processes throughout the Group. By promoting the division of labor between humans and AI, we will change the way we work and accelerate productivity improvement. In R&D, we will use our technological capabilities based on fermentation and biotechnology, which are our strengths, to promote R&D linked to our business strategy, such as further adding value through functional research of LC-Plasma and the possibility of developing skincare products by utilizing FANCL's technology. In addition, we have set as a common goal the strengthening of front-line capabilities to execute strategies in all businesses, and by working together with management and front-line personnel, we will strive to achieve group growth and strengthen our earnings base. Through these efforts, we aim to achieve our financial targets for EPS and ROIC, as well as our non-financial targets for health, community, environment, and human capital.

1)Alcoholic Beverages Business

As customers' values toward alcoholic beverages are diversifying, Kirin Brewery will create the future of alcoholic beverages and create the pleasure of connecting with people and society, based on the premise of our CSV Purpose: being a "Responsible Alcohol Producer." To grow our business, we aim to strengthen our earnings base by focusing on our main beer brands with an eye on the future market environment. Under the *KIRIN ICHIBAN* brand, *Kirin Ichiban White Beer* will be released in April, offering new drinking opportunities to consumers. *Kirin Beer Harekaze* will also begin to be sold in medium bottles (500 ml) for restaurants in April. We will continue to propose new tastes of beer and work to establish a firm foothold in the market through Harekaze ACTION, an initiative to preserve and pass on Japanese traditional customs and traditions. In craft beer, we will continue our efforts to make beer culture more attractive by substantially renewing the *Spring Valley* brand in March and actively collaborating with craft breweries around Japan.

Lion will strengthen sales of Australian beer brands such as 'Hahn' and 'Stone & Wood,' as well as 'Hyoketsu' distributed in both Australia and New Zealand. In North America, we will also work to expand sales of the RTD *Voodoo Hardcharged Tea* in addition to *Voodoo Ranger*, both from New Belgium Brewing Co.

2)Non-alcoholic Beverage Business

In the severely competitive environment of the domestic beverage market, Kirin Beverage is striving to grow its business with health science beverages as a driver, under the slogan "deliver tasty health to consumers every day." In addition to the renewal of *Oishii Immune Care* and *iMUSE Yogurt* in March, we will propose drinking opportunities to a wide range of consumers. By promoting "immune care" as a daily health habit, we aim to further expand the market.

In the *Gogo-no-Kocha* brand, *Gogo-no-Kocha Oishii Muto* was renewed in March, and by promoting the appeal of unsweetened black tea, we aim to expand the black tea market and strengthen the unsweetened tea market as well.

Coke Northeast will focus on strong soda products, and will work on a pricing strategy tailored to the market environment, while improving supply chain efficiency, including digital ICT, to ensure high profitability.

3)Pharmaceuticals Business

As a Global Specialty Pharmaceutical Company from Japan, Kyowa Kirin will accelerate its efforts to create "life-changing" value that will bring smiles to the faces of people facing illness.

To further solidify our management structure, we have changed to a two-person CEO and COO structure, aiming for a further leap forward. In addition to aiming to increase profits through the growth of *Crysvita*[*1] and *Poteligeo*[*2], which are products in Kyowa Kirin's therapeutic areas of focus, Kyowa Kirin will steadily promote the development and launch of *KHK4083/AMG451* (generic name: rocatinlimab) [*3] and ziftomenib[*4] in order to enhance its pipeline. We will also work to strengthen our global R&D capabilities.

*1 A drug for the treatment of a rare disease that causes disorders of bone growth and metabolism, mainly due to genetic causes.
*2 A drug for the treatment of certain blood cancers.
*3 This product is under development for the treatment of atopic dermatitis. Clinical trials for prurigo nodosa and asthma are also ongoing.
*4 This product is developed for the treatment of acute leukemia.

4)Health Science Business

As the market grows significantly due to increasing health consciousness, the Kirin Group aims to grow faster than the market in order to realize the joy of living and happy and healthy lifestyles for people in all regions where we do business. FANCL, Blackmores, and Kirin Holdings will maximize the value they provide through their respective growth and the swift achievement of the benefits of integration.

FANCL will achieve further growth in the Cosmetics business and health food businesses in Japan. FANCL and Kirin Holdings will work to create value by leveraging the strengths of both companies, for example by combining FANCL's customer analysis capabilities through direct channels with Kirin Holdings' market research capabilities to develop new products.

Overseas, in addition to nurturing the brand in China, FANCL will expand into Southeast Asia and other regions through collaboration with Blackmores.

Blackmores aims to achieve sustained growth of the *Blackmores* and *BioCeuticals* brands in Australia and New Zealand, and to increase revenues in China and Southeast Asia.

In the LC-Plasma business, Kirin Holdings aims to improve profitability through expansion of value-added products and overseas expansion in collaboration with Blackmores, aiming for further growth. In the domestic supplement business, Kirin Holdings aims to improve operating efficiency and profitability by integrating its sales base with that of FANCL.

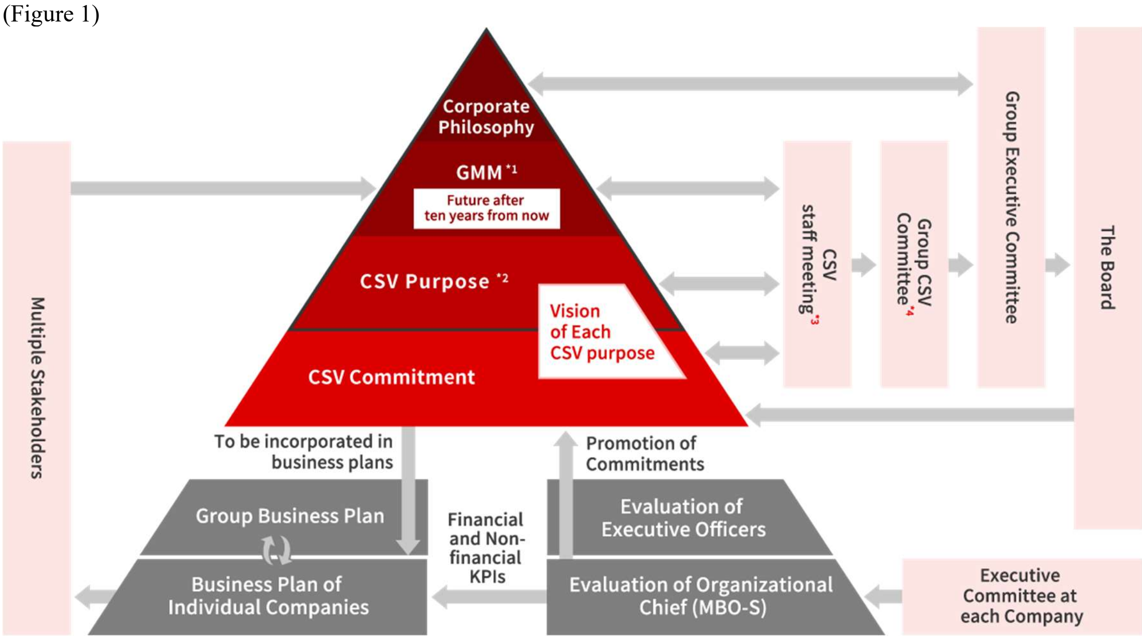
We will also accelerate the creation of new synergies between health science and pharmaceuticals. Kirin Holdings Company and Kyowa Kirin Company established Cowellnex Corporation in September 2024 as a joint venture. Cowellnex exists in the Kirin Group's Innovation Center, and through innovation that combines the strengths of both companies in health-related research and business development, we will work to solve social issues surrounding health.

The Kirin Group will continue to strive to be the company you have come to expect as a company that achieves sustainable growth through high strategic execution and unique business portfolio management, and with our sights set on KV2027, we aim to raise the stage for becoming one of the world's leading CSV companies by ensuring that each and every employee continues to challenge themselves to achieve innovation.

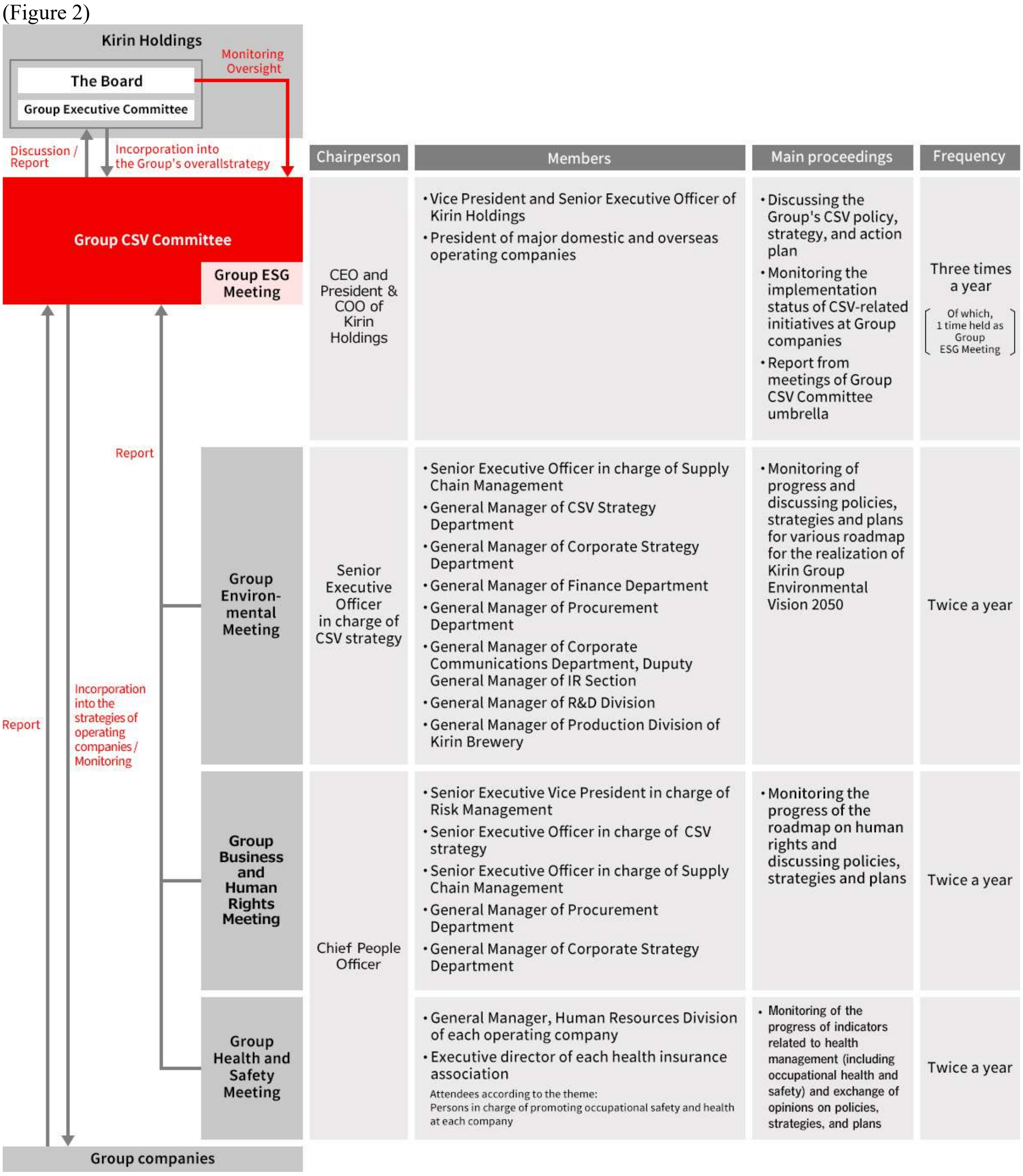
2. APPROACHES TO AND INITIATIVES FOR SUSTAINABILITY

Under the Corporate Philosophy and Long-Term Business Plan, Kirin Holdings recognizes issues related to sustainability including climate change and human capital as its important management issues that could reduce risks as well as provide business opportunities. The Company aims to both enhance corporate value over the medium to long term and solve sustainability issues through proactive efforts. The Company addresses overall sustainability issues and specific themes as summarized in the following four pillars: Governance, Strategy, Risk management, and Metrics and targets.

(1) Overall sustainability issues

Category	Description
Governance	At Kirin Holdings, the Group Executive Committee and the Board deliberate and make resolutions on material issues concerning sustainability. In addition, the Group CSV Committee, chaired by the CEO and President & COO of Kirin Holdings, meets three times a year and discusses the formulation of CSV policies, strategies, and action plans, and monitors the implementation of these plans in order to promote CSV management. The details of such discussion and monitoring are reported to the Board and the results of discussion on the Board are reflected in the Group's overall strategies. Report on the Group CSV Committee Meetings https://www.kirinholdings.com/en/impact/csv_management/promotion_impact/#link-1648083735 Non-financial targets are reflected in the performance evaluation indicators for the directors of the board (except for non-executive directors) and executive officers. The Performance Rule is stated in "1. MANAGEMENT POLICY, BUSINESS ENVIRONMENT, AND FUTURE CHALLENGES, (2) MANAGEMENT STRATEGIES OVER THE MEDIUM TO LONG TERM AND TARGET MANAGEMENT INDICATORS." To enhance the effectiveness of the CSV policies and strategies decided based on the discussion of the Group CSV Committee, we have established CSV Contact Person Meeting, which is composed of managers from each division of Kirin Holdings and the planning divisions of major operating companies, to share information and exchange opinions. (Figure 1) Under the Group CSV Committee, there are three Group-wide meeting bodies, namely the Group Environment Committee chaired by the Officer in Charge of CSV strategy, the Group Business and Human Rights Meeting and the Group Health and Safety Meeting chaired by Chief People Officer. These committees facilitate responses to individual issues related to sustainability. (Figure 2) Report on the Group Sustainability Meetings on Specific Issues https://www.kirinholdings.com/en/impact/csv_management/promotion_impact_sustainability/ (Figure 1)  *1 Group Materiality Matrix *2 Translation of our management philosophy in the social context *3 Members: planning staff at Kirin Holdings (KH) functional units and major operating companies in Japan and overseas *4 Chairperson: President & COO of KH, and CEO of KH Members: officers in charge of functional units at KH, presidents of major operating companies in Japan and overseas

(Figure 2)



Strategy	1) Group Materiality Matrix Kirin Holdings has formulated the Group Materiality Matrix (GMM), which outlines the key issues that must be addressed in order to sustainably co-exist and develop with society. Based on the GMM, we have formulated the CSV Purpose as a guideline that translates our management philosophy into the significance of our existence in society. To realize the CSV Purpose, we will promote CSV management to solve social issues and create economic value. The details are stated in “1. MANAGEMENT POLICY, BUSINESS ENVIRONMENT, AND FUTURE CHALLENGES, (1) BASIC MANAGEMENT POLICY.” 2) Procedure to identify materiality We select material issues or the Materiality according to four processes: identifying management issues, conducting internal reviews, implementing stakeholder engagement, and deciding the Materiality. The details of these processes are as follows. In identifying management issues, we have selected issues based on reporting guidelines (ISO26000, GRI, SASB), ESG assessments (FTSE, MSCI, Sustainalytics) and targets of SDGs, etc. For conduction of internal reviews, we have discussed the impacts of social issues on business activities and the impact of business activities on society at the Group Executive Committee, based on objective information on social issues, including reports from NGOs and NPOs and media information. For implementation of stakeholder engagement, we have engaged with investors, NGOs, NPOs, and employees (labor unions) based on the results of internal reviews to reflect their opinions. In deciding the Materiality, the results reflecting the opinions of stakeholders were resolved by the Board meeting after the discussion at the Group CSV Committee.

	3) Issue-specific responses In line with our approaches to and initiatives for overall sustainability issues, we assess risks and opportunities for society and companies in the context of the environment, business and human rights, and health and safety at meeting bodies dedicated to specific issues, and then discuss policies, strategies, and plans. We have proactively disclosed reports on each meeting to a broad range of stakeholders.
Risk management	Kirin Holdings discusses risks and opportunities related to sustainability issues at the Group CSV Committee and meeting bodies under the Committee. We also deliberate on and monitor our business risk factors, including sustainability issues, at the Group Risk and Compliance Committee, which meets every quarter. The details of the risk management are as stated in "3. BUSINESS RISK FACTORS." As for other specific themes, we have adopted and implemented a new approach to identify and examine material risks through the analysis and assessment of scenarios developed for each risk factor. In particular, the details of risk management related to climate change and natural capital are as stated in "(2) Specific themes, [Responses to climate change and natural capital]."
Metrics and targets	Targets for key issues related to sustainability have been incorporated into the Company's business plans in the form of non-financial indicators. The details are stated in "1. MANAGEMENT POLICY, BUSINESS ENVIRONMENT, AND FUTURE CHALLENGES, (2) MANAGEMENT STRATEGIES OVER THE MEDIUM TO LONG TERM AND TARGET MANAGEMENT INDICATORS." In addition, Kirin Holdings and its major subsidiaries have set CSV Commitments in the form of action plans for issues that should be tackled in order to achieve the CSV Purpose. These commitments have been incorporated into major subsidiaries' business plans and these progresses are reflected in the evaluation of their top managements. CSV Commitments https://www.kirinholdings.com/en/impact/csv_management/commitment/

(2) Specific themes

To enhance our resilience to climate change, utilize natural capital appropriately and continually, and contribute to building of circular economy, the Kirin Group promotes transition strategies including mitigation and adaptation. We assess social and business risks and opportunities of a variety of sustainability issues, such as climate change, natural capital, and human capital, as well as the resilience of our strategies. The relevant information is disclosed to a broad range of stakeholders.

[Responses to climate change and natural capital]

Climate change is one of the global challenges and it is also a significant issue for the Kirin Group. We use agricultural products and water as raw materials and benefit from the blessings of nature in our business activities. Recognizing this, and in light of the recommendations issued in 2017 by the Task Force on Climate-related Financial Disclosures (TCFD), the Kirin Group commenced a scenario analysis and disclosed the results of the analysis in 2018 ahead of industry peers. In 2022, the Group disclosed information according to the Locate-Evaluate-Assess-Prepare (LEAP) approach of the Beta version of the Taskforce on Nature-related Financial Disclosures (TNFD) framework ahead of other companies in the world. In 2023, we provided holistic disclosure on climate change and natural capital by integrating TCFD and TNFD frameworks. By applying this holistic approach to environmental issues including climate change and natural capital, the Kirin Group will strengthen its resilience and lead the way to decarbonization and nature-positive.

Governance	Description	□ The Board deliberates and makes resolutions on basic policies, medium to long term strategies, and annual plans on the overall environmental issues, as well as material non-financial targets and KPIs including environmental ones. Through progress monitoring of non-financial targets, the Board supervises every quarter the execution of the Group's operations on environmental issues, such as climate change, natural capital, and circular economy. The Board monthly monitors the risks and opportunities assessed and identified by operating companies, which are reported by the secretariat of the Group Risk and Compliance Committee, and makes resolutions on identified significant risks and material issues. In this way, the Board supervises the effectiveness of environmental management. □ Meanwhile, the Group Executive Committee deliberates and makes resolutions on setting and revision of significant targets of environmental issues including climate issues and natural capital, as well as investment plans. In 2022, the Group Environmental Meeting was established under the Group CSV Committee, chaired by the Officer in Charge of CSV strategy and consisting of related officers and division managers. The Group Environmental Meeting monitors sustainability-related risks and opportunities and the progress of roadmaps established for each environmental issue and discusses related policies, strategies, and plans, contributing to building a stronger system. The details of discussions are reported to the Group CSV Committee and the Board. * The details of the Group CSV Committee and the reflection of environmental issues in the remuneration for officers are stated in "(1) Overall sustainability issues."
	Progress	□ The Group CSV Committee meetings are held three times a year. The chairperson of the committee issues instructions for improvements deemed necessary to promote CSV as a way to enhance the effectiveness of the CSV policies and strategies decided by the committee. □ The Group Environmental Meeting, a meeting body under the Group CSV Committee, is held twice a year. Particularly in FY2024, the meeting reviewed part of the environmental strategy, held discussions to ensure the achievement of Scope 3 targets, and promoted environmental management to achieve the

		Environmental Vision 2050.
Strategy	Description	Global warming, changes in rainfall, and natural disasters caused by climate change have a significant impact on our important raw materials, such as agricultural products and water. On the other hand, we understand that the conservation and restoration of natural capital is a "nature-based solution to social issues" that can be used as climate change mitigation and adaptation measures. The Company employs a holistic approach to solve environmental issues by leveraging our R&D and engineering capabilities. □ In terms of climate change, we have set the net zero target in 2050 in the Kirin Group's Environmental Vision 2050, which was revised in 2020 with the results of TCFD scenario analyses as inputs. We have updated our interim targets to reflect the science-based target (SBT) of 1.5°C and joining RE100 (both in 2020). In addition to our own reduction, we will promote encouraging business partners to reduce emissions as well. □ Regarding natural capital, with consideration given to "location -specific" and "dependency", we will procure sustainable raw materials and agricultural products and use water resources while utilizing the LEAP approach proposed by TNFD under the Action Plan for Sustainable Use of Biological Resources. We will also improve the business resilience by leveraging the approach as a measure to mitigate climate change issues. □ In the area of containers and packaging, we will contribute to building a society in which plastics are recycled by achieving the target of 50% recycling rate of resin for PET bottles in Japan by 2027 and developing sustainable containers and packaging. We also aim to reduce Scope 3 GHG emissions and the impact on the natural environment. □ To forge ahead with our holistic approach to environmental issues, such as climate change and natural capital, and to contribute to the formulation of rules, we are involved in: • Alliance To End Plastic Waste (Joined in 2021) • Corporate Engagement Program of SBTs for Nature (Joined in 2021 as the first in the medical/food industry in Japan) • TNFD scenario analysis pilot test (Involved in the TNFD Forum since 2021 and in the pilot test since 2022. Registered as a TNFD Adopter in 2023.)
	Progress	□ We have gained a more accurate understanding of the financial impact of climate change through a range of efforts, such as analyzing and assessing asset risks and opportunities in the course of scenario analyses conducted in full compliance with the new TCFD guidance.[*1] We have also conducted assessment to identify the dependency, impacts, risks, and opportunities of natural capital, providing holistic disclosure on the financial impact of climate change and natural capital (in 2023). □ As climate change mitigation measures, Kirin Holdings has formulated a roadmap to reducing GHG emissions until 2030 (in 2023), has finalized the reduction targets and paths for Group companies, and has started to work toward these targets. The major initiatives include the following: • We have installed PPA-based (except for Yokohama Plant) large-scale solar power generation systems in all plants of Kirin Brewery (in 2021), Kyowa Kirin's Ube Plant, Mercian's Fujisawa Plant (in 2023), and Kyowa Hakko Bio Hofu Plant (in 2024). We have also raised the percentage of renewable energy in the entire energy procured to 100% at Kyowa Kirin's Takasaki Plant, all production sites of Lion in Australia and New Zealand (in 2023), all wineries of Chateau Mercian (in 2022), and all plants and all sales sites of Kirin Brewery (in 2024). • Kirin Holdings received SBT's net zero certification for the first time as a food company in the world (in 2022). • We are currently promoting GHG emissions reduction throughout the value chain, including considering the procurement of low-GHG-emission raw agricultural products and materials and increasing the recycling rate of resin for PET bottles. We have implemented reductions with an emphasis on engagement, such as jointly discussing reduction measures based on each company's reduction plan and reduction progress identified through questionnaires to major suppliers and the Kirin Supply Chain Environmental Program (Starting from 2023). □ As adaptation measures, we have supported tea farmers in acquiring sustainable agriculture certifications in Sri Lanka and have continued appropriate water conservation with water stress taken into account. □ As for business opportunities related to climate change, we launched a carbon-neutral alcohol-free beer XXXX Zero (in 2022), which was the first of its kind in Australia. We have also expanded our product line-up in collaboration with external companies we have partnered in the field of food with claims for immune function and have continued research on ways to protect against infectious diseases, such as dengue fever and COVID-19, which risk is projected to grow due to the climate change. □ In the area of natural capital, we have developed the Regenerative Tea Scorecard jointly with Rainforest Alliance in Sri Lanka and been rolling it out on agricultural land to gain insights into and promote regenerative agriculture that contributes to climate change mitigation and adaptation. Mariko Vineyard was officially approved in 2023 by the Ministry of the Environment as a socio-ecological production landscapes and seascapes (SEPLS) site that contributes to the "30 by 30" target adopted as a new global goal at the 15th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP15). The results of the scenario analyses we jointly conducted with TNFD at New Belgium

<table>
<tr><td></td><td></td><td>Brewery in Colorado, the U.S., were introduced in a “discussion paper” for the Beta version of the TNFD framework. The case of the introduction of a water recycling facility in Australia was also introduced in the final version of the TNFD framework disclosed in September 2023.</td></tr>
<tr><td rowspan="2">Risk management</td><td>Description</td><td>☐ We have established the Group Risk and Compliance Committee to oversee environmental risks and opportunities such as climate change, natural capital, and laws and regulations as part of the risk management covering other sustainability issues, and to discuss basic policies of risk management.
* The details of risk management are stated in “3. BUSINESS RISK FACTORS.”</td></tr>
<tr><td>Progress</td><td>☐ We reviewed our approach to each critical event, and have transitioned to the all-hazard approach to business continuity planning whereby we work out countermeasures with a focus on the loss of management resources (since 2021).
☐ We use risk assessment tools based on scientific evidence for scenario analysis, including various research papers and Aqueduct. In 2023, we started to use ENCORE, IBAT, and other tools recommended by TNFD.</td></tr>
<tr><td rowspan="3">Metrics and targets</td><td>Climate change targets</td><td>
<table>
<tr><td>Item</td><td>Targets</td><td>Results[*2]</td></tr>
<tr><td>GHG emissions across value chain</td><td>Net zero (2050)</td><td>3,942 thousand tons CO_2e</td></tr>
<tr><td>Scope 1+2</td><td>50% reduction (in 2030 from 2019)</td><td>31% reduction</td></tr>
<tr><td>Scope 3[*3]</td><td>30% reduction (in 2030 from 2019)</td><td>10% reduction</td></tr>
<tr><td>Percentage of renewable energy in total energy consumption</td><td>100% (2040)</td><td>42%</td></tr>
</table>
</td></tr>
<tr><td>Natural capital targets</td><td>
<table>
<tr><td>Item</td><td>Targets</td><td>Results[*2]</td></tr>
<tr><td>Number of large farms in Sri Lanka that received training for the acquisition of certification</td><td>Cumulative total 15 farms (2022–2024)</td><td>4 farms
(Cumulative total from 2022 to 2023)</td></tr>
<tr><td>Number of small farms in Sri Lanka that received training for the acquisition of certification</td><td>Cumulative total 5,350 farms (2022–2024)</td><td>629 farms
(Cumulative total from 2022 to 2023)</td></tr>
<tr><td>Usage ratio of sustainable palm oil in Japan</td><td>Maintain 100%</td><td>100%</td></tr>
<tr><td>Lion water efficiency (Oceania region)</td><td>2.4 kl/kl (2025)</td><td>3.3 kl/kl</td></tr>
</table>
</td></tr>
<tr><td>Container/ package targets</td><td>
<table>
<tr><td>Item</td><td>Targets</td><td>Results[*2]</td></tr>
<tr><td>Recycling rate of resin for PET bottles</td><td>50% (2027)</td><td>28.0%</td></tr>
<tr><td>Ratio of FSC-certified paper used for paper containers and packaging at Kirin Brewery, Kirin Beverage, and Mercian</td><td>Maintain 100%</td><td>100%</td></tr>
</table>
</td></tr>
</table>

*1 *TCFD Guidance on Metrics, Targets, and Transition Plans* and *Implementation of TCFD Recommendations (2021)* published in October 2021

*2 Results as of the end of 2023

*3 IDEA Ver. 2.3 and Ver. 3.3 of the National Institute of Advanced Industrial Science and Technology used for Scope 3 calculations in each fiscal year

Business impact assessment of risks and opportunities, and response strategies

Through the continual scenario analyses on climate change since 2017, we have improved our level of understanding of risks and opportunities from climate change and our strategies. From 2023, we estimate the impact of natural capital and containers and packaging taking into account the dependency, impacts, and other factors, providing holistic disclosure on the estimates.

Analysis of financial impact

	Business risks/ Social issues	Financial impact	Response
Physical risk	Decline in yields of agricultural products	2°C scenario: Approx. ¥1.3 billion to ¥3.4 billion 4°C scenario: Approx. ¥3.6 billion to ¥13.7 billion (2050)*4	• 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	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	Approx. ¥0.03 billion to ¥0.6 billion	• Sharing of knowledge concerning responses to droughts • Advanced technologies for water use reduction
	Negative impact of PET bottles	Approx. ¥1.1 billion	• Expansion of mechanical recycling • Establishment of a chemical recycling manufacturing technology
Transition risk	Financial impact of energy due to carbon pricing	2°C scenario: Approx. ¥9.4 billion 4°C scenario: Approx. ¥5.1 billion (2030)*5	• Realization of GHG emissions • Profit and loss neutral energy conversion
	Financial impact of agricultural products due to carbon pricing	2°C scenario: Approx. ¥0.9 billion to ¥4.4 billion 4°C scenario: Approx. ¥2.4 billion to ¥8.8 billion (2050)*6	• Mass plant propagation technologies • Support for farms to acquire certification for sustainable agriculture
	Procurement of certified products	Approx. ¥0.06 billion	• Support for farms to acquire certification for sustainable agriculture • Procurement of sustainable raw materials
Business opportunities	Maintenance of immune system for healthy people	Immunity & health supplement markets: 28,961.4 million USD (2030)	• Contributions in the Health Science domain
	Prevention of heatstroke	Market for non-alcoholic beverages that prevent heatstroke: ¥94 billion to ¥188 billion (2100, 4°C scenario)	• Contributions to preventing heatstroke with provision of non-alcoholic beverages
	Reduction of food waste	Approx. ¥0.9 billion	• Reduction of product disposing
	Financial impact of reduction of chemical fertilizer and pesticide in coffee farms in Vietnam	Approx. ¥0.11 billion*7	• Enhancement of engagement

*4 Assessed using 25–75 percentile range of the distribution of forecast data for price fluctuations

*5 In cases where GHG emissions were not reduced

*6 Assessed using 25–75 percentile range of the distribution of forecast data for price fluctuations

*7 Estimated based on hearing from local coffee farms

During 2023 and 2024, we analyzed the impact of climate change on assets, which is required in the TCFD's new guidance. The analysis shows that the financial impact of such factors as the natural disasters are insignificant. Coke Northeast and Blackmores, which joined the Group during 2023, are reflected in the Group's environmental data from 2024 results and their impact is evaluated.

	Items subject to analysis	Impact
Assets exposed to risk	Exposure to once-in-200-year disasters across 20 locations in Japan*8	Approx. ¥1.0 billion
	Residual value of related facilities*9	Approx. ¥1.1 billion

*8 This is the result of the calculation based on the natural disaster model AIR flood simulation. While the exposure to natural disasters is also considered small, we will conduct on-site and other surveys and assess whether we should take out insurance on these business sites.

*9 We have concluded that it is unlikely that we will need to replace these facilities before their useful life due primarily to changes in laws and regulations and social situations in the face of climate change. For reference, the total residual value of boilers held by Kirin Brewery, Kirin Beverage, and Mercian, and trucks held by Group logistics companies is presented

Transition plan

The Kirin Group formulated a roadmap to mitigating climate change, and has implemented the roadmap since January 2022 through deliberation and resolution at the Group Executive Committee. In the area of natural capital, we have discussed the creation of a roadmap for "nature-based solutions to social issues" including climate change mitigation and adaptation in addition to ecosystem conservation. In terms of PET bottles, we have formulated and commenced operation of a roadmap to achieving the target of 50% recycling rate of resin in Japan in 2027.

<table>
<tr>
<td>Scope 1 and Scope 2 emissions reduction</td>
<td>
☐ Promotion of energy conservation, expansion of renewable energy, and energy transition are three major themes.
☐ Until 2030, we will mainly focus on driving energy conservation and expanding the percentage of renewable energy.
☐ In 2030 and later, we expect to convert the combustion fuels used in producing steam for brewing and manufacturing processes from fossil fuels to hydrogen and other fuels.
☐ We will prioritize “additionality” whereby we create and increase new renewable energy power sources in the world and “ethicality” whereby we use energy from the perspective of the environmental impact and human rights.

Actual and planned GHG emissions reduction by operating company*10 (Unit: thousand tCO_2e)
<table>
<tr><th></th><th>2019</th><th>2024</th><th>2027</th><th>2030</th></tr>
<tr><td>Kirin Brewery</td><td>199</td><td>140</td><td>88</td><td>68</td></tr>
<tr><td>Kirin Beverage</td><td>45</td><td>39</td><td>30</td><td>11</td></tr>
<tr><td>Mercian</td><td>60</td><td>33</td><td>26</td><td>25</td></tr>
<tr><td>Lion</td><td>114</td><td>65</td><td>53</td><td>50</td></tr>
<tr><td>Kyowa Kirin</td><td>56</td><td>22</td><td>22</td><td>22</td></tr>
<tr><td>Kyowa Hakko Bio</td><td>243</td><td>136</td><td>97</td><td>79</td></tr>
</table>
*10 Actual reduction for 2019, and estimated reduction for 2024 and later as of the date the roadmap was formulated in 2024, which are subject to change as appropriate in the future.
</td>
</tr>
<tr>
<td>Scope 3 emissions reduction</td>
<td>
☐ Of the categories defined in the GHG Protocol, we have identified the following categories as the areas of focus: Category 1 (manufacture of ingredients and materials) making up the largest proportion of the total emissions at approximately 66%, Category 4 (transport) making up the second largest proportion, and Category 9 (distribution).
☐ In “Encouragement of reduction at business partners,” we have established the Kirin Supply Chain Environmental Program, and, together with our 19 suppliers, promote activities in three areas: mutual disclosure of actual GHG emissions data, target-setting requests and support for reducing GHG emissions in accordance with SBT standards, and collaborative efforts to reduce GHG emissions. We will work with our major suppliers to understand the emissions reduction plan and the status of progress in both quantitative and qualitative terms at each company and explore collaboration with an emphasis on engagement. The entire supply chain will work together to switch to the use of ingredients and materials with low GHG emissions, including the introduction of recycled can lids with reduced use of new aluminum ingots, which reduce GHG emissions by 40% compared to conventional products. As an approach to agricultural products, we have begun a joint project with our suppliers to examine the carbon sequestration benefits of environmentally-sustainable barley farming.
☐ In “Reduction of our own independent emissions,” we make containers and packaging lighter and raise the percentage of recycled resin in PET bottles by leveraging the competence of our own research institute to develop containers and packaging in-house.
</td>
</tr>
</table>

Investment plan

Until 2030, our basic principle for environmental investment is profit and loss neutral. Specifically, we will offset increases in depreciation from investments and the incremental cost of procuring renewable energy with cost benefits derived from energy saving. We utilize Net Present Value (NPV) as an indicator for environmental investments aimed mainly at reducing GHG emissions and have incorporated Internal Carbon Pricing (ICP: ¥7,000/tCO_2e) into our framework for making investment decisions. We issued green bonds (totaling ¥10 billion during 2020 and 2024) to finance the procurement of recycled PET resin and the introduction of heat pump systems at plants. Then, in January 2023, we financed the projects related to energy saving and renewable energy, which we are promoting to reduce Scope 1 and 2 GHG emissions, with a transition-linked loan (totaling ¥50 billion during 2022 and 2042) for the first time as a food company in Japan. The loan is subject to the FY2022 subsidy for global warming countermeasures promotion project and the performance-linked interest subsidies program of the Ministry of Economy, Trade and Industry based on the Act on Strengthening Industrial Competitiveness (financial support for promoting the transition towards achieving a carbon-neutral economy). In 2024, we allocated ¥0.3 billion for energy conservation and ¥2.2 billion for expansion of renewable energy (no allocation for energy conversion).

Amount of investments estimated to be required to achieve net zero emissions*11

(Unit: billion yen)

	2019–2021	2022–2024	2025–2027	2028–2030
Investment in/measures for energy saving	1.5	7.4	10.4	4.8
Increased use of renewable energy*12	1.5	15.0	23.7	36.2
Energy conversion	0	0	0.9	1.2
Total amount	3.0	22.4	35.0	42.2

*11 Figures for 2019–2021 MTBP are actual results, while figures for 2022–2030 are estimates as of the origination of the transition-linked loan and thus are subject to change in the future.

*12 Increased use of renewable energy includes the amounts of all investments related to the procurement of electricity from renewable energy sources.

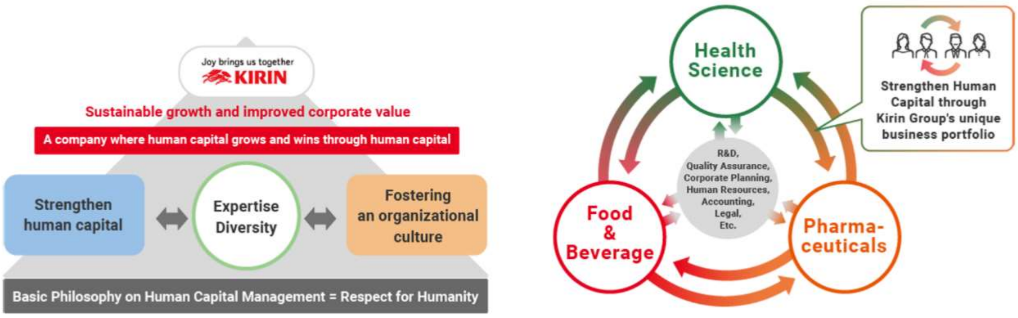
Approach to human capital

The environment surrounding human capital strategies is changing significantly, both in and out of the company, and the Kirin Group's human capital strategy is also undergoing a major transition. Coupled with the changing environment and the diversifying individual values, the labor market environment, including working styles, is also changing dramatically. Furthermore, the kind of human capital our Group desires for the implementation of our management strategy is changing due to the transformation of our business portfolio.

Once again, by placing importance on human capital as the source of value creation and our competitive advantage and maximizing their value, our Group will strengthen our businesses and realize the Long-Term Management Vision, Kirin Group Vision 2027 (KV2027); our Group's sustainable growth; and value creation.

Category	Description
Strategy	1. Kirin Group's Basic Philosophy on Human Capital Management Kirin Group's Basic Philosophy on Human Capital Management, "Respect for Humanity," expresses our belief in the boundless potential of humans. It is the foundation for our human capital strategy and aligns with the brewing philosophy of Kirin Brewery Company, Limited: "Reverence for Life." We will provide an environment in which each and every employee can take the challenge of creating new value, work to their fullest, and continue to grow through their work.  2. Recognizing human capital strategy issues from the perspective of Group management issues The Kirin Group values human capital as a source of value creation and our competitive edge, and by investing in them, we aim to be "a company where human capital grows and that wins through human capital." Our management strategies define the direction we take in terms of our human capital strategies. At the same time, the capabilities of our human capital are a crucial element when it comes to formulating future management strategies and serve to expand their potential. The keys to this expansion are expertise and diversity. We will develop human capital characterized by both diversity and expertise by providing an environment where employees can enhance their individual expertise and accumulate a variety of business experiences and perspectives through our unique business portfolio, which spans from the Food & Beverages domain to the Health Science and Pharmaceuticals domains. Furthermore, in addition to hiring external human capital and people with disabilities and promoting the active participation of women in the workplace, we will create an environment which fosters an organizational culture that embraces diversity, while increasing the amount of cross-organizational and cross-team creation. By doing this, we will promote CSV management and realize the Group's sustainable growth and improved corporate value.

Overview of the Kirin Group's human capital strategy



3. Recognition of human capital strategy issues viewed from the Group management perspective

The short-term goal of the human capital strategy is to accelerate the strengthening of organizational capabilities that will improve the effectiveness of the business portfolio's transformation. In the medium- to long-term, we will produce expert and diverse human resources. At this time, we are focused on five issues based on the linking of the management and human capital strategy.

a. Strengthen organizational capabilities in line with the business portfolio transformation (Health Science, New Businesses, etc.)
b. Human capital management focused on expertise and diversity is required when looking ahead in times of an uncertain future
c. Create a culture that supports and strengthens human capital who can accomplish and innovate = capability to execute the strategy to achieve the advanced strategies
d. Create job satisfaction in response to changes in the labor market and individual values
e. Strategic evolution through communication with the stakeholders, spurred by a focus on human capital

4. Stories and disclosures that link with the human capital strategy and value creation

There are cases in which the issues and important points of the human capital strategy differ depending on country, region, and business, but the story linking to the human capital strategy and value creation is the same. For sustainable growth and the improvement of corporate value, increasing expertise and diversity of both human capital and the organization is essential. In order to promote a human capital strategy unique to Kirin, we set four key factors—Well-Being, Growth, DE&I, and KABEGOE—and their respective stories across the Group.

<u>Well-Being</u>
Work to your fullest and create job satisfaction through sympathy for CSV management
<u>Growth</u>
Proactively hone your expertise toward self-reliant career development and enrich your values through diverse experiences
<u>DE&I</u>
Have an awareness of accepting diverse values that differ from your own and a mindset of co-creation with your peers
<u>KABEGOE</u>
Take an interest in everything, turn failures into learning, and proactively practice originality, ingenuity, and value creation

We set the below indicators based on the story of the human capital strategy unique to Kirin that is centered on the four key factors of Well-Being, Growth, DE&I, and KABEGOE. Going forward, we will continue to evolve our human capital management through dialogue with our stakeholders.

☐ Sympathy for Philosophy, Values, and CSV (Sustainable engagement through engagement surveys)—Well-Being
☐ Development of professionals with expertise and diversity (Talent management on a functional basis /

Experienced in two or more businesses)—Growth
☐ Culture that embraces diversity (Diversity index in engagement surveys)—DE&I
☐ Formation of an organizational culture in which challenges are celebrated (practice of proactive ingenuity and value creation that transcends organizational, business, and national borders)—KABEGOE

Examples of our Initiatives
■ Kirin Group Award—the embodiment of the Group Philosophy, Values, and CSV
The Kirin Group Award, which awards initiatives that embody the Kirin Group's Philosophy, Values, and CSV, is a platform for honoring opportunities of co-creation with specialized and diverse human capital across businesses. To foster a greater sense of Group unity in 2023, we improved this event, such as by revamping the content to place more focus on the employees, and will continue to improve it going forward.

■ Cross-border experiences that enrich individual values and nurture a culture that accepts diversity
Cross-border experiences within the Group enrich individuals' values through diverse experiences, in addition to helping to foster an organizational culture that accepts diversity. These experiences started with the work-abroad program in 2019, and in 2020 we lifted the ban on side jobs and started to accept people to work side jobs with us. Furthermore, since 2021, we have expanded the scope to include mutual side jobs between a total of 27 companies.

Metrics and targets

The Kirin Group, in its KV2027, has set Employees (employee engagement, the degree of improvement in diversity, Lost Time Incident Rate) as one of its non-financial metrics, and has also linked it to the Officers' remuneration. We will also endeavor to disclose information related to human capital and hold dialogue with stakeholders.

Non-financial metric "Employees": Results for 2024 (As of December 31, 2024)

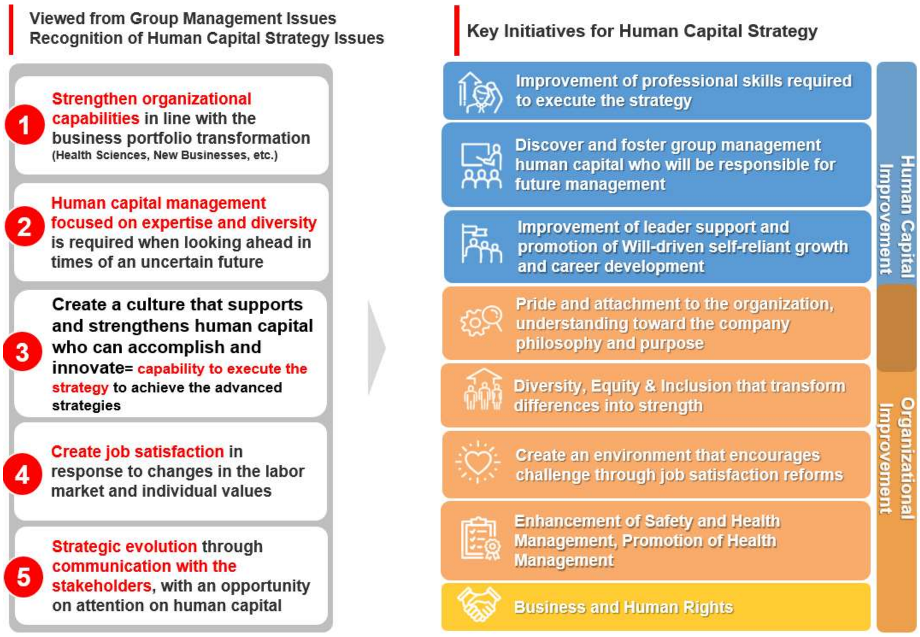
Employee engagement	71
Percentage of female managers (Note)	15.9%
Percentage of career hires (Note)	42.9%
Lost Time Incident Rate	0.97

Non-financial metric "Human Capital": Targets for 2025

CSV practice score	72
Employee engagement score	72
LTIR score	2.50
Presenteeism (Note 2)	63.6%
Percentage of female managers in Japan (Note 1)	18.0%

Note 1: The percentages of female managers and career hires within the scope of aggregation are all employees of Kirin Holdings.
Note 2: It means increasing the number of employees who are healthy in mind and body, and who work energetically.

Human capital disclosure metrics



Disclosure indicators

Value creation

- Sympathy for Philosophy, Values, and Creating Shared Value (Sustainable Engagement through Engagement Surveys)
- Development of Professionals with Expertise and Diversity (Talent management on a functional basis/Experienced in 2 or more businesses)
- Culture that Embraces Diversity (Diversity Index in Engagement Surveys)
- KABEGOE (Kirin's unique challenge that embodies CSV by involving both internal and external stakeholders.)

Value protection

- Employee engagement score
- Development of Management Talent
- Female management ratio
- Percentage of mid-career hires
- Turnover rate
- Reinstatement rate after maternity / childcare leave
- Rate of male employees taking paternity leave
- Average length of service
- Labor practices
- Number of complaints resolved around labor practices and human rights
- Percentage of employees covered by collective bargaining agreements
- Lost Time Incident Rate (LTIR)
- Employee fatalities due to accidents at work
- Attendance rate of human rights training

3. BUSINESS RISK FACTORS

(1) APPROACH TO RISK MANAGEMENT

The Kirin Group defines risk as uncertainty with the potential to seriously impede the accomplishment of business targets or impact business continuity. The Group also defines crisis as 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 the 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 risks from normal times, identify 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 minimize its impact 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 their details and countermeasures, to stakeholders in a timely and appropriate manner.

(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, setting the Group's risk management policy, introducing risk reduction measures, and communicating the information and considering countermeasures when a crisis occurs. The Board also oversees the effectiveness of risk management through deliberations and reports on the Group's major risks. (Figure 1)

The process for identifying the Group's major risks is based on the Kirin Group's risk management policy set for each fiscal year. Each Group company examines and identifies risks related to its strategy and business execution and risks that could develop into a severe crisis, and the Company aggregates these business-specific risks and investigates common risks across the Group. The Group Risk and Compliance Committee assesses each risk from both quantitative and qualitative angles from a group-wide management perspective, such as economic losses, business continuity, and damage to reputation. Then, considering the probability of occurrence, risks with a high priority for action are selected. The Board deliberates these risks and determines them as major risks for the Group. (Figure 2)

The Group's major risks are managed centrally on a risk map based on their degree of impact and likelihood of occurrence. With regard to the most major risks, the Board also takes stock of changes in risk conditions and reviews measures against these risks. (Figure 3) The Company and the Group companies promote and exercise risk management in cooperation with each other by formulating and implementing measures tailored to each risk. Meanwhile, we monitor the status from the dual perspectives of business and function to manage and control strategic risks. At the same time, we have put in place a risk management system that is designed to prevent the manifestation of risks that could develop into a crisis and minimize any potential negative impact when such a crisis occurs. (Figure 4)

Figure 1

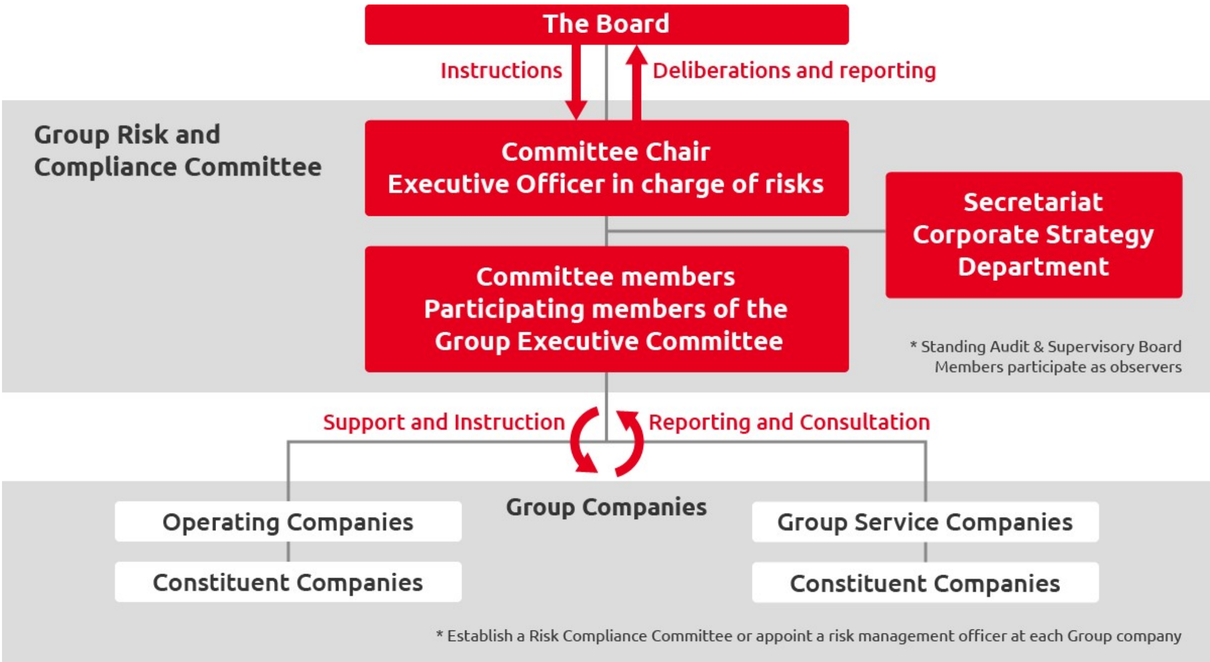


Figure 2

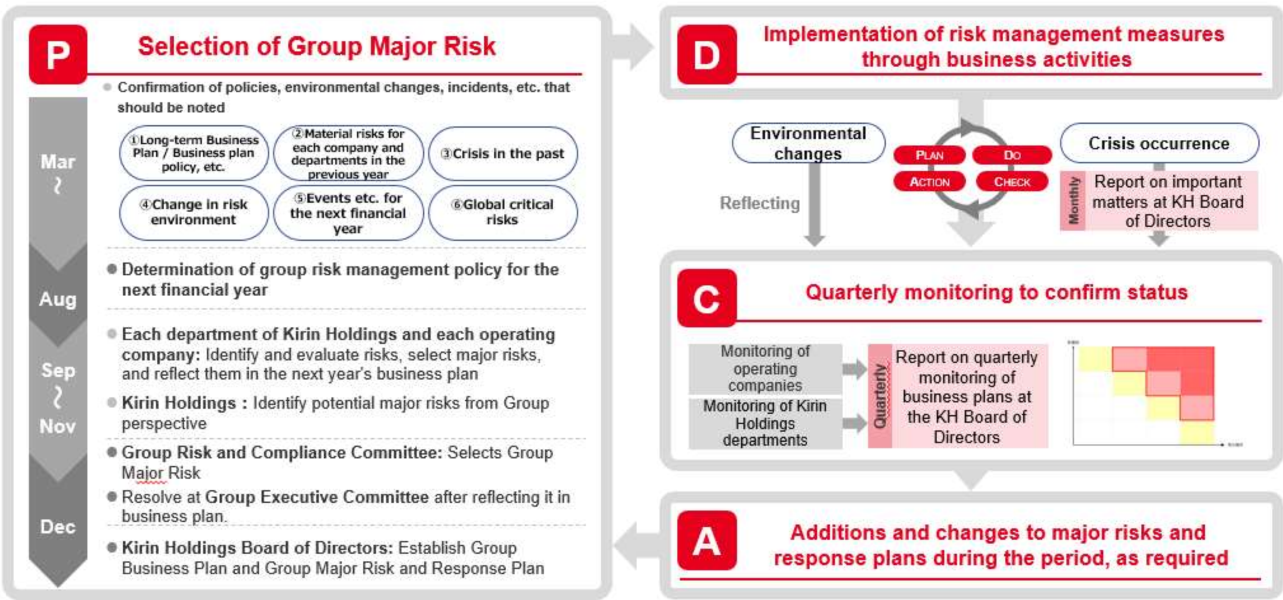


Figure 3

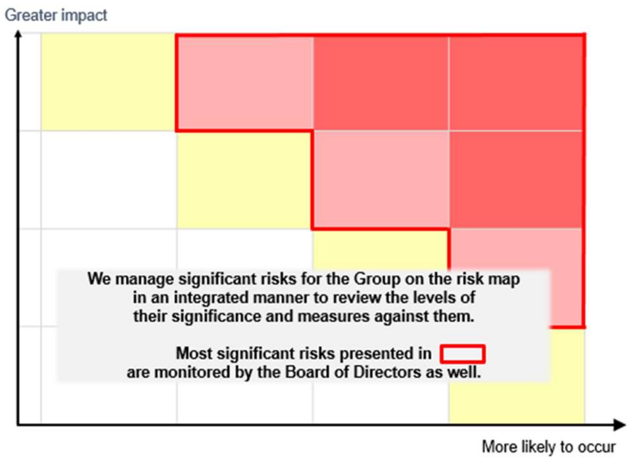
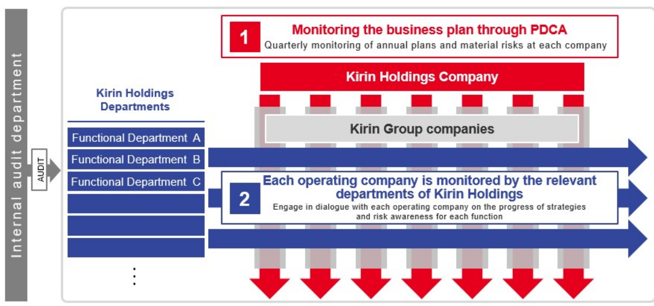


Figure 4



(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 hikes 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 hikes 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 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. Further, while, in new businesses, we are working to reduce risk by assuming the possibility of facing new risks 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>• The 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 spur 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 products quality audits by an independent team specialized in audit within the Group and contractors. Also, we are expanding its network of contractors, investing in Group plants, visualizing a demand and supply plan, 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 not being able to provide differentiated products and services related to social issues
• Risk of delays in complying with laws and regulations in countries where we carry out overseas operations
• Risk of lack of human resources and organizational capabilities to conduct business
• Risks associated with product quality assurance, safety, or stockouts</td><td>• The sales plan falls short due to the inability to formulate an effective business model.
• Global expansion is restricted, and plans to venture into overseas markets and expand business are delayed.
• Brands and reputations are damaged by product shortages, quality problems, insufficient evidences, 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, 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 will introduce a human resources management system that places greater emphasis on professional expertise centered on function. In addition, we aim to nurture a corporate culture that brings together human resources with diverse values and expertise, who are interested in everything and act accordingly, and who turn their failures into learning opportunities, and who proactively practice creativity and value creation. 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 the 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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<table>
<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 unexpected quality issues beyond the scope of quality assurance measures
• Risk of receiving orders for improvement or administrative guidance from authorities concerned due to failure to detect deficiencies in compliance with various quality-related laws and regulations</td><td>• Product discontinuation, recall, 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 a “customer-first and quality-focused” approach, which forms the starting point of our business, we have established in the Kirin Group’s Quality Policy that providing safe and reliable products and services to our customers is our top priority and have declared its actions and approach to achieving this in the Standards of Conduct. In January 2024, the Standards of Conduct were revised in light of environmental changes. By reflecting them in the quality management system retained by each Group company in the Food & Beverages, Health Science, and Pharmaceuticals domains through the Principles of the Kirin Group’s Global Quality Management, 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 the necessary measures, as well as 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 “customer-first and quality-focused” across 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">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 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 a clear statement 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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<table>
<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. For physical risks such as decreased yields of agricultural raw materials, transition risks such as carbon pricing, and impacts on assets resulting from climate change, we assess financial impacts and resilience of our strategies through scenario analysis based on the TCFD recommendations to make necessary revisions to our policies and strategies and deepen our efforts. As for the issue of plastic containers, we are steadily working towards our goal of increasing the recycled plastic ratio in Japan to 50% by 2027 (Kirin Group Plastic Policy). We are also working on a joint future-oriented project with outside partners to recycle various PET materials through chemical recycling. The Kirin Group 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.
(Specific countermeasures are stated in “2. APPROACHES TO AND INITIATIVES FOR SUSTAINABILITY.”)</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">Adverse effect of alcohol consumption</td><td>• Risk of globally strengthening restrictions on sale and advertisement/promotion of alcoholic beverages</td><td>• Alcohol consumption reduces.
• Corporate value declines.</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, in February 2012 the Ministry of Health, Labor and Welfare issued guidelines on drinking alcohol in a way that is good for health, and 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 have also expanded the lineup of non-alcoholic and low-alcoholic beverages and have worked to spread knowledge and raise awareness of appropriate ways of drinking alcoholic beverages. We will continue to make steady progress in our efforts to eradicate harmful alcohol consumption in line with changes in social conditions.</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">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, 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 the emergence of the 2024 logistics problem and future driver shortages 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>
</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">Procurement</td><td>• Market and exchange rate fluctuation risks
• Geopolitical and disaster risks
• Risk of violating laws and regulations such as the 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.
• We face difficulty in procuring raw materials, leading to negative consequences 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 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 and using grievance mechanism. 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="3">Information security</td><td>• Risk of a cyber-attack, information security incident, or information leak</td><td>• A leak of personal information or important trade secrets results in a loss of customer trust and incurrence of claims for damage compensation.
• A cyber-attack causes business operations to be suspended or to be delayed due to the extended time required for recovery.</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 established the KIRIN-CSIRT (Computer Security Incident Response Team) to respond to the threat of cyber-attacks that are becoming more serious and is working on information security measures, which is one of the Group’s major risks. We are working to strengthen countermeasures against cyber-attack threats such as virus infection and unauthorized access from the outside by establishing a security response system within the Group and implementing human, physical, and technical measures. We are also taking measures including risk transfer, for example, by taking out cyber insurance on a global basis to reduce the economic impact of cyber-attacks. We believe that these measures have reduced the risk to an acceptable level. We will also continue to take measures against unknown cyber threats while gathering a wide range of information.
(The details of our initiatives are described in the Information Security Report.)</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">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>
</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">Finance and taxes</td><td>• Risk of fluctuations of value in 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. Specifically, we have reduced the potential impact of these changes on 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 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 2024, the environment surrounding the company has changed at an accelerating pace, with major economic and social consequences. Globally, conflicts and disputes among major powers have further heightened geopolitical tensions. Economically, the situation remains uncertain despite the calming of inflation, especially in the U.S., and the gradual recovery of the domestic economy.
In addition, environmental measures are urgently needed due to the frequency of extreme weather events and disasters in many countries around the world. In the digital ICT field, the practical application of generative AI and quantum technology is accelerating and having a significant impact on industries, labor markets, and ways of working.
As the social environment undergoes major changes and becomes more complex, consumers' values and lifestyles are becoming more diverse than ever before, and we are entering an era of great change in which conventional wisdom is no longer applicable.
With "Creating Shared Value (CSV)" at the core of its management, the Kirin Group aims to achieve sustainable growth by flexibly responding to drastic changes in the business environment through its unique business portfolio management, which includes health science in addition to alcoholic beverages, non-alcoholic beverages, and pharmaceuticals.
In 2024, in order to further evolve CSV management and increase the degree of strategy execution in each business, we shifted to a new management structure with two members, CEO and COO, and worked to maximize corporate value.
We were successful in growing business profit in the alcoholic and non-alcoholic beverages business, strengthening the global foundation of the pharmaceuticals business, and expanding the scale of the health science business in line with the Kirin Group 2022-2024 Medium-Term Business Plan (2022-2024 MTBP). We achieved a record-high normalized operating profit, which is an indicator that measures the ongoing performance of a business. However, net profit attributable to owners of the Company decreased due to decisions made to lay the foundations for business growth, such as the loss on step acquisition associated with the consolidation of FANCL Corporation and the loss on transfer of the amino acid and other businesses of Kyowa Hakko Bio Co., Ltd. In terms of ESG initiatives, we have received high praise from external organizations, and for the fourth consecutive year, we have received an "AA" rating in the MSCI ESG Rating, an ESG index, on par with leading global companies in CSV management.
Kirin Holdings was also selected as one of the SX Brands (Sustainability Transformation Brands) 2024 initiated by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.
In addition, Kirin Holdings received the highest overall ranking for SDGs Management in the 6th Nikkei SDGs Management Survey for the sixth year in a row. Kirin Holdings' efforts to address social issues through its business operations and information disclosure of natural capital initiatives were highly praised.

(¥ billions, unless otherwise stated)

	FY2024	FY2023	Change	
Consolidated revenue	2,338.4	2,134.4	204.0	9.6%
Consolidated normalized operating profit	211.0	201.5	9.5	4.7%
Consolidated operating profit	125.3	150.3	(25.0)	(16.6)%
Consolidated profit before tax	139.7	197.0	(57.3)	(29.1)%
Profit attributable to owners of the Company	58.2	112.7	(54.5)	(48.3)%

(Key performance indicators)

ROIC	4.1%	8.0%		
Normalized EPS (yen)	172	177	(5)	(2.8)%

Consolidated revenue for this fiscal year increased due to increases in sales of the Alcoholic Beverages Businesses, the Non-alcoholic Beverages Business, the Pharmaceuticals Business, and the Health Science Business. The Pharmaceuticals Business posted a decrease in profits, but the Alcoholic Beverages Businesses, the Non-alcoholic Beverages Business, and the Health Science Business saw an increase in profits, resulting in an overall increase in consolidated normalized operating profit. However, net profit attributable to owners of the Company decreased due to decisions made to lay the foundations for business growth, such as the loss on step acquisition associated with the consolidation of FANCL Corporation and the loss on transfer of the amino acid and other businesses of Kyowa Hakko Bio Co., Ltd.
Among the key performance indicators, ROIC was 4.1% due to an increase in debt from growth investments in the Health Science Business and the Pharmaceuticals Business and a decrease in profit. Normalized EPS decreased by 5 yen from the previous fiscal year to 172 yen.

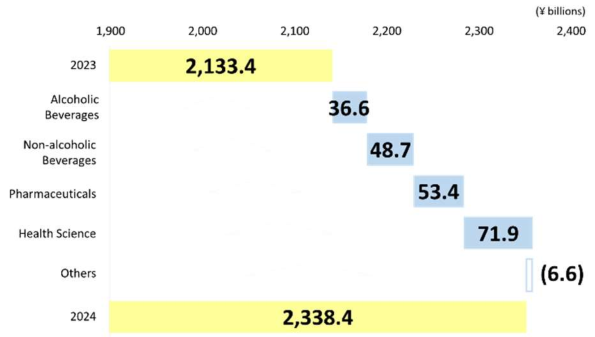
2) Performance by reportable segment

Results by segment are as follows.

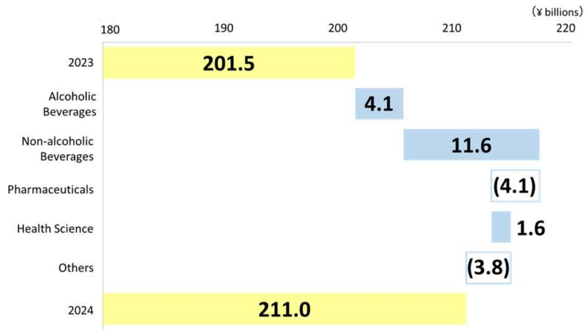
(¥ billions, unless otherwise stated)

	FY2024	FY2023	Change	
Consolidated revenue	2,338.4	2,134.4	204.0	9.6%
Alcoholic Beverages	1,081.7	1,045.1	36.6	3.5%
Non-alcoholic Beverages	564.9	516.2	48.7	9.4%
Pharmaceuticals	495.3	441.9	53.4	12.1%
Health Science	175.3	103.4	71.9	69.6%
Others	21.3	27.8	(6.6)	(23.6)%
Consolidated normalized operating profit	211.0	201.5	9.5	4.7%
Alcoholic Beverages	124.0	119.9	4.1	3.4%
Non-alcoholic Beverages	64.0	52.4	11.6	22.2%
Pharmaceuticals	91.9	96.0	(4.1)	(4.3)%
Health Science	(10.9)	(12.5)	1.6	–
Others	(58.0)	(54.2)	(3.8)	–

Consolidated revenue (year-on-year analysis)



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



Alcoholic Beverages Business

Kirin Brewery has achieved an attractive beer brand system by strengthening investment in its mainstay brands and introducing new products that meet consumer needs in anticipation of the integration of alcohol tax in 2026. We worked to revitalize the beer category by renewing *KIRIN ICHIBAN*, which has been on sale for 35 years, and *KIRIN ICHIBAN Zero Sugar*, which appeals to the health conscious, offering the delicious taste that only the *KIRIN ICHIBAN* production method can provide. Overall sales volume of the *KIRIN ICHIBAN* brand grew steadily, up 1% year on year. We also launched a new standard beer brand, *Kirin Beer Harekaze*, for the first time in 17 years. We proposed a new taste of beer to our customers and nurtured it as a brand next to *KIRIN ICHIBAN*. As a result, it became a big hit, selling 1.3 times the annual target set at the time of its launch. In craft beer, we renewed the *Spring Valley* brand and proposed ways to enjoy beer with diverse tastes. We also renovated and reopened Spring Valley Brewery Tokyo, a beer restaurant with a brewery installed that serves as a base for disseminating information about the brand, and worked to expand customer contacts in the craft beer market. In the Japanese whisky category, domestic sales were up 20% year on year. In particular, sales of *Kirin Whisky Riku* increased substantially by 40% over the previous year due to an increase in the number of restaurants handling the product. *Kirin Whisky Fuji*, the flagship brand of the Fuji Gotemba Distillery, received high acclaim, in addition to strong sales in Japan and expansion into new overseas markets, winning Gold in the Japanese whisky category at the International Spirits Challenge, a world-class liquor competition, for the second year in a row. In RTDs, the mainstay *Kirin Hyoketsu*® brand performed well, growing 5% year on year. In particular, the *Kirin Hyoketsu*® *Sugar-Free* series grew significantly by 12% year on year, driving the overall growth of the brand. We also launched the *Kirin Hyoketsu*® *mottainai* series, which uses fruits that would otherwise be discarded due to standards issues, and gained the sympathy of customers as a new product that combines both good taste and social contribution.

Lion Pty Ltd. posted higher-than-market beer sales in Australia. In particular, *Stone & Wood* and *Hahn*, which meets health needs, performed well, and *XXXX* and several other brands also launched functional products to strengthen their sales base. In addition, *Hyoketsu*, which was launched in Australia and New Zealand, performed well thanks to the rollout of multiple flavors. In North America, sales of *Voodoo Ranger*, a craft beer from New Belgium Brewing Company, Inc. were up from the previous year, while *Voodoo Hard Charged Tea*, an RTD product launched in 2024, performed well.

As a result, revenue increased by 3.5% from the previous year to ¥1,081.7 billion and normalized operating profit increased by 3.4% from the previous year to ¥124.0 billion mainly due to price revisions and cost controls, despite the impact of soaring raw material and other prices.

Non-alcoholic Beverages Business

Kirin Beverage focused on expanding health science beverages in addition to strengthening its core brands, and worked to improve profitability through cost reductions and price revisions. In the *Gogo-no-Kocha* brand, we renewed the mainstay *Kirin Gogo-no-Kocha* and worked to increase demand for black tea throughout the year by proposing drinking scenarios such as iced tea in summer and hot milk tea in winter. In the *Nama-cha* brand, *Kirin Nama-cha* and *Kirin Nama-cha Houjisencha* were revamped in an effort to revitalize the unsweetened tea market. The brand was well

received not only for its taste, but also for its design, which was in line with customers' lifestyles and times, and its annual sales volume increased by 12% over the previous year. In the health science beverages business, where we are focusing our efforts, the *Kirin Oishii Immune Care* series was relaunched in March and achieved a significant year-on-year sales volume increase of 40% thanks to further promotion of an "immune care" habit. We also expanded our health science beverage lineup by strengthening functional beverages such as the *Healthya* brand of tea catechin drinks —which we acquired from Kao Corporation—and FANCL Corporation's *Calolimit*® brand.
Coca-Cola Beverages Northeast, Inc. recorded strong sales, especially of carbonated beverages. Continuous optimization of operations, including the use of digital ICT, and pricing strategies tailored to market conditions drove profit growth for the entire group.
As a result, revenue increased by 9.4% to ¥564.9 billion. Normalized operating profit increased by 22.2% to ¥64.0 billion due to price revisions and cost controls on selling expenses and other items.

Pharmaceuticals Business
At Kyowa Kirin Co., Ltd., growth was driven by solid sales of *Crysvita* and *Poteligeo*, products in the therapeutic areas of focus. In the development pipeline, clinical trials for *KHK4083/AMG451 (rocatinlimab)* progressed steadily, and we entered into a strategic alliance agreement with Kura Oncology, Inc. for the development and marketing of *ziftomenib*. In addition, Kyowa Kirin promoted reforms aimed at sustainable growth as a Japanese Global Specialty Pharmaceutical Company, including the transformation of our global research structure to strengthen drug discovery capabilities, construction of a biopharmaceutical API manufacturing plant in North America, and restructuring of the Asia-Pacific business.
As a result, revenue increased by 12.1% to ¥495.3 billion due to an increase in overseas pharmaceutical sales, particularly of global strategic products, mainly in North America. Normalized operating profit decreased by 4.3% to ¥91.9 billion due to an increase in research and development expenses.

Health Science Business
With Blackmores Limited, based in Australia, as well as the consolidation of FANCL Corporation, we have established an operating base to become one of the largest health science companies in the Asia-Pacific region. Blackmores Limited reported strong sales of its mainstay brand Blackmores and BioCeuticals, a dietary supplement for medical institutions, with sales revenue exceeding the previous year in all Asia-Pacific regions of operation.
Kyowa Hakko Bio Co., Ltd. is in the amino acid and human milk oligosaccharide (HMO) business, and it reached an agreement to transfer the amino acid and HMO business to Meihua Holdings Group Co., Ltd., a leading bio-industry company in China. After the completion of the transfer, Kyowa Hakko Bio will focus on specialty materials, mainly citicoline, to improve profitability.
As a result, revenue increased by 69.6% to ¥175.3 billion. Normalized operating loss amounted to ¥10.9 billion due to the inclusion of the full-year profit and loss of Blackmores Limited and the consolidation of FANCL Corporation, despite the impact of the loss on devaluation of inventories incurred in connection with the conclusion of the transfer agreement of the amino acid and HMO business of Kyowa Hakko Bio Co., Ltd.

3) Overview of production, orders received, and sales

(a) Production

Production by segment for this fiscal year are as follows.

Segment	Amount (¥ millions)	YoY change (%)
Alcoholic Beverages	1,054,174	1.8
Non-alcoholic Beverages	299,319	8.7
Pharmaceuticals	138,290	(4.9)
Health Science	130,695	66.3
Others	–	–
Total	1,622,478	5.6

Note: Amounts are based on selling prices.

(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	1,081,694	3.5
Non-alcoholic Beverages	564,871	9.4
Pharmaceuticals	495,295	12.1
Health Science	175,256	69.6
Others	21,270	(23.6)
Total	2,338,385	9.6

Notes:

1. Sales results by key customer and the corresponding percentage to the total sales are as follows.

Customer	Fiscal year ended December 31, 2023		Fiscal year ended December 31, 2024	
	Amount (¥ millions)	Percentage (%)	Amount (¥ millions)	Percentage (%)
Mitsubishi Shokuhin Co., Ltd.	230,872	10.8	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 ¥3,354.2 billion, an increase of ¥484.6 billion from the end of the previous fiscal year. Property, plant and equipment, goodwill, and intangible assets increased by ¥548.0 billion in total from the end of the previous year. This was primarily due to the impact of the consolidation of FANCL Corporation.

Equity increased by ¥107.9 billion from the end of the previous fiscal year to ¥1,533.7 billion due to an increase in reserves of ¥57.9 billion and an increase in non-controlling interests of ¥58.9 billion. The increase in reserves was mainly attributable to an increase in foreign currency translation differences on foreign operations of ¥54.6 billion due to a weak yen. The increase in noncontrolling interests was mainly attributable to the impact of consolidation of FANCL Corporation.

Liabilities increased by ¥376.7 billion from the end of the previous fiscal year to ¥1,820.4 billion. Bonds and borrowings increased by ¥201.2 billion mainly due to new borrowings. Deferred tax liabilities increased by ¥84.3 billion due to the impact of the consolidation of FANCL Corporation.

As a result, the equity ratio attributable to owners of the Company and the gross debt equity ratio stood at 35.2% and 0.73 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 ¥20.9 billion to ¥1,367.5 billion from the end of the previous fiscal year mainly due to an increase in inventories.

Non-alcoholic Beverages Business

Segment assets of the Non-alcoholic Beverages Business at the end of this fiscal year increased by ¥38.9 billion to ¥326.4 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 ¥41.3 billion to ¥1,012.7 billion from the end of the previous fiscal year mainly due to an increase in intangible assets of goodwill, marketing rights, and in-process research and development expenses.

Health Science Business

Segment assets of the Health Science Business at the end of this fiscal year increased by ¥290.4 billion to ¥764.1 billion from the end of the previous fiscal year mainly due to an increase in intangible assets resulting from the consolidation of FANCL Corporation.

(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 ¥118.6 billion, a decrease of ¥12.8 billion 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 ¥39.6 billion year on year to ¥242.8 billion. Although impairment loss, which is a non-cash item, decreased by ¥16.6 billion, a ¥18.3 billion loss on step acquisition, a ¥19.3 billion impairment loss on equity-accounted investments, and a ¥15.5 billion decrease from the absence of gains on sales of equity-accounted investments that were recorded in the previous year, as well as a ¥2.4 billion decrease in outflow of working capital, resulted in an increase of ¥45.9 billion in the sub-total. Below the sub-total line, cash flows from operating activities increased year on year despite a ¥14.2 billion increase in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities increased by ¥103.3 billion year on year to ¥329.4 billion. Net cash provided by investing activities for this fiscal year included ¥7.4 billion in proceeds from sale of investments through our continuous efforts to reduce cross-shareholdings and ¥1.3 billion in proceeds from sale of shares of subsidiaries. The increase in net cash used in investing activities year on year was mainly due to a ¥66.8 billion increase in expenditures for the acquisition of property, plant and equipment and intangible assets to ¥180.6 billion, and a ¥20.5 billion decrease in proceeds from sale of equity-accounted investments. The acquisition of shares of subsidiaries decreased by ¥2.3 billion year on year to ¥159.8 billion, due to the consolidation of Orchard Therapeutics Limited and FANCL Corporation in the fiscal year and Blackmores Limited in the same period of the previous fiscal year.

Cash flows from financing activities

Net cash from financing activities increased by ¥22.2 billion year on year to ¥58.1 billion. This was mainly due to an increase in interest-bearing liabilities by ¥74.6 billion year on year to ¥200.8 billion as a result of the consolidation of FANCL Corporation and an increase in acquisition of treasury shares of subsidiaries by ¥40 billion as a result of the acquisition of treasury shares by Kyowa Kirin Co., Ltd. The Company pays dividends with a target payout ratio of 40% or more on a normalized EPS basis based on the policy of implementing a stable and continuous shareholder returns. As a result, dividends paid, including to non-controlling interests, amounted to ¥72.7 billion.

The Group is conscious of the cost of capital and aims to achieve more stable and sustainable dividends. We will introduce a progressive dividend in addition to the change from a consolidated dividend payout ratio of at least 40% on a normalized EPS to one that aims for a consolidated divided on equity (DOE) of 5% or more. 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 will pay 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 will change our dividend policy to one that aims for a consolidated divided 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, priority is given to debt financing, while maintaining a high credit rating that is not affected by financial conditions, in preparation for rapid changes in the economic environment and other factors. The Company fulfills its accountability to its shareholders by carefully considering the impact on stakeholders and other factors when raising funds for investments required to achieve medium- to long-term goals, which may result in a change in control or a large-scale dilution, after verification and review by the Board.

5. MATERIAL CONTRACTS, ETC.

Not applicable.

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 since the past, 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 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.

The Kirin Group's research and development expenses for the fiscal year under review amounted to ¥116.1 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. is engaged in medium- to long-term research and development activities, as well as research and development that spans all of the Group's businesses.

In the area of environmental research, we addressed the development of PET[*1] chemical recycling[*2] technologies that can achieve high-efficiency environmental load reduction. In collaboration with the Faculty of Agriculture at Shizuoka University, Institute for Molecular Science of the National Institutes of Natural Sciences, and the Institute for Protein Research at Osaka University, we have succeeded in developing enzymes that can efficiently degrade PET by modifying[*3] the PET-degrading enzyme used in the enzymatic degradation method, which is one of the chemical recycling technologies. In tests using the modified enzyme, PET in blended fibers, which are generally considered difficult to recycle, was also able to be degraded, and the PET degradation rate[*4] in PET/cotton blended fibers was 90%, the highest in the world[*5]. In addition, in the evaluation of PET bottles, we confirmed that the amount of PET degraded increased 28 times compared to the enzyme before modification[*6].

We also have clarified that N-acetylglutamate (NAG), a type of amino acid, increases the heat stress tolerance of hops, a raw material for beer, and the mechanism behind this. NAG can strengthen heat stress tolerance in other plants as well as hops,[*7] so it has the potential to be used as an agricultural material to respond to climate change.

Research and development expenses for the Administration business totaled ¥8.3 billion.

*1 Polyethylene terephthalate
*2 A method of synthesizing PET back again from a PET intermediate material that has been degraded and purified
*3 Changing the structure of the enzyme improves its action (degradation efficiency) on PET.
*4 Percentage of PET degraded by PET-degrading enzyme out of the total amount of PET used for verification
*5 Based on a literature survey of the degradation of polyethylene-containing fibers by enzymes using the Dialog and Jdream3 databases (searches in the Dialog database are limited to peer-reviewed papers) (survey conducted on Monday, November 18, 2024, by Knowledge Wire)
*6 Comparison between PET2, the PET-degrading enzyme before modification, and PET2-21M, the modified version. A comparison of the amount of PET degraded when the same amount of enzyme is added, and the amount of PET to be degraded is tested at a temperature of 60°C.
*7 Hirakawa et al, Plant Biotech. 2024; 41(1): 71-76
Hirakawa et al, Front Plant Sci. 2023; 14: 1165646

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 developed *Kirin Beer Harekaze (Harekaze)*, our first new standard beer brand in 17 years, and launched it nationwide in April. Made from 100% malt, it has a clean, pure flavor with no harshness, achieved by carefully extracting the umami of the malt without using any additional adjuncts. It also uses the rare Japanese hop *IBUKI*, which is characterized by its refreshing citrus aroma. The timing of the addition of the hops has also been carefully considered so that the aroma of the hops is designed to be deep and gentle. Furthermore, to reduce the excessive acidity that makes beer difficult to drink, we have made various improvements to the mashing and fermentation processes, resulting in a milder flavor and smoother texture.

In June 2024, we revamped both the content and package of KIRIN ICHIBAN. By reviewing the hop blend and changing the temperature during mashing, we have evolved the flavor to one that retains its balance and allows you to taste the aroma of the malt with lesser oddness.

In the RTD category, we developed the *Kirin Hyoketsu mottainai Hamanashi* (pear grown in Yokohama) (limited time offer) and *Kirin Hyoketsu mottainai Ponkan* (limited time offer) as the first and second products in the new *Hyoketsu mottainai* series, respectively, and launched them in May and October 2024. *Kirin Hyoketsu mottainai Hamanashi* (limited time offer) uses Hamanashi pears that were going to be thrown away because they were delicious but didn't meet the standard. Hamanashi is characterized by how it is fully ripened on trees. It was developed as a refreshing chuhai product with light carbonation and refreshing aftertaste, giving a sense of the fresh, bursting fruitiness of Hamanashi pears. *Kirin Hyoketsu mottainai Ponkan* (limited time offer) uses ponkan oranges from Kochi Prefecture that were scheduled to be disposed of because they had a characteristic symptom of citrus fruits, where the surface of the fruit becomes sunken and discolored due to warm rain before harvest, or because of blemishes or size, etc., and so could not be sold as fruit. Kochi-grown ponkan oranges are characterized by their sweet, juicy fruit with their oriental aroma, which is reminiscent of a tropical climate. We developed this product so that people could enjoy the fresh aroma of the peeled skin and sweet, juicy taste of a ponkan orange, with its light carbonation and refreshing aftertaste.

In the domestic whiskey and spirits category, we launched *Kirin Single Grain Japanese Whiskey Fuji 50th Anniversary Edition* in limited quantities in June 2024. Among the whiskies distilled in the founding days in 1970s, all three types of grain whiskies (Bourbon, Canadian, and Scotch) are used. These are blended with whiskies from the 1980s, 1990s, 2000s, and 2010s to create a special limited edition Single Grain whiskey with a beautiful taste profile. It showcases the perfect blend of the sweet and rich mature aroma of the distillery's unique whiskies with the vibrant flavor that has been continuously improved with an eye to the future. This product won the "Trophy," the highest award in the Japanese whisky category, at the International Spirits Challenge (ISC) 2024.
In the non-alcoholic category, we revamped both the content and package of *KIRIN GREEN'S FREE* in July 2024. By reviewing the ingredients, we have reduced the wateriness and harshness to improve the refreshing taste and the feeling of fullness, further refining the refreshing taste close to beer. Additionally, it blends three types of hops, including the rare and aromatic Nelson Sauvin hops from New Zealand, and employs a brewing method that enhances the rich aromas of malt and hops.

In the wine category, we developed and launched in May 2024 *Mercian Wines Sunny Side Organic Sparkling Rosé Can* from the Mercian Wines brand, a wine brand created by winemakers from around the world and Mercian for Japanese customers. We have co-created this wine with the Spanish winery Península Vinicultores, resulting in a well-balanced and gentle flavor. It features rich fruitiness with pleasant acidity, offering aromas of red fruits and citrus, along with a delicate hint of muscat.
The 1500-ml plastic bottle for wine, the lightest ever produced by Mercian, was developed by Kirin Holding's Package Innovation Laboratory and has been used since July 2024 in the *Delicious Antioxidant-free Wine* series and other products. We have reduced the weight of the bottle by 4.5g, from 58 grams to 53.5 grams, while maintaining the shape of the wine bottle (Bordeaux type). As a result, we expect to reduce the amount of PET resin used in all of our PET bottles for wine[*1], including the *Delicious Antioxidant-free Wine* series, by approximately 107 tons per year, and to reduce CO_2 emissions by approximately 346 tons per year[*2].
In 2024, *Chateau Mercian Kikyogahara Merlot Signature* 2018 won the gold award in the 2024 Vinalies Internationales wine contest in Cannes, France. Also, at the 48th Challenge International du Vin 2024 held in Bordeaux, France, three products—*Mercian Wines Sunnyside Organic White*, *Chateau Mercian Hokushin Right Bank Chardonnay Rivalis 2021*, and *Chateau Mercian Hokushin Chardonnay 2022*—won gold medals.
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 that Kirin Holdings Company, Limited has cultivated over many years. With regard to the Kirin brand *Hyoketsu*, starting with the local launch of *Kirin Hyoketsu Lemon* in 2023, we developed and launched *Kirin Hyoketsu Peach* and *Kirin Hyoketsu Pineapple* in 2024. We will continue to work together to develop the brand.

Research and development expenses for this business totaled ¥800 million.

*1 Excluding products scheduled to be discontinued in 2024
*2 Projections for when all of Mercian's 720ml and 1500ml PET wine bottles adopt this PET bottle container (based on sales results in 2023)

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 have developed two new functional foods, *Kirin Oishii Immune Care Vegetable 1 Day* and *Kirin Oishii Immune Care Vegetable and Fruit 1 Serving*, foods with functional claims containing 100 billion Kirin's proprietary ingredient LC-Plasma and launched them nationwide in September 2024. *Kirin Oishii Immune Care Vegetable 1 Day* is made with a day's worth of vegetables*1 and a blend of 31 different vegetables, mainly tomatoes and carrots, giving it a rich taste of vegetable sweetness and acidity. *Kirin Oishii Immune Care Vegetable and Fruit 1 Serving* contains one serving of vegetables and fruits*2 and is an easy-to-drink blend of 30 different vegetables, mainly carrots and apples, and two different fruits. In addition, we launched *Kirin iMUSE Green*, a food with functional claims that helps maintain immune function in healthy people, nationwide in November 2024. This product contains 100 billion LC-Plasma and a daily supply of vitamins (B1, B6, and C). It is refreshingly sweet with a grapefruit mix flavor perfect for daily hydration and refreshment.

In accordance with the business transfer agreement announced in February 2024 concerning Kao Corporation's tea-catechin beverage *Healthya*, we began nationwide sales of three brands and six product types of Kao's *Healthya* brand tea-catechin beverages, *Healthya (Green Tea Beverage)*, *Healthya Umami Rich*, and *Healthya Water* in August 2024. The technical departments of both companies, including their research laboratories, worked together on this project.

In the *Kirin Gogo-no-Kocha* brand, we have developed the taste, package design, and container*3 of *Kigin Gogo-no-Kocha Straight Tea / Milk Tea / Lemon Tea* for the first time in six years since 2018 and launched them nationwide in June 2024. We used more than 15% Sri Lankan black tea leaves to achieve an elegant black tea aroma and subtle sweetness. In addition, the 500ml plastic bottle for individual retail sales has been redesigned with a new container featuring a diamond-cut design that makes the liquid color of the tea look clearer and tastier. We changed some containers from shrink labels to roll labels and made the labels thinner and smaller in area. Adopting the roll labels will reduce the use of plastic resin by approximately 116 tons per year*4, resulting in an annual reduction of 838 tons of CO_2 emissions*4.

We launched *Kirin Nama-cha* and *Kirin Nama-cha Hoji Sencha* nationwide in April 2024 with all new containers, packaging*5, and taste development. In terms of taste, in addition to the fresh tea leaf extraction method*6, we have newly adopted the frozen sweetness method*7, in which tea liquid extracted are frozen and condensed to produce sweet flavor. This process enhances the sweetness of the tea, and creates taste that is similar to fresh tea. In addition, by tripling*8 the number of powdered tea leaves compared to the existing product, we have reduced bitterness and astringency, resulting in the best taste*9 in the history of *Nama-cha*, with a distinctive sweetness like freshly ground tea.

In response to the 2024 logistics problem, we completed the installation of the Automatic Picking Solution. This solution automates and intelligently handles picking operations at beverage warehouses using Sigma SynX*10 at our Ebina Logistics Center (Ebina City, Kanagawa Prefecture), a logistics base for the eastern Japan area. Sigma SynX is developed by Mitsubishi Heavy Industries, Ltd. (hereinafter "Mitsubishi Heavy Industries") and provided with Mitsubishi Logisnext Co., Ltd. of the Mitsubishi Heavy Industries Group.

Research and development expenses for this business totaled ¥800 million.

*1 According to the Healthy Japan 21, Ministry of Health, Labour and Welfare, the target daily vegetable intake is 350 grams. Although the vegetable juice used as an ingredient does not contain all the ingredients of vegetables, it should be taken to supplement the vegetables that tend to be deficient in your diet.
*2 Based on the Healthy Japan 21, Ministry of Health, Labour and Welfare: about 1/3 of the target daily vegetable intake (120 grams), and the FACT BOOK: Fruits and Health, Ministry of Agriculture, Forestry and Fisheries: about 1/3 of the target daily fruit intake (67 grams). Although the vegetable and fruit juices used as ingredients do not contain all the ingredients of vegetables and fruits, they should be taken to supplement the vegetables and fruits that are deficient in your diet.
*3 500ml PET bottles for individual retail sales only
*4 Company estimate based on sales volume planned for June to December 2024
*5 Awarded the Asia Star Award in the Asia Star 2024 Contest run by the Asian Packaging Federation
*6 The fresh tea leaf extraction method was introduced in 2016.
*7 Used as part of the raw material
*8 Target products: 280ml, 300ml, 525ml, 555ml, and 600ml PET bottles
*9 According to Kirin's survey (September 2011: taste survey, N=120)
*10 Sigma SynX is a standard platform for Mitsubishi Heavy Industries that synchronizes and coordinates various mechanical systems. It is a collection of digital technologies that realize optimal operation by making mechanical systems intelligent

Pharmaceuticals Business

Kyowa Kirin CO., Ltd. (Kyowa Kirin) continuously and actively invests resources in research and development activities. Setting bone & mineral, blood cancer/blood disorders, and rare diseases as our focus disease science areas, we will aim to continuously create new life-changing drugs by strengthening innovative modalities such as advanced antibody technologies and hematopoietic stem cell gene therapy. Furthermore, as part of the value creation process, we will utilize open-innovation activities, collaboration with partners, investment in venture capital funds, and corporate venture capital. In R&D, focusing on the creation of life-changing value, we will aim to maximize value on a global basis not only by ourselves but also utilizing business models with strategic collaboration with outside partners.

Status of major development products

As of December 31, 2024

Development code, generic name	Indication	Development status
KHK4083/AMG 451, rocatinlimab	Medium to severe atopic dermatitis	Phase III clinical trial underway
	Prurigo nodularis	Phase III clinical trial underway
	Medium to severe asthma	Phase II clinical trial underway
ziftomenib	Acute myeloid leukemia (AML) (single agent)	Phase II clinical trial underway
	Acute lymphatic leukemia (ALL) (single agent)	Phase I clinical trial underway
	Acute myeloid leukemia (AML) (combination)	Phase I clinical trial underway
OTL-203	MPS-IH (Hurler Syndrome)	Pivotal study underway (equates to Phase III trial)
KK8398, infigratinib	Achondroplasia	Preparation underway for Phase III clinical trial
KHK4951, tivozanib	Neovascular (wet) age-related macular degeneration (nAMD)	Phase II clinical trial underway
	Diabetic macular edema (DME)	Phase II clinical trial underway
OTL-201	MPS-IIIA (Sanfilippo Syndrome type A)	PoC study underway (equates to Phase I/II trials)
KK4277	Systemic lupus erythematosus (SLE) Cutaneous lupus (CLE)	Phase I clinical trial underway
KK2260	Advanced or metastatic solid cancer	Phase I clinical trial underway
KK2269	Advanced or metastatic solid cancer	Phase I clinical trial underway
KK2845	Acute myeloid leukemia (AML)	Phase I clinical trial underway
KK8123	X-linked Hypophosphatemia (XLH)	Phase I clinical trial underway

- KHK4083/AMG451 (generic name: rocatinlimab) is a monoclonal antibody that targets OX40 receptors expressed on pathogenic T cells (T cells causing inflammatory diseases). One of the root causes of inflammatory diseases such as atopic dermatitis is that activated T cells via signaling OX40 increase pathogenic T cells and induce an effector function, resulting in imbalance of T cells. Rocatinlimab suppresses the functions of or reduces the number of pathogenic T cells, enabling rebalance of T cells. The initial antibody was discovered in joint research between our U.S. research team and La Jolla Institute for Immunology. Kyowa Kirin concluded an agreement with Amgen for joint development and marketing of rocatinlimab on June 1, 2021. In accordance with the agreement, Amgen leads the development, manufacturing, and commercialization of KHK4083 for all markets globally, except Japan, where Kyowa Kirin solely engages in marketing activities. Kyowa Kirin and Amgen have the right to co-promote KHK4083 in the United States, and Kyowa Kirin has the right to co-promote it in certain other markets outside the United States, including in Europe and Asia except Japan. At present, Phase III trials (ROCKET program) are underway, consisting of eight trials for adult and adolescent (12 years or older) patients with medium to severe atopic dermatitis. More than 3,300 patients have participated in these trials, of which seven trials completed enrollment. In September 2024, we announced that the results of the first trial of ROCKET-Horizon in the ROCKET program achieved major primary endpoints and all secondary endpoints. In addition to the ROCKET program, Phase II clinical trials for medium to severe asthma and Phase III clinical trials for prurigo nodularis are being conducted.

- Ziftomenib, an oral menin inhibitor, has been developed by Kura Oncology for the treatment of acute myeloid leukemia (AML) that causes specific genetic mutation or gene rearrangement with high unmet need. In November 2024, Kyowa Kirin and Kura Oncology concluded an agreement regarding strategic collaboration for marketing and development of ziftomenib for treatment of AML on a global basis. In accordance with the agreement, the two companies work together on the development and commercialization of ziftomenib. In the U.S., Kura Oncology leads strategies of development, pharmaceutical affairs, and commercialization while the Company leads them in countries other than the U.S. At present, multiple clinical trials for acute myeloid leukemia (AML) are in progress. In December 2024, the two companies released favorable data regarding combination therapy of ziftomenib with standard therapy such as cytarabine and daunorubicin (7+3 therapy) or venetoclax/azacitidine (ven/aza) for AML with NPM1 mutation and KMT2A rearrangement.

- CTL-203 is hematopoietic stem cell gene therapy for MPS-IH (Hurler Syndrome). Orchard Therapeutics is conducting pivotal studies (equivalent to Phase III trials) in North America and Europe, expecting it to be a fundamental treatment.

- KK8398 (generic name: infigratinib), an oral FGFR3 inhibitor, has been developed by QED Therapeutics, an affiliate of BridgeBio Pharma, for treatment of f skeletal dysplasias. In February 2024, the Company and QED Therapeutics concluded a license agreement granting Kirin Kyowa license to develop and commercialize KK8398 for treatment of f skeletal dysplasias in Japan. At present, Phase III trials are in preparation in Japan.

- KHK4951 (generic name: tivozanib) is a new nanocrystal eye-drop with tivozanib that is Kirin Kyowa's proprietary VEGFR-1, -2, -3 tyrosine kinase inhibitor. KHK4951 is designed for eye-drop to make effective drug delivery into the posterior segment tissue. It is expected to be a new option of non-invasive treatment for neovascular (wet) age-related macular degeneration (nAMD) and for diabectic macular edema (DME). At present, Phase II clinical trials are being conducted.

- OTL-201 is hematopoietic stem cell gene therapy for MPS-IIIA (Sanfilippo Syndrome type A). OTL-201 is currently in PoC studies (equivalent to Phase I/II trials), where it is expected to be a fundamental treatment, like OTL-203.

- KK4277 is an antibody drug based on the antibody from SBI Biotech Co., Ltd. that uses our proprietary POTELLIGENT platform, which enhances and optimizes antibody-dependent cellular cytotoxicity (ADCC) activity. It is currently in Phase I trials for systemic lupus erythematosus/cutaneous lupus erythematosus.

- KK2260 is EGFR-TfR1 bispecific antibody developed with Kirin Kyowa's proprietary REGULGENT bispecific antibody technology. KK2260 is designed to make tumor-selective iron-depletion. Its shows high efficacy as well as tolerability in the non-clinical pharmacology studies. At present, Phase I clinical trials are under way.

- KK2269 is EpCAM-CD40 bispecific antibody developed with Kirin Kyowa's proprietary REGULGENT bispecific antibody technology. KK2269 is designed to activate only antigen-presenting cells within the tumor by bridging EpCAM highly expressed in various tumors and CD40, antigen-presenting cells. The non-clinical pharmacology studies found that it can demonstrate drug efficacy with anti-tumor immunity while suppressing systemic side effects. At present, Phase I clinical trials are under way.

- KK2845 is Kirin Kyowa's first antibody-drug conjugate (ADC) product. The target molecule is TIM-3. We started Phase I trials for acute myeloid leukemia (AML) in October 2024.

- KK8123 is an anti-FGF23 fully human antibody and is expected to be a treatment option for X-Linked Hypophosphatemia (XLH). Phase I trials for XLH started in November 2024.

Major collaboration and license information

- In January 2024, Kyowa Kirin signed a license agreement with Boehringer Ingelheim to which we out-licensed an exclusive development right for the development of new compound for treatment of fibro-inflammatory diseases.

- In February 2024, to strengthen bone and mineral areas, we concluded a license agreement with QED Therapeutics, an affiliate of BridgeBio Pharma, granting us license to develop and commercialize infigratinib (development code: KK8398) for treatment of skeletal dysplasias in Japan.

- In November 2024, Kyowa Kirin and Kura Oncology concluded an agreement regarding strategic collaboration for marketing and development of ziftomenib for treatment of AML on a global basis.

Major applications and approvals

Code Name, Generic Name, Product Name	Indication	Application/Under Review	Countries/Regions Received Approval in 2024
KRN125 (generic name: pegfilgrastim, product name in Japan: G-Lasta)	Mobilization of Hematopoietic Stem Cells into Peripheral Blood for Autologous Blood Stem Cell Transplantation	–	Japan
OTL-200 (generic name: atidarsagene autotemcel, product name in Europe: Libmeldy, product name in the U.S.: Lenmeldy)	Metachromatic Leukodystrophy	–	United States
KHK4827 (generic name: brodalumab, product name in Japan: Lumicef)	Palmoplantar Pustulosis	Taiwan	–
KHK7580 (generic name: evocalcet, product name in Japan: Orkedia)	Secondary Hyperparathyroidism	–	Taiwan, China
AMG531 (generic name: romiplostim, product name in Japan: Romiplate)	Aplastic Anemia Previously Untreated	Taiwan	–
	Severe Aplastic Anemia Previously Untreated	–	South Korea

The application for KHK4827 is excluded from the table because we withdrew the application for approval of partial changes to approved matters regarding expected indication for systemic sclerosis.

Research and development expenses for this business totaled 102.8 billion yen.

Health Science Business

Kirin Holdings Company, Limited, has continued to focus on research and development, mainly of the Kirin's proprietary ingredient *Lactococcus lactis* strain Plasma ("LC-Plasma"), that will lead to the expansion of its health science business.

We received the Minister of Education, Culture, Sports, Science and Technology Award in the Development Category of the Science and Technology Award in the FY2024 Minister of Education, Culture, Sports, Science and Technology Commendation for Science and Technology for our outstanding achievements in the discovery and commercialization of LC-Plasma, contributing significantly to research and development in science and technology and the promotion of public understanding. This is the first time that the Kirin Group has received this award. The LC-Plasma series foods with functional claims, marketed by Kirin Beverage Company, Limited, has been selling well, with the *Kirin Oishii Immune Care* series selling a total of 120 million bottles[*1] in the twenty months since its launch on Tuesday, March 28, 2023.

In May, the research on LC-Plasma was selected for the Vaccine and New Modality Research and Development Project by the Strategic Center of Biomedical Advanced Vaccine Research and Development for Preparedness and Response (SCARDA) of AMED[*2] in recognition of its potential as a means of preventing respiratory virus infections, including the new coronavirus. In addition, Kirin Holdings Company, Limited and the National Institute of Infectious Diseases reported in November that they had confirmed the growth inhibitory effect on the new coronavirus and influenza virus in non-clinical experiments through joint research aimed at developing a vaccine that induces natural immunity through intranasal inoculation of LC-Plasma.

Among human milk oligosaccharides (HMOs) Kyowa Hakko Bio produces and deals in, 2'-Fucosyllactose (2'-FL), and 3'-Sialyllactose sodium salt (3'-SL) have been approved as novel foods by the European Commission in the European Union. In addition, 2'-FL has granted approval as a food ingredient by the Food Safety and Standards Authority of India (FSSAI). Based on the agreement to transfer the amino acid and human milk oligosaccharide businesses of Kyowa Hakko Bio Co., Ltd., we will also proceed with the smooth transfer of research and development for these products to the transferee, and from now on, we will focus on the specialty materials business, including citicoline.

For the discovery and commercialization of β-lactrin, Kirin Holdings Company, Limited and Megmilk Snow Brand Co., Ltd. ("Megmilk Snow Brand") received the Minister of Agriculture, Forestry and Fisheries Award in the 2024 Awards for Distinguished Persons in the Private Sector for Research and Development in Agriculture, Forestry and Fisheries. This is the first time the Kirin Group and Megmilk Snow Brand have won this award. β-lactrin is a functional food material derived from milk that helps maintain memory, which declines with age, and was discovered as a result of Kirin Holdings' brain science research in collaboration with Kyowa Kirin Company, Limited. It has been formulated into supplements, dairy beverages, yogurt, and other products and marketed as food with functional claims by Kirin Holdings Company, Limited and Megmilk Snow Brand.

Kirin Holdings Company, Limited, and the Meiji University Dr. Homei Miyashita Laboratory of the Department of Frontier Media Science, School of Interdisciplinary Mathematical Sciences, have won the Science Council of Japan President's Award at the Japan Open Innovation Prize organized by the Cabinet Office for their development of a technology that enhances the salty taste perceived when eating low-sodium foods by approximately 1.5 times[*3] and "Electric Salt" using this technology. This technology is now being marketed as a new business in the Health Science domain as the "Electric Salt Spoon," a tableware-type device that enhances the salty and umami taste of low-sodium foods with electricity. The "Electric Salt Spoon" also won two awards at the CES Innovation Awards® 2025 in the Digital Health and Accessibility & AgeTech categories. This is the first time the Kirin Group has won an award at the CES Innovation Awards®. CES® is the world's largest technology exhibition showcasing electronics and other products and services, and it has been held every January in Las Vegas, U.S., for more than 50 years, since 1967. The CES Innovation Awards® are presented to products and services with outstanding design and technology.

In collaboration with Group companies, Kirin Holdings Company, Limited, has established a method to stably differentiate human iPS cells[*4] into macrophages[*5] through participation in the Anti-aging Skin Research Laboratory, a joint research course with FANCL CORPORATION and the Institute for Environmental and Gender-Specific Medicine, Juntendo University Graduate School of Medicine. In addition, we created a 3D cultured human skin model[*6] incorporating human iPS cell-derived macrophages for the first time in the world and confirmed the response of macrophages in the 3D cultured human skin model to inflammatory stimuli. Focusing on the relationship between immune function and skin symptoms, we will continue pursuing various skin research projects, including creating 3D cultured human skin models, to expand our Health Science business. Furthermore, Kirin Holdings Company, Limited and FANCL CORPORATION have jointly developed a pulp mold[*7] box[*8] that utilizes pre-treated malt powder ("malt powder"), a byproduct of beer production, as an environmentally friendly initiative. We will continue to work on solving environmental issues such as resource recycling of plastics and creating synergies in the environment and local communities. Moreover, we are collaborating with Blackmores on research and development to create various synergies, including expanding LC-Plasma's business overseas, particularly in the Asia-Pacific region.

Research and development expenses for this business totaled ¥2.7 billion.

*1 Based on our shipment volume (all volumes of *Kirin Oishii Immune Care / Oishii Immune Care Calorie Off / Oishii Immune Care Sleep* for the period between March 28, 2023 and November 15, 2024)
*2 Japan Agency for Medical Research and Development
*3 The change in the evaluation of saltiness intensity between samples that imitate ordinary food and those with 30% of the salt content removed. The test was conducted using chopsticks equipped with the Electric Salt technology (0.1 to 0.5mA). When 31 men and women aged 40 to 65 who were currently or had previously reduced their salt intake were asked to rate the saltiness intensity of test foods, 29 out of 31 said that the saltiness had increased.
*4 Artificial pluripotent stem cells that have the ability to differentiate into cells of various tissues and organs and the ability to proliferate almost infinitely by reprogramming human somatic cells
*5 The phenomenon in which iPS cells and other cells change into cells with specific properties and functions
*6 An artificial skin model with a 3D structure created by layering human dermal fibroblasts and human epidermal keratinocytes
*7 Pulp mold is a paper mold made by dissolving and intertwining wood fiber (including recycled paper) in water and then drying it.
*8 Received the WorldStar Awards at the WorldStar Competition 2025 hosted by the World Packaging Organization.

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 ¥103,123 million.
In Alcoholic Beverages Businesses, mainly Kirin Brewery Company, Limited has newly established and enlarged manufacturing facilities in plants to rebuild 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 Alcoholic Beverages Businesses amounted to ¥37,251 million.
In Non-alcoholic Beverages Businesses, mainly Kirin Beverage Company, Limited has renewed vending machines and invested in manufacturing facilities in plants to improve profit. As a result, capital expenditures in Non-alcoholic Beverages Businesses amounted to ¥19,722 million.
In Pharmaceuticals Businesses, 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 Pharmaceuticals Businesses amounted to ¥30,199 million.
Capital expenditures in Health Science Businesses amounted to ¥5,528 million, and those in other businesses amounted to ¥10,423 million.
We recorded impairment losses of ¥10,611 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, 2024

Segment	Carrying amount (¥ millions)					Number of employees (persons)
	Buildings and structures	Machinery, equipment and vehicles	Land	Others	Total	
Alcoholic Beverages	116,149	143,326	50,153	30,944	340,572	8,925 [1,580]
Non-alcoholic Beverages	42,146	36,630	14,365	20,234	113,376	7,887 [589]
Pharmaceuticals	53,627	12,357	14,975	30,803	111,762	5,669 [228]
Health Science	27,373	12,294	31,409	4,389	75,465	5,954 [1,437]
Others	10,076	402	6,961	8,862	26,301	2,113 [464]
Sub-total	249,371	205,009	117,862	95,233	667,476	30,548 [4,298]
Eliminations or corporate	5,223	(1,917)	(2,977)	6,223	6,552	1,386 [–]
Total	254,594	203,092	114,886	101,457	674,028	31,934 [4,298]

(2) INFORMATION ABOUT REPORTING COMPANY

As of December 31, 2024

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	8,258	2,641	972 (177)	6,818	18,689	1,067 [–]

(3) DOMESTIC SUBSIDIARIES

As of December 31, 2024

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 (Yokohama, etc., Kanagawa)	Alcoholic Beverages	Manufacturing facilities	35,449	37,077	23,842 (2,669)	9,062	105,429	1,434 [108]
Kirin Beverage Company, Limited	Shutoken Regional Head Office (Chiyoda-ku, Tokyo)	Non-alcoholic Beverages	Other facilities	13	–	2,822	6,318	9,153	220 [53]
Kirin Beverage Company, Limited	Shonan Plant (Samukawa-machi, Koza-gun, Kanagawa)	Non-alcoholic Beverages	Manufacturing facilities	4,434	10,170	1,980 (74)	1,422	18,006	224 [30]
Kyowa Kirin Co., Ltd.	Takasaki Plant (Takasaki, Gunma)	Pharmaceuticals	Manufacturing facilities	23,064	6,260	546 (149)	13,842	43,713	573 [23]
Kyowa Kirin Co., Ltd.	Ube Plant (Ube, Yamaguchi)	Pharmaceuticals	Manufacturing facilities	4,901	1,641	–	1,309	7,850	219 [23]
Kyowa Kirin Co., Ltd.	Tokyo Research Park (Machida, Tokyo)	Pharmaceuticals	Research facilities	2,479	8	3,366 (35)	1,082	6,934	172 [3]
Kyowa Kirin Co., Ltd.	Bio Process Research and Development Laboratories (Takasaki, Gunma)	Pharmaceuticals	Research facilities	777	2,209	– (–)	4,218	7,205	169 [1]
FANCL CORPORATION	FANCL Building (Yokohama, Kanagawa)	Health Science	Administrative facilities	1,124	4	6,097 (2)	399	7,624	680 [216]
FANCL CORPORATION	FANCL GINZA SQUARE (Chuo-ku, Tokyo)	Health Science	Sales site	795	–	14,200 (0)	26	15,021	4 [23]

(4) OVERSEAS SUBSIDIARIES

As of December 31, 2024

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.	36,227	70,070	23,003 (8,659)	6,526	135,825	2,462 [347]
Lion Global Craft Beverages Pty Ltd (Australia)	Alcoholic Beverages	Manufacturing facilities, etc.	21,246	21,147	3,057 (806)	3,025	48,475	1,351 [23]
Coca-Cola Beverages Northeast, Inc. (USA)	Non-alcoholic Beverages	Manufacturing facilities, etc.	32,199	18,673	6,484 (1,390)	5,647	63,003	3,431 [26]

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 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 Co., Ltd.	Takasaki Plant (Takasaki, Gunma)	Pharmaceuticals	Establishment of a new bio-pharmaceutical API production building	16,760	12,088	November 2022	February 2025
Kyowa Kirin Co., Ltd.	Takasaki Plant (Takasaki, Gunma)	Pharmaceuticals	Establishment of a new warehouse building	7,200	1,093	October 2023	October 2025
Kyowa Kirin North America North Carolina, LLC	Plant (Name is TBD) (North Carolina, USA)	Pharmaceuticals	Establishment of a new biologics API manufacturing plant	U.S.$530 million	U.S.$51 million	August 2024	2027
Kirin Biomaterials Co., Ltd.	Yamaguchi Office (Hofu, Yamaguchi)	Others	Establishment of new clinical trial drug substance manufacturing facilities	12,800	6,631	October 2022	June 2025

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, 2024)	Number of shares outstanding as of filing date (shares) (March 28, 2025)	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	914,000,000	The Tokyo Stock Exchange (Prime Market)	Note 1
Total	914,000,000	914,000,000	–	–

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 Depository Receipt).

(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)	(51,000)	914,000	–	102,046	–	81,412

Note: The decrease was due to the cancellation of treasury shares.

(5) SHAREHOLDING BY SHAREHOLDER CATEGORY

As of December 31, 2024

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	175	47	2,135	747	648	425,873	429,628	–
Number of shares held (units)	131	2,735,126	467,403	306,285	2,355,237	1,831	3,256,736	9,122,749	1,725,100
Percentage of shareholdings (%)	0.00	29.98	5.12	3.36	25.82	0.02	35.70	100.00	–

Notes:
1. The number of treasury shares is 102,244,226, of which 1,022,442 units and 26 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, 2024

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	138,892	17.11
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku	57,287	7.05
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)	20,700	2.55
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (Shinagawa Intercity Tower A, 15-1, Konan 2-chome, Minato-ku)	16,569	2.04
SMBC Nikko Securities Inc.	3-1, Marunouchi 3-chome, Chiyoda-ku	16,136	1.98
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND (Standing proxy: Tokyo Branch, Citibank, N.A.)	2-2-2, Otemachi, Chiyokda-ku (27-30, Shinjuku 6-chome, Shinjuku-ku)	12,729	1.56
JAPAN SECURITIES FINANCE CO., LTD.	2-10, Nihonbashi-Kayabacho 1-chome, Chuo-ku	10,132	1.24
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank, Ltd.)	PETERBOROUGH COURT 133 FLEET STREET LONDON EC4A 2BB UNITED KINGDOM (4-5, Marunouchi 1-chome, Chiyoda-ku; Transaction Services Division)	8,904	1.09
BNYM AS AGT/CLTS NON TREATY JASDEC (Standing proxy: MUFG Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A. (4-5, Marunouchi 1-chome, Chiyoda-ku; Transaction Services Division)	8,067	0.99
Total	–	320,766	39.51

Notes:
1. The Company holds 102,244 thousand treasury shares (11.18%), but is excluded from the major shareholders above.
2. Sumitomo Mitsui Trust Asset Management Co., Ltd. submitted a statement of large-volume holdings (statement of changes) on January 10, 2024 with the joint holder of Nikko 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, 2024, 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 December 29, 2023 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	27,437	3.00
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	19,408	2.12
Total	–	46,846	5.13

3. 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, 2024, 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, 2024

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 102,244,200	–	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 810,030,700	8,100,307	Same as above
Shares less than one unit	Ordinary shares 1,725,100	–	–
Total outstanding shares	914,000,000	–	–
Voting rights held by all shareholders	–	8,100,307	–

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 1,761,400 shares (voting rights of 17,614 units) held in the Board Incentive Plan (BIP) Trust. The voting rights of 17,614 units are not exercised.
3. "Shares less than one unit" of ordinary shares include 26 treasury shares.

2) Treasury shares, etc.

As of December 31, 2024

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	102,244,200	–	102,244,200	11.18
Total	–	102,244,200	–	102,244,200	11.18

Note: The above treasury shares do not include 1,761,400 shares held in the BIP Trust.

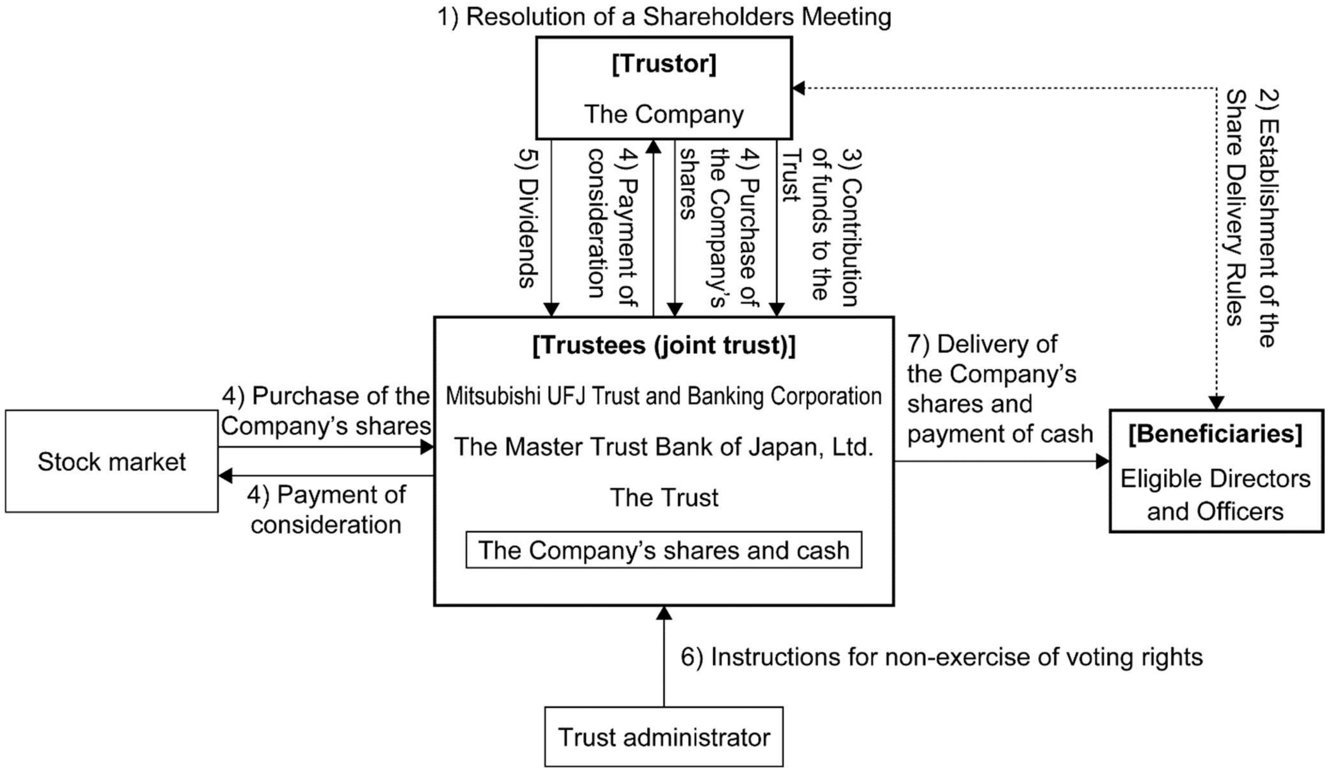
(8) SHARE OWNERSHIP PLAN FOR DIRECTORS, OFFICERS, AND EMPLOYEES

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") who are residents in Japan (the "Trust Plan").

1) 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") acquires Company shares and, in principle delivers and pays for (collectively, the "Delivery") the those shares and cash equivalent to the proceeds from the realization of Company shares that are realizable (the "Company's Shares and Cash") to Eligible Directors and Officers who have been granted points pursuant to the Company's Share Delivery Rules (the "Grantees of Points").

(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 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 year 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, 2024, 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 12, 2022. An amendment agreement is scheduled to be entered into in May 2025.)
8)	Trust period	From May 15, 2020 to June 30, 2025 (The period will be extended to June 30, 2028 by the amendment agreement to be entered into in May 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.

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

Up to 1,000,000 shares

3) 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. ACQUISITION AND DISPOSAL OF TREASURY SHARES

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

(1) ACQUISITION BY RESOLUTION OF GENERAL MEETING OF SHAREHOLDERS

Not applicable.

(2) ACQUISITION BY RESOLUTION OF BOARD MEETING

Not applicable.

(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, 2024	29,980	65,328
Treasury shares acquired during the period from January 1, 2025 until the filing date of this Annual Securities Report	1,834	3,620

Note: Treasury shares acquired during the period from January 1, 2025 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, 2025 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, 2024		From January 1, 2025 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	–	–	–	–
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)	889	1,908	–	–
Other (treasury shares that were disposed of through a third-party allotment as a result of the introduction of the BIP Trust Plan)	–	–	–	–
Treasury shares held	102,244,226	–	102,246,060	–

Notes:

1. "Other (shares acquired due to requests for additional purchase of shares less than one unit)" during the period from January 1, 2025 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, 2025 to the filing date of this Annual Securities Report.
2. "Treasury shares held" during the period from January 1, 2025 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, 2025 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 FY2024, based on the target payout ratio of 40% or more on a normalized EPS basis, the Company decided to pay an interim dividend of ¥35.5 per share and a year-end dividend of ¥35.5 per share, for an annual dividend totaling ¥71 per share. 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.

From FY2025 onwards, in order to achieve more stable and sustainable dividends, we will change our dividend policy to one that aims for a consolidated divided 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. With regard to the distribution of surplus funds for FY2025, the Company plans to pay an annual dividend of ¥74 per share.

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 whose record date falls within this fiscal year as well as the total amount of dividends and dividend paid per share as per resolution are as follows:

Date of resolution by the Board of Directors:	August 6, 2024
Total amount of dividends:	¥28,818 million
Dividend paid per share:	¥35.5
Date of resolution by General Meeting of Shareholders:	March 28, 2025
Total amount of dividends:	¥28,817 million
Dividend paid per share:	¥35.5

4. CORPORATE GOVERNANCE

(1) OVERVIEW OF CORPORATE GOVERNANCE

1) Basic views on corporate governance

In line with the Corporate Philosophy and “One KIRIN” Values that are shared across the Kirin Group, the Kirin Group recognizes that achieving “2027 Vision” in its Long-Term Management Vision “Kirin Group Vision 2027” (KV2027) will lead to sustainable growth for the Group and improvement of its corporate value over the medium- to long-term, and also establishes a corporate governance system that is capable of effectively and efficiently achieving this goal.

The Group recognizes that collaboration with stakeholders is essential to realizing the Corporate Philosophy and “2027 Vision” based on the 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 the 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.

2027 Vision:

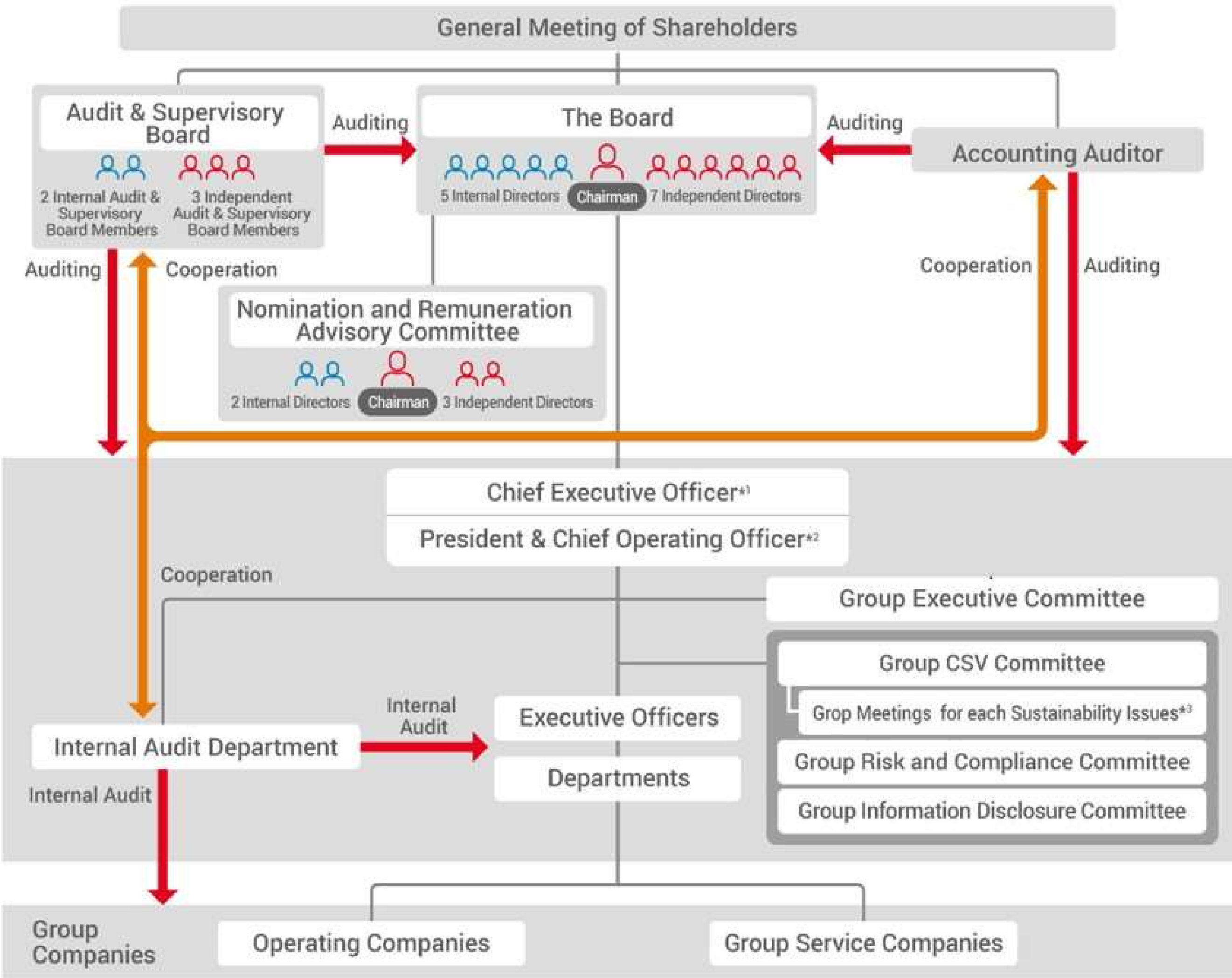
A global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals

“One KIRIN” Values:

“Passion. Integrity. Diversity.”

2) Outline of the corporate governance system

The Company’s corporate governance system is as follows:



*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.

- 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 Food & Beverages, Pharmaceuticals, and Health Science. 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 customers 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 Boards 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 some other auditing function 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.

(i) The Board

a) Overview

- The Board comprises twelve (12) Directors of the Board, including seven (7) Non-executive Directors and five (5) Audit & Supervisory Board Members, including three (3) Non-standing Audit & Supervisory Board Members, and Board meetings are chaired by a Non-executive Director.
- 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.
- 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 for developing appropriate internal control systems across the Group, etc.
- Taking into account the knowledge, experience, skills and insight, etc. that are necessary for turning the 2027 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.
- Regarding the Group companies: Kirin Brewery Company, Limited; Lion Pty Ltd; Kirin Beverage Company, Limited; Coca-Cola Beverages Northeast, Inc.; Kyowa Kirin Co., Ltd.; FANCL Corporation; Blackmores Limited (*); Kyowa Hakko Bio Co., Ltd.; and San Miguel Brewery Inc., the Directors of the Board, Executive Officers (limited to those who have a delegated relationship with the Company. The same shall apply hereinafter), or their equivalents of the Company are appointed as Director of the Board (including Non-executive Directors) of each company and supervise the performance of duties in order to strengthen governance of the Group overall. (*The Company takes control over Blackmores Limited by dispatching Directors of the Board to the intermediate holding company.)
- The Company has appointed Non-executive Directors in order to carry out the above decision-making and management monitoring in a more appropriate fashion and at a higher level. 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 Company does not provide any standing members to serve Non-executive Directors. The Secretary Section of the People & Culture Department of the Company provides support to Non-executive Directors as well as Directors.
- Additionally, the Company has established the Internal Audit Department within the Company to evaluate the effectiveness of an internal control system for the entire Group, and to conduct and preside over internal audits within the Company and at Group companies.
- The composition of the Board at the time of the filing of this report is as follows:
  Hiroyuki Yanagi (Chairman of the Board, Non-executive Director), Yoshinori Isozaki (Representative Director of the Board & CEO), Takeshi Minakata (Representative Director of the Board, President & COO), Junko Tsuboi (Director of the Board, Senior Executive Vice President), Toru Yoshimura (Director of the Board, Senior Executive Officer), Shinjiro Akieda (Director of the Board, Senior Executive Officer), Noriko Shiono (Non-executive Director), Rod Eddington (Non-executive Director), Shinya Katanozaka (Non-executive Director), Yoshiko Ando (Non-executive Director), Shingo Konomoto (Non-executive Director), Naoko Mikami (Non-executive Director), Shobu Nishitani (Standing Audit & Supervisory Board Member), Toru Ishikura (Standing Audit & Supervisory Board Member), Kaoru Kashima (Audit & Supervisory Board Member), Kenichi Fujinawa (Audit & Supervisory Board Member), and Yoko Dochi (Audit & Supervisory Board Member)

b) 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 FY2024
  Questionnaires and interviews by the third-party advisors were conducted with all Directors of the Board and Audit & Supervisory Board Members during the period of October through December to evaluate the effectiveness of the Board. Based on the report by the third-party advisors, improvement policy on the issues identified in the current situation was reported and discussed at the Board meeting held in January 2025.

- Evaluation criteria are as follows.
  1. Composition and operation of the Board
  2. Development, execution and monitoring of strategies
  3. Supervision of group governance and risk management
  4. Supervision of decision-making on business acquisition/withdrawal, etc.
  5. Supervision of remuneration for officers and succession plan, etc.
  6. Thorough understanding and implementation of healthy corporate ethics and supervision thereof
  7. Supervision of overall disclosures to stakeholders
  8. Strengthening points to improve the effectiveness of the Board
- Evaluation results

  The report by the third-party advisors concluded that the Board is functioning properly overall, and in general, a high level of effectiveness of the Board is ensured. Accordingly, the Company has determined that the effectiveness of the Board is being maintained.
- Points receiving positive evaluations

  The following points were positively evaluated in the report by the third-party advisors.
  - Building on a highly diverse composition of members on the Board, Audit & Supervisory Board Members also actively provided their opinions, and the Chairman of the Board ensured that the Board members have the opportunity to speak on a timely basis, creating an environment conducive to free and open discussions.
  - Authority is being delegated to the executive level to a high degree, and the agenda of the Board meetings is focused on crucial topics. Issues pointed out at the Board meetings are adequately addressed and followed up.
  - The Company provides a variety of training opportunities for Non-executive Directors of the Board, including on-site visits, which are generally well received.
  - The opinions of Directors of the Board, Audit & Supervisory Board Members, and relevant parties are incorporated into the operation of the Board in a timely manner, facilitating constant improvement. The capabilities of the secretariat, which supports effective discussions at the Board, are also highly evaluated.
- The status of initiatives for the points to improve in FY2024

Points to improve in FY2024	Actions taken
Discussions on “strengthening of corporate governance” to improve confidence in the capital markets	• Revised the method for evaluating the effectiveness of the Board. • Reviewed and discussed the evaluation on corporate governance.
Discussions on “integrated strategy and risks” to realize appropriate risk-taking	• Conducted discussions on initiatives to strengthen risk management. • Enhanced discussions on risk in business planning, function-specific strategies, and individual projects or issues. • Conducted discussions on strategies combined with risk and took risks in a large-scale M&A deal (acquisition of FANCL Corporation).
Discussions on “digital ICT strategy” to accelerate value creation	• Enhanced discussions on digital ICT strategy, including medium- to long-term strategies for digital ICT. • Broadened the discussions on “digital ICT strategy” within the context of business planning and other function-specific strategies. • Conducted a review on SAP and discussions on the relevant Road Maps.

- Points to improve in FY2025

  Management has specified five points for improvement in FY2025 based on the opinions and areas for improvement indicated in the evaluations in FY2024 with a view for the changing business environment. The Company continually seeks to maintain and enhance the effectiveness of the Board by further improving its operation in addition to setting the agenda under the Chairman of the Board Hiroyuki Yanagi, an Independent Non-executive Director.
  1. Discussions on “business portfolio strategy” to maximize corporate value
  2. Discussions on growth scenarios for each area and business
  3. Discussions on “digital ICT” for accelerating value creation through advanced use of AI
  4. Discussion on “human capital strategy” for nurturing human resources who accomplish and innovate and creating supportive organizational culture
  5. Discussion on the desirable form of highly effective group governance

(ii) Audit & Supervisory Board Members
- The Company has five (5) Audit & Supervisory Board Members, of whom two (2) are Standing Audit & Supervisory Board Members, and three (3) are Audit & Supervisory Board Members.
- In keeping with its fiduciary responsibility toward shareholders, the Audit & Supervisory Board 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.
- The Audit & Supervisory Board makes use of the ability of the Standing 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.

- The composition of the Audit & Supervisory Board at the time of the filing of this report is as follows:
  Shobu Nishitani (Standing Audit & Supervisory Board Member), Toru Ishikura (Standing Audit & Supervisory Board Member), Kaoru Kashima (Audit & Supervisory Board Member), Kenichi Fujinawa (Audit & Supervisory Board Member), Yoko Dochi (Audit & Supervisory Board Member)

(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.
- The Nomination and Remuneration Advisory Committee is composed of five (5) Directors of the Board, consisting of two (2) Directors and three (3) Non-executive Directors. The chairperson of the Committee is appointed out of the Non-executive Directors. 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 with respect to bonuses for Directors of the Board and Executive Officers.
- The composition of the Nomination and Remuneration Advisory Committee at the time of filing this report is as follows:
  Noriko Shiono (Chairperson, Non-executive Director), Shinya Katanozaka (Non-executive Director), Yoshiko Ando (Non-executive Director), Yoshinori Isozaki (Representative Director of the Board & CEO), Takeshi Minakata (Representative Director of the Board, President & COO)

(iv) Bodies advising to the President & COO

The Company has established the following four as 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 Advisor, etc. to discuss strategies and investments that have significant implications for business.
- The composition of the Group Executive Committee at the time of the filing of this report is as follows:
  Hiroaki Takaoka (Chairperson), Yoshinori Isozaki, Takeshi Minakata, Junko Tsuboi, Toru Yoshimura, Shinjiro Akieda, Mitsuharu Yamagata, Hiroshi Fujikawa, Akiyoshi Iwasaki, Kazufumi Nagashima, Toshihito Hama, Daisuke Fujiwara, Shobu Nishitani, Toru Ishikura, Ryosuke Mizouchi, Akihito Yokoyama

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 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) Reason for adoption of the corporate governance system

Based on the basic views on corporate governance, the Company adopts a Company with Audit and Supervisory Board system as its institutional design under the Companies Act, 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 insight, etc. With the aim of achieving KV2027, the Board, whose majority are Non-executive Directors, works closely with the Audit & Supervisory Board, whose majority are non-standing Audit & Supervisory Board Members, to ensure highly effective monitoring function and facilitate high-quality decision-making on execution of important operations and legal matters under a highly transparent governance system. 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 FY2024. The Company also holds extraordinary meetings of the Board as necessary and held two extraordinary meetings in FY2024 (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 13 meetings in FY2024.

(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 status of strategy implementation by regularly monitoring both business and functional strategies. The Board also deliberated on the formulation of the business plan for the next fiscal year redundantly, 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 Food & Beverages, Pharmaceuticals, and Health Science without changing the direction of the business portfolio based on KV2027.
Discussions on the digital ICT strategy	The Board enhanced discussions on the medium- to long-term strategy for digital ICT to strengthen organizational capabilities, and deliberated on the “digital ICT strategy” for the Group companies and function-specific strategies of the Company.
Activities and deliberations of the Nomination and Remuneration Advisory Committee	To strengthen the supervisory function of the Nomination and Remuneration Advisory Committee over the details of 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, including the acquisition of FANCL Corporation.

(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 FY2025 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 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 FY2024, as well as the policy and design for determining the amounts for FY2025, and reported the results to the Board in February 2025.

(iii) Attendance of Directors and Audit & Supervisory Board Members at meetings

Category (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	15 out of 16 meetings (94%)	4 out of 4 meetings (100%)
Representative Director of the Board & CEO	Yoshinori Isozaki	16 out of 16 meetings (100%)	13 out of 13 meetings (100%)
Representative Director of the Board, President & COO	Takeshi Minakata	16 out of 16 meetings (100%)	9 out of 9 meetings (100%)
Senior Executive Vice President	Junko Tsuboi	16 out of 16 meetings (100%)	–
Director of the Board	Toru Yoshimura	13 out of 13 meetings (100%)	–
Director of the Board	Shinjiro Akieda	13 out of 13 meetings (100%)	–
Senior Executive Vice President	Keisuke Nishimura	3 out of 3 meetings (100%) (Note 3)	–
Director of the Board	Toshiya Miyoshi	3 out of 3 meetings (100%) (Note 3)	4 out of 4 meetings (100%)
Non-executive Director	Masakatsu Mori	16 out of 16 meetings (100%)	–
Non-executive Director (Chairperson of the Nomination and Remuneration Advisory Committee)	Noriko Shiono	16 out of 16 meetings (100%)	13 out of 13 meetings (100%)
Non-executive Director	Rod Eddington	16 out of 16 meetings (100%)	–
Non-executive Director	George Olcott	16 out of 16 meetings (100%)	–
Non-executive Director	Shinya Katanozaka	16 out of 16 meetings (100%)	9 out of 9 meetings (100%)
Non-executive Director	Yoshiko Ando	15 out of 16 meetings (94%) (Note 4)	9 out of 9 meetings (100%)
Non-executive Director (Chairperson of the Nomination and Remuneration Advisory Committee)	Chieko Matsuda	3 out of 3 meetings (100%) (Note 3)	4 out of 4 meetings (100%)
Standing Audit & Supervisory Board Member	Shobu Nishitani	16 out of 16 meetings (100%)	–
Standing Audit & Supervisory Board Member	Toru Ishikura	16 out of 16 meetings (100%)	–
Audit & Supervisory Board Member	Kaoru Kashima	16 out of 16 meetings (100%)	–
Audit & Supervisory Board Member	Kenichi Fujinawa	16 out of 16 meetings (100%)	–
Audit & Supervisory Board Member	Yoko Dochi	13 out of 13 meetings (100%)	–

Notes:

1. The titles 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. Extraordinary meetings of the Board held in writing are excluded from the number of meetings.
3. Directors of the Board, Mr. Keisuke Nishimura, Mr. Toshiya Miyoshi, and Ms. Chieko Matsuda retired from office upon the close of the Ordinary General Meeting of Shareholders held on March 28, 2024. Accordingly, the titles and attendance status represent information prior to their retirement.
4. Director of the Board, Ms. Yoshiko Ando, who previously served as an Audit & Supervisory Board Member became a Non-executive Director following the Ordinary General Meeting of Shareholders held on March 28, 2024. The title presented above is as of the end of the fiscal year under review, and the attendance status includes the number of meetings attended while she served as Audit & Supervisory Board Member.

5) Skill matrix of Directors, Executive Officers, and Audit & Supervisory Board Members

The skill matrix of Directors, Executive Officers, and Audit & Supervisory Board Members at the time of the filing of this report is as follows.

(i) Directors

Title	Name	Corporate Management	CSV / ESG	Finance / Accounting	HR / Organization Development	Legal / Risk Management	Manufacture / Quality Assurance	Brand Strategy / Marketing	Overseas Business	R&D / Health Science / Pharmaceuticals	ICT / DX
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	Rod Eddington	●	●	●					●		
Director	Shinya Katanozaka	●	●		●			●	●		
Director	Yoshiko Ando		●		●	●					
Director	Shingo Konomoto	●							●		●
Director	Naoko Mikami	●					●			●	

(ii) Executive Officers

Title	Name	Corporate Management	CSV / ESG	Finance / Accounting	HR / Organization Development	Legal / Risk Management	Manufacture / Quality Assurance	Brand Strategy / Marketing	Overseas Business	R&D / Health Science / Pharmaceuticals	ICT / DX
Senior Executive Officer	Mitsuharu Yamagata		●					●	●	●	●
Senior Executive Officer	Hiroshi Fujikawa	●	●		●			●	●		
Senior Executive Officer	Akiyoshi Iwasaki	●	●				●		●		
Senior Executive Officer	Kazufumi Nagashima	●	●				●		●	●	
Senior Executive Officer	Toshihito Hama	●	●		●	●			●		
Senior Executive Officer	Daisuke Fujiwara		●					●		●	
Senior Executive Officer	Hideki Horiguchi	●	●	●				●	●		
Senior Executive Officer	Kazuhiro Inoue	●	●	●				●		●	
Senior Executive Officer	Koji Fukada	●	●	●			●		●	●	
Senior Executive Officer	Hideki Mitsuhashi	●	●	●		●			●	●	●

(iii) Audit & Supervisory Board Members

Title	Name	Corporate Management	CSV / ESG	Finance / Accounting	HR / Organization Development	Legal / Risk Management	Manufacture / Quality Assurance	Brand Strategy / Marketing	Overseas Business	R&D / Health Science / Pharmaceuticals	ICT / DX
Standing Audit & Supervisory Board Member	Shobu Nishitani		●	●					●	●	
Standing Audit & Supervisory Board Member	Toru Ishikura		●				●			●	●
Audit & Supervisory Board Member	Kaoru Kashima		●	●	●						
Audit & Supervisory Board Member	Kenichi Fujinawa		●			●			●	●	
Audit & Supervisory Board Member	Yoko Dochi		●	●					●		

Skills required for the Board of Directors and the Audit & Supervisory Board

The Company has selected the skills required for the Board of Directors and the Audit & Supervisory Board as follows.

First, comprehensive capabilities of “Corporate Management” through experience in management and business executives, and expertise and experience in “CSV,” which is the foundation of the Company’s management, are important skills as the basic premise.

Second, in making final decisions on important matters, it is necessary to have a deep understanding of the Company’s business domain. In particular, expertise and experience in “Health Science” and “Pharmaceuticals,” which will drive the long-term growth of the Kirin Group, are skills that the Company, which oversees the Kirin Group, should prioritize. In addition, expertise and experience in the following areas are required: “R&D,” “Manufacture,” “Quality Assurance,” and “Brand Strategy/Marketing,” which form the foundation of the Company’s business domain; “Overseas Business,” which is necessary to promote global expansion; “ICT/DX,” which is becoming essential to transforming business models; and “HR/Organization Development,” which supports the implementation of these business and functional strategies. The above-mentioned skills are required to fulfill the supervisory function over management. In addition, expertise and experience in “Finance/Accounting,” “Legal,” “Risk Management,” and “ESG” are particularly essential from the perspective of realizing effective

corporate governance.
In the skill matrix in this report, highly related skills are listed together. Although the necessary skills will change in accordance with future changes in the business environment, the Company believes that the Board of Directors and the Audit & Supervisory Board as of the time of submitting this report possess the skills required at this time as a whole.

(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%)

Title	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	82,148
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	11,235
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	22,331

Title	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	12,342
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 (present position)	*1	8,468
Director of the Board	Hiroyuki Yanagi	November 20, 1954	April 1978 March 2010 January 2018 March 2019 March 2021 January 2022 March 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) Chairman and Director of Yamaha Motor Co., Ltd. Director of Yamaha Motor Co., Ltd. Adviser of Yamaha Motor Co., Ltd. (present position)	*1	6,300

Title	Name	Date of birth	Profile		Term of office	Number of shares held (shares)
Director of the Board	Noriko Shiono	October 18, 1960	August 1983 March 2010 January 2014 May 2016 October 2017 March 2018 March 2019 March 2020	Joined Japan New Media Co., Ltd. Representative Director, President of SSP Co., Ltd. President and Corporate Officer of Konami Sports & Life Co., Ltd. (currently Konami Sports Co., Ltd.) Chairman, Director of Konami Sports Co., Ltd. President of Widex Japan Non-executive Director of Kirin Company, Limited Strategic Advisor of the Company Non-executive Director of the Company (present position)	*1	11,489
Director of the Board	Rod Eddington	January 2, 1950	September 1979 April 1992 April 2000 March 2011 March 2012 March 2020	Joined John Swire & Sons (H.K.) Ltd. Managing Director of Cathay Pacific Airways Limited Chief Executive Officer of British Airways plc Director of Lion Pty Ltd Chairman, Independent Non-Executive Director of Lion Pty Ltd (present position) Non-executive Director of the Company (present position)	*1	–
Director of the Board	Shinya Katanozaka	July 4, 1955	April 1979 April 2013 April 2015 April 2022 March 2023 April 2024	Joined ALL NIPPON AIRWAYS CO., LTD. (currently ANA HOLDINGS INC.) Representative Director, Senior Executive Vice President of ANA HOLDINGS INC. Representative Director, President & Chief Executive Officer of ANA HOLDINGS INC. Chairman of the Board of Directors of ANA HOLDINGS INC. Non-executive Director of the Company (present position) Member of the Board, Chairman of ANA HOLDINGS INC. (present position)	*1	1,800
Director of the Board	Yoshiko Ando	March 17, 1959	April 1982 April 2003 July 2006 July 2011 July 2013 July 2014 October 2015 June 2016 July 2017 March 2019 March 2024	Entered the Ministry of Labor Lieutenant Governor of Shiga Prefecture Director of Equal Employment Policy Div. of Equal Employment, Children and Families Bureau of the Ministry of Health, Labour and Welfare (MHLW) Director-General of the Saitama Labor Bureau of MHLW Director-General of Industrial Accident Compensation Department of Labour Standards Bureau of MHLW Director-General of Equal Employment, Children and Families Bureau of MHLW Director-General for Labour Policy Planning of MHLW Director-General for Statistics and Information Policy of MHLW Director-General for Human Resources Development of MHLW Audit & Supervisory Board Member of the Company Non-executive Director of the Company (present position)	*1	7,900
Director of the Board	Shingo Konomoto	February 11, 1960	April 1985 June 2015 April 2016 June 2019 April 2024 June 2024 March 2025	Joined Nomura Research Institute, Ltd. Senior Executive Managing Director, Representative Director of Nomura Research Institute, Ltd. President & CEO, Representative Director of Nomura Research Institute, Ltd. Chairman and President & CEO, Representative Director of Nomura Research Institute, Ltd. Chairman, Representative Director of Nomura Research Institute, Ltd. Chairman, Member of the Board of Nomura Research Institute, Ltd. (present position) Non-executive Director of the Company (present position)	*1	–
Director of the Board	Naoko Mikami	March 12, 1961	April 1983 January 2010 June 2019 March 2025	Joined Ajinomoto Co. Joined C’BON COSMETICS Co., Ltd. Representative Director and Vice President of C’BON COSMETICS Co., Ltd. Non-executive Director of the Company (present position)	*1	100
Standing Audit & Supervisory Board Member	Shobu Nishitani	November 29, 1963	April 1987 October 2011 March 2014 March 2016 April 2016 March 2017 April 2019 March 2022	Joined the Company Director of San Miguel Brewery Inc. Group Finance Director of the Company Director of Lion Pty Ltd General Manager of Accounting Dept. of Kirin Company, Limited Executive Officer and General Manager of Accounting Dept. of Kirin Company, Limited Executive Officer and General Manager of Internal Audit Dept. of the Company Standing Audit & Supervisory Board Member of the Company (present position) Audit & Supervisory Board Member of Kyowa Hakko Bio Co., Ltd. (present position)	*2	5,008

Title	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 Joined the Company March 2015 General Manager of Technology Management Dept. of Research & Development Division of Kirin Company, Limited April 2015 General Manager of Research & Development Strategy Dept. of Research & Development Division of Kirin Company, Limited March 2018 Executive Officer, General Manager of Research & Development Strategy Dept. of Research & Development Division of Kirin Company, Limited April 2019 Executive Officer, Vice President of Research & Development Division and General Manager of Research & Development Strategy Dept. of the Company March 2020 Director of the Board, Kyowa Hakko Bio Co., Ltd. April 2020 Executive Officer, General Manager of Health Business Strategy Office, Corporate Strategy Dept. of the Company April 2022 Executive Officer, General Manager of Health Science Business Dept., Health Science Business Division of the Company March 2023 Standing Audit & Supervisory Board Member of the Company (present position) Audit & Supervisory Board Member of Kyowa Kirin Co., Ltd. (present position)	*3	5,000
Audit & Supervisory Board Member	Kaoru Kashima	January 20, 1958	November 1981 Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC) April 1985 Registered as a certified public accountant June 1996 Partner of Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) June 2002 Senior Partner of ShinNihon & Co. (currently Ernst & Young ShinNihon LLC) July 2006 In charge of personnel of HR Development Headquarters of ShinNihon & Co. September 2010 Managing Director of Ernst & Young ShinNihon LLC In charge of Corporate Culture Promotion Office, Public Relations Office July 2012 General Manager of Knowledge Headquarters, Managing Director of Ernst & Young ShinNihon LLC July 2013 Representative Director of Ernst & Young Institute Co., Ltd. March 2020 Audit & Supervisory Board Member of the Company (present position)	*4	–
Audit & Supervisory Board Member	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 (present position)	*2	–
Audit & Supervisory Board Member	Yoko Dochi	October 3, 1964	April 1987 Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.) September 1996 Joined World Bank Group May 2001 Joined Toyota Motor Europe NV/SA. January 2015 General Manager, Global Treasury & Investor Relations, Toyota Motor Europe NV/SA. March 2018 Principal Investor Relations Officer, Accounting Division, Toyota Motor Corporation November 2018 Joined SoftBank Group Corp. Managing Director, Global Head of Investor Relations, SoftBank Group Corp. February 2020 Managing Partner, SoftBank Group International Ltd. March 2024 Audit & Supervisory Board Member of the Company (present position)	*4	–
Total					174,121

Notes:
1. Mr. Hiroyuki Yanagi, Ms. Noriko Shiono, Mr. Rod Eddington, Mr. Shinya Katanozaka, Ms. Yoshiko Ando, Mr. Shingo Konomoto, and Ms. Naoko Mikami are Non-executive Directors.
2. Ms. Kaoru Kashima, Mr. Kenichi Fujinawa, and Ms. Yoko Dochi 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 28, 2025 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2025
   *2 From the close of the Ordinary General Meeting of Shareholders held on March 30, 2022 to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2025
   *3 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
   *4 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. 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	CSV Strategy	Hiroshi Fujikawa
Senior Executive Officer	SCM Strategy, Production Technology Strategy	Akiyoshi Iwasaki
Senior Executive Officer	General Manager of Quality Assurance Department of the Company, Chief Quality Assurance Officer	Kazufumi Nagashima
Senior Executive Officer	Chief Risk Management Officer, Public Relations Strategy	Toshihito Hama
Senior Executive Officer	President of R&D Division of the Company, R&D Strategy	Daisuke Fujiwara
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 & COO of Kyowa Hakko Bio Co., Ltd.	Koji Fukada
Senior Executive Officer	President, Representative Director of FANCL Corporation	Hideki Mitsuhashi

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 Audit & Supervisory Board Members as employed by the Company as a corporate governance setup, 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 independence, but also on their respective knowledge, skills, insight, character, etc. 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. Rod Eddington, Mr. Shinya Katanozaka, Ms. Yoshiko Ando, Mr. Shingo Konomoto, and Ms. Naoko Mikami, and Audit & Supervisory Board Members Ms. Kaoru Kashima, Mr. Kenichi Fujinawa, and Ms. Yoko Dochi 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. Rod Eddington, Mr. Shinya Katanozaka, Ms. Yoshiko Ando, Mr. Shingo Konomoto, and Ms. Naoko Mikami 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, Mr. Kenichi Fujinawa, and Ms. Yoko Dochi 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 Audit & Supervisory Board elected Mr. Shobu Nishitani and Ms. Kaoru Kashima as the Audit & Supervisory Board Members who have substantial knowledge of finance and accounting. Mr. Shobu Nishitani has been engaged in finance and accounting in the Company and Group companies since joining the Company. He assumed the current position in 2022 after assuming the office of the Executive Officer and General Manager of Accounting Dept. of Kirin Company, Limited in 2017. Ms. Kaoru Kashima has been engaged in practice as a certified public accountant for a number of years and is an expert with substantial knowledge and experience in finance and accounting. She assumed the current position in 2020.

(ii) Activities of the Audit & Supervisory Board and its members

The Company held a total of 18 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.

Category	Name	Attendance at Audit & Supervisory Board meetings
Standing Audit & Supervisory Board Member	Shobu Nishitani	18 out of 18 meetings (100%)
Standing Audit & Supervisory Board Member	Toru Ishikura	18 out of 18 meetings (100%)
Audit & Supervisory Board Member	Yoshiko Ando	5 out of 5 meetings (100%)
Audit & Supervisory Board Member	Kaoru Kashima	18 out of 18 meetings (100%)
Audit & Supervisory Board Member	Kenichi Fujinawa	18 out of 18 meetings (100%)
Audit & Supervisory Board Member	Yoko Dochi	13 out of 13 meetings (100%)

* The number of meetings in the table is different due to differences in the time of assuming office.

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 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 by function, and (iii) the status of the functioning of the second and third lines in the three-line model. To evaluate the effectiveness of the Audit & Supervisory Board, the Board holds discussions based on the results of a preliminary self-assessment questionnaire by each Audit & Supervisory Board Member and clarifies the issues to be addressed by the Audit & Supervisory Board before addressing them.

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 head of the Internal Audit Department	✓	✓
Exchange opinions with the Nomination and Remuneration Advisory Committee	✓	✓
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	✓	✓

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 2024, the department consists of 23 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 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 theme 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.

The Internal Audit Department conducts annual internal evaluations to maintain and improve audit quality. External evaluations are scheduled to be conducted once every five years. Most recently, the Internal Audit Department conducted an external evaluation in FY2023, and was evaluated as “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

50 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: 30; Others: 80

(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, 2023		Fiscal year ended December 31, 2024	
	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	211	21	244	–
Consolidated subsidiaries	357	4	387	31
Total	568	25	630	31

Previous fiscal year (From January 1, 2023 to December 31, 2023)

The non-audit services for the Company and consolidated subsidiaries mainly consisted of support services for the Internal Control Reporting System (J-SOX).

Current 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.

(ii) Remuneration of the network firms to which the Accounting Auditor belongs

Category	Fiscal year ended December 31, 2023		Fiscal year ended December 31, 2024	
	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	–	28	9	52
Consolidated subsidiaries	710	78	938	147
Total	710	106	947	199

Previous fiscal year (From January 1, 2023 to December 31, 2023)

Remuneration for non-audit services for the Company and its consolidated subsidiaries is mainly attributed to tax-related services and advisory and support services for initiatives to address environmental issues.

Current 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).

(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. 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.

Effective from FY2025, the Company has revised its officers' remuneration system in order to strengthen incentives for medium- to long-term performance improvement and corporate value increase by creating a better link between the achievement of the targets in the Medium-Term Business Plan, which will be a rolling plan starting in FY2025, and remuneration, and to make this plan more shareholder-oriented. Specifically, the performance share unit linked to the level of achievement of performance for a single fiscal year (the "Single-Year PSU") under the previous system will be abolished. The stock compensation will be comprised of the restricted share unit without performance requirements (the "RSU"), and the performance share unit linked to the level of achievement of performance under the three-year rolling Business Plan (the "PSU"). In addition, the method of performance evaluation for PSU has been partially revised.

(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 the 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.

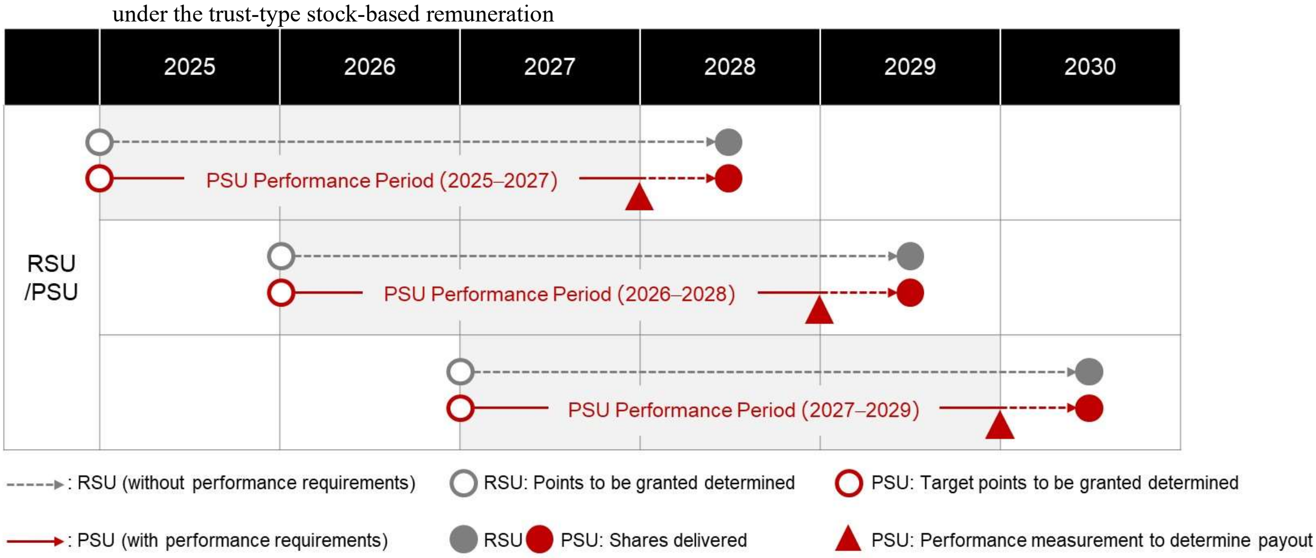
(ii) Remuneration structure and recipients, etc.

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.

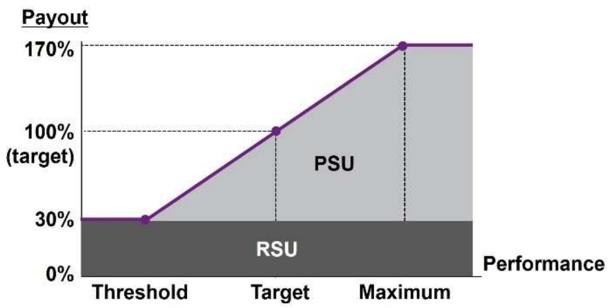
<table>
<tr><th colspan="2">Type of remuneration, etc.</th><th>Outline</th><th>Evaluation indicators and reasons for adopting the indicators</th></tr>
<tr><td>Fixed remuneration</td><td>Basic remuneration</td><td>• Fixed remuneration based on the executive rank and responsibilities
• Additional allowance is provided according to the responsibilities.
• Annual sum is divided equally by 12 and paid each month.</td><td>–</td></tr>
<tr><td rowspan="2">Performance-linked remuneration</td><td>[Short-term incentive] Bonus</td><td>• 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.</td><td>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)*2
• Individual performance evaluation</td></tr>
<tr><td>[Medium- to long-term incentive] Trust-type stock compensation (for residents in Japan)*1</td><td>• 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.
• 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.</td><td>• 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.</td></tr>
</table>

*1 Non-residents of Japan will be granted cash payment equivalent to the amount of the Company's shares (including the Company's shares to be converted into cash under the trust-type stock compensation plan) calculated based on the same formula as for the trust-type stock compensation plan. At the moment, no officers are scheduled to receive the cash.
*2 Only applies to operating companies and the officer in charge of Health Science Strategy (President of the Health Science Division).

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

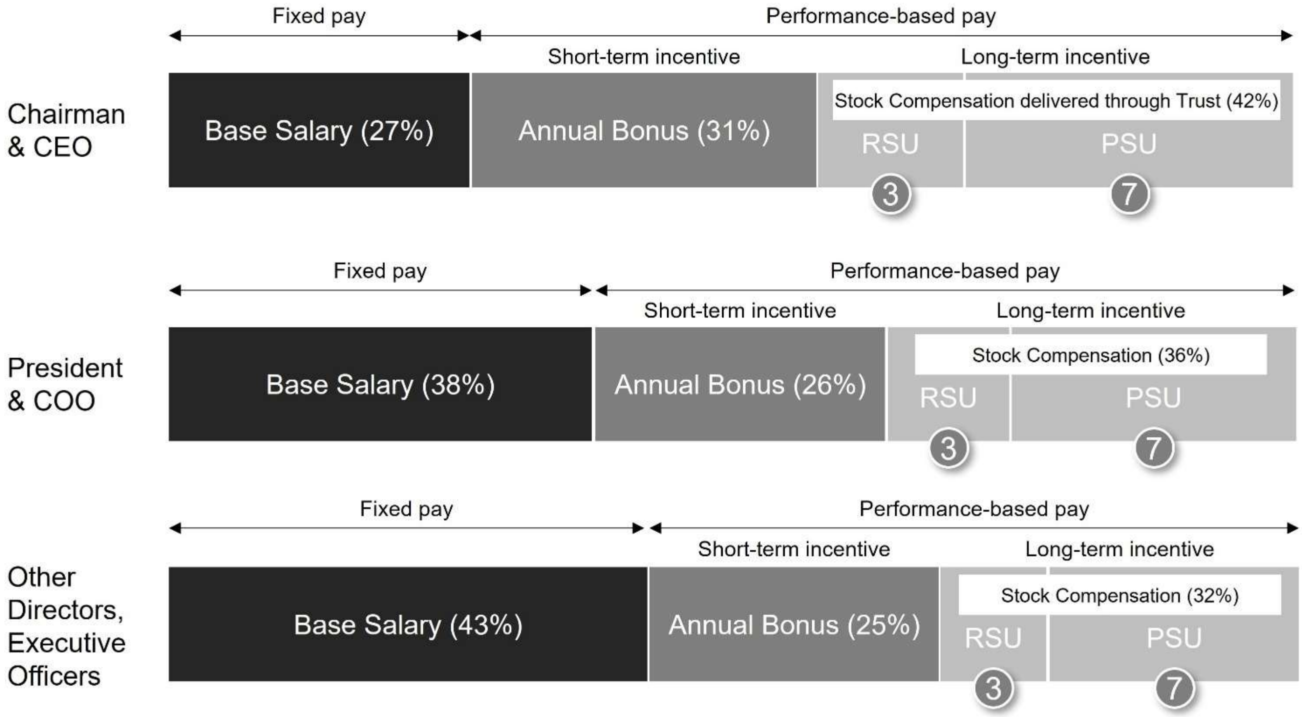
Objective verification is conducted by comparing the Company's officer remuneration levels and linkage to performance, using relevant survey data obtained from an external research organization. The remuneration levels for the Company's officers and the ratio of performance-linked remuneration (bonus and trust-type stock compensation) are designed and set based on the executive rank and responsibilities, among other things, 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 one 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 things. The range (upper and lower limits) of financial indicators among the evaluation indicators shall be determined based on past achievement, targets, etc.
- 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 them 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 them 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, etc.

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 of them 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 rate for respective performance evaluation, 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 FY2025

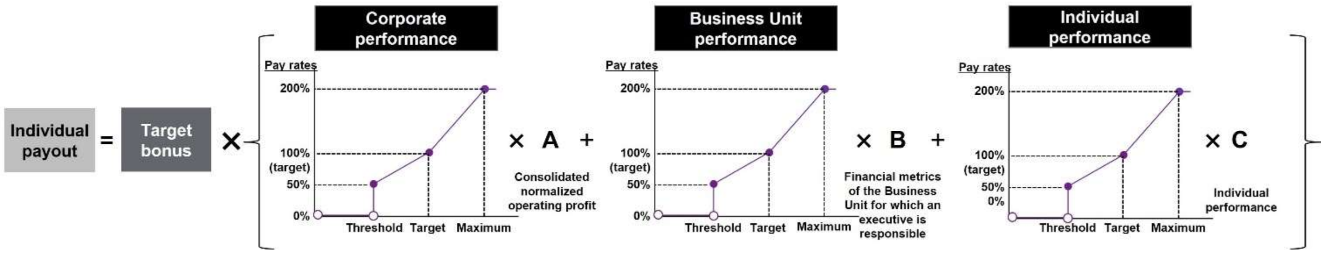
According to the policy described in 1) above, the performance evaluation indicators, calculation methods, etc. for performance-linked remuneration for FY2025 were determined as below.

(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 FY2025 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	¥243.8 billion	¥6.4 billion	To be determined according to 1) (iv) above.
	Base	¥212.0 billion	¥3.7 billion	
	Lower limit	¥180.2 billion	¥1.0 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)

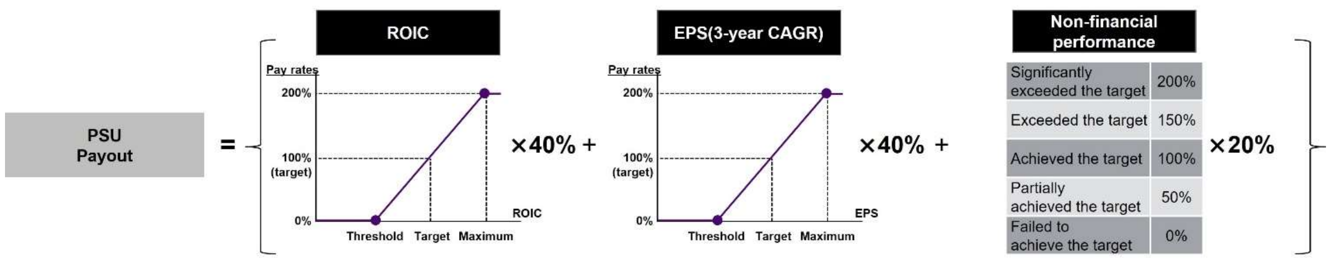
As described in 1) (ii) above, the following three evaluation indicators are selected from evaluation indicators in the Business Plan: ROIC, EPS, and non-financial performance indicator, for the purposes of promoting improvement of shareholder value over the medium- to long-term and creating social value. 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 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.

Non-financial performance indicator is decided based on a quantitative evaluation of the degree of achievement of specific indicators defined for each of four respective items: "the Environment," "Community," "Health and Well-being," and "Human Capital," 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 FY2025–FY2027
ROIC	40%	0%–200%	Upper limit	11.7%
			Base	9.0%
			Lower limit	6.3%
EPS [*2] (3-year CAGR)	40%	0%–200%	Upper limit	12.6%
			Base	6.0%
			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 in the four items: "the Environment," "Community," "Health and Well-being," and "Human Capital."	

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.
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, and is calculated by dividing the EPS for FY2027 by the normalized EPS for FY2024.

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 (FY2024)

(i) Activities carried out by the Nomination and Remuneration Advisory Committee and the Board

The Nomination and Remuneration Advisory Committee held a total of 13 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, etc.). The Committee also deliberated on the appropriateness of the system (verification of compensation levels and performance-linked ratios, etc.). Remuneration consultants outside the Company attended 5 out of the 13 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 FY2023
  1 Decisions about the amount of bonuses paid based on the FY2023 performance and points granted for trust-type stock compensation

(b) Officers' remuneration for this fiscal year (FY2024)
  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 FY2025
  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 remuneration consultants outside the Company)
  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)		805	315	7	329	5	–	–	160	7
Audit & Supervisory Board Members (excluding Non-standing Audit & Supervisory Board Members)		78	78	2	–	–	–	–	–	–
Non-executive Officers	Non-executive Directors	143	143	8	–	–	–	–	–	–
	Non-standing Audit & Supervisory Board Members	58	58	4	–	–	–	–	–	–
Total		1,084	595	21	329	5	–	–	160	7

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 three (3) Directors and one (1) Audit & Supervisory Board Member who retired or resigned as of March 28, 2024.
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	315	103	135	77
Takeshi Minakata	Representative Director of the Board, President & COO	210	86	94	29
Junko Tsuboi	Director of the Board, Senior Executive Vice President	102	45	39	17

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, etc. 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

Performance evaluation indicators	Evaluation ratio	Fluctuation range of pay rates	Performance targets		Actual results	Pay rate for each indicator	Final pay rate
Corporate performance evaluation (Consolidated normalized operating profit)	20%–70%	0%–200%	Upper limit	¥242.4 billion	¥211.0 billion	122.1%	130.5%–144.4%
			Base	¥202.0 billion			
			Lower limit	¥161.6 billion			
Business performance evaluation (Revenue in Health Science domain)	40%	0%–200%	Upper limit	¥161.5 billion	¥175.3 billion	100.0%	
			Base	¥146.8 billion			
			Lower limit	¥132.1 billion			
Business performance evaluation (Operating profit in Health Science domain)			Upper limit	¥0 billion	¥(10.9) billion		
			Base	¥(2.6) billion			
			Lower limit	¥(3.9) billion			
Individual performance evaluation	30%–50%	0%–200%	Decided based on evaluation indicators of commissioned work, etc. for each person.			150.0%–200%	

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

Performance evaluation indicator	Evaluation ratio	Fluctuation range of pay rates	Performance targets			Actual results		Pay rate for each indicator		Final pay rate	
				Single-year PSU	MTBP PSU	Single-year PSU	MTBP PSU	Single-year PSU	MTBP PSU	Single-year PSU	MTBP PSU
ROIC	40%	0%–200%	Upper limit	12.3%	14.8%	4.1%	4.1%	9.3%	0.0%	66.2%	30.0%
			Base	8.0%	10.0%						
			Lower limit	3.7%	5.2%						
Normalized EPS	40%	0%–200%	Upper limit	¥204	18.0%	¥172	3.3%	81.4%	0.0%		
			Base	¥177	11.0%						
			Lower limit	¥150	4.0%						
Non-financial performance	20%	0%–200%	The following evaluations were made for each indicator in three categories: Environment, Health, and Employees			S	S	150.0%	150.0%		

Notes:

1. The performance evaluation periods for the single-year PSU and MTBP PSU are FY2024 and from FY2022 to FY2024, respectively.
2. The normalized EPS used for MTBP PSU is the average annual growth rate during the performance evaluation period.

[Non-financial Evaluation]

Category	Evaluation	Background of evaluation for each category	Overall evaluation
Environment	Progressing beyond the target	Among the key indicators below, the Company has substantially exceeded the target for reducing GHG emissions. While containers and packaging and water stewardship slightly fell short of the targets, progress was generally in line with the plan in each business. Given the Company's selection as one of the Sustainability Transformation (SX) Brands 2024 and the high external recognition it has received for three consecutive years, we evaluated that the category is progressing beyond the target. • GHG emission reduction rate: 36%* • Recycled resin usage rate for PET bottle resin: 36% • Basic unit of water usage at manufacturing sites with high water stress: 3.1 kl/kl	In light of the evaluation of each item on the left and the achievement status of CSV commitment and internal control indicators by function, the overall rating is set at "S" and the payout rate is set at 150% for both 2022 MTBP and FY2024.
Health	Steadily progressing	While the following achievements were the main factors evaluated, the Company also evaluated the category as steadily progressing, also taking into account the high external recognition for achievements, such as the 2023 Imperial Invention Award and the 2024 Minister of Education, Culture, Sports, Science and Technology Award for LC-Plasma. • While awareness for functions fell below target for "support for the maintenance of immune function," we have worked to increase awareness by communicating with a focus on raising awareness of immune care. • "New value creation in immunology, brain function, and intestinal environment areas" is making good progress as the Company planned. • "The promotion of collaboration with the Pharmaceuticals domain" is generally progressing as planned.	
Employees	Steadily progressing	Among the key indicators below, diversity indicators achieved the target, while the frequency rate of accidents requiring time off from work and engagement were slightly below target. The Company evaluated the category as steadily progressing, based on the actions taken, such as disseminating information on new human resource management, and the initiatives to strengthen human resources and external recognition. • Employee engagement score: 71 • Progress in achieving "Increased diversity" (ratio of female managers in Japan: 15.9%, ratio of employing experienced persons in Japan: 42.9%) • Frequency rate of accidents that require time off from work: 0.97	

* 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, etc. 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 in 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 in 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	4,229
Shares other than unlisted shares	1	1,266

Issues whose number of shares increased during the fiscal year ended December 31, 2024

Not applicable.

Issues whose number of shares decreased during the fiscal year ended December 31, 2024

	Number of issues	Total sale amount for decreased shares (¥ millions)
Unlisted shares	2	4
Shares other than unlisted shares	–	–

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	79	5,815
Shares other than unlisted shares	43	26,405

Issues whose number of shares increased during the fiscal year ended December 31, 2024

	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	8	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, 2024

	Number of issues	Total sale amount for decreased shares (¥ millions)
Unlisted shares	1	1
Shares other than unlisted shares	6	2,040

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, 2024	At December 31, 2023	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
	1,266	474		

Notes:

1. "–" indicates that Kirin Holdings Company, Limited does not hold these shares.
2. It is difficult to provide quantitative description of the effect of holding each individual issue. The reasonableness of shareholding was examined at the Board meeting held on January 27, 2025 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, 2024 Number of shares (shares) Balance sheet amount (¥ millions)	At December 31, 2023 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 8,167	3,333,300 6,883	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 3,761	1,268,500 4,546	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 3,086	1,104,665 3,144	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
ROYAL HOLDINGS Co., Ltd.	512,212 1,226	512,212 1,322	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 1223	1,000,000 1,431	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 1,104	1,200,000 1,144	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

Kisoji Co., Ltd.	352,049 742	352,049 903	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.	332,780 730	332,780 784	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.	600,000 707	600,000 658	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
East Japan Railway Company	240,000 671	80,000 650	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
TRIAL Holdings, Inc.	200,000 540	200,000 60	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.	138,310 479	138,310 458	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.	210,000 420	210,000 445	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

Oriental Land Co., Ltd.	115,000 394	115,000 604	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
West Japan Railway Company	120,000 336	60,000 353	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
Kakuyasu Group Co., Ltd.	648,000 292	216,000 378	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
TOKYO KAIKAN CO., LTD.	54,582 210	54,582 199	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
AEON Co., Ltd.	54,627 202	53,452 168	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
EAT&HOLDINGS Co., Ltd.	90,000 197	90,000 189	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.	188,000 196	188,000 230	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

Asakuma Co., Ltd.	42,000 190	42,000 88	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
Hotel New Grand Co., Ltd.	33,008 183	33,008 148	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.	100,000 168	100,000 170	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 Co., Ltd.	201,300 168	201,300 200	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.	46,900 150	96,900 190	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
Kintetsu Group Holdings Co., Ltd.	41,569 138	41,569 186	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
WDI Corporation	40,000 132	40,000 110	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

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
	79	74		
YAMAE GROUP HOLDINGS CO., LTD.	37,127	35,900	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
	73	137		
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
	72	79		
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
	72	79		
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
	59	61		
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
	57	59		
Japan Airport Terminal Co., Ltd.	10,130	28,330	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
	51	176		

GOURMET KINEYA CO., LTD.	39,600 42	39,600 42	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
NAKAMURAYA CO., LTD.	8,500 27	8,500 26	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
SLD Entertainment, Inc.	20,000 20	20,000 19	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
Valor Holdings Co., Ltd.	6,336 14	6,336 15	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
RETAIL PARTNERS CO., LTD.	10,000 13	10,000 17	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
AEON KYUSHU Co., Ltd.	3,600 10	3,600 9	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
COSMOS Pharmaceutical Corporation	400 3	200 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
Welcia Holdings Co., Ltd.	1,235 3	941 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. We constantly acquire shares in the entity through their share ownership association for the purpose of boosting our brand development.	No
KAMEI CORPORATION	1,000 2	42,700 73	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

Inageya Co., Ltd.	–	248,100	Shares were held to maintain and strengthen the business relationships such as sales and marketing policy, but sold during this fiscal year.	No
	–	315		
DAISYO CORPORATION	–	1,000,000	Shares were held to maintain and strengthen the business relationships such as sales and marketing policy, but sold during this fiscal year.	No
	–	1,234		
DAIICHIKOSHO CO., LTD.	–	200,000	Shares were held to maintain and strengthen the business relationships such as sales and marketing policy, but sold during this fiscal year.	Yes
	–	417		

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 27, 2025 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, 2024 (from January 1, 2024 to December 31, 2024) 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.

Consolidated Financial Statements
Consolidated Statement of Financial Position

Kirin Holdings Company, Limited and Consolidated Subsidiaries
At December 31, 2024 and 2023

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Assets		
Non-current assets		
Property, plant and equipment (Notes 6, 9 and 17)	¥ 592,928	**¥ 674,028**
Goodwill (Notes 7 and 9)	390,568	**501,480**
Intangible assets (Notes 8, 9 and 17)	303,540	**659,561**
Equity-accounted investees (Notes 5 and 35)	370,720	**216,205**
Other financial assets (Note 10)	105,346	**103,360**
Other non-current assets (Note 18)	39,340	**48,570**
Deferred tax assets (Note 11)	109,322	**109,761**
Total non-current assets	1,911,764	**2,312,966**
Current assets		
Inventories (Note 12)	330,984	**358,985**
Trade and other receivables (Note 13)	444,940	**502,880**
Other financial assets (Note 10)	8,944	**8,570**
Other current assets	41,556	**52,142**
Cash and cash equivalents (Note 14)	131,399	**118,617**
Total current assets	957,821	**1,041,193**
Total assets	¥2,869,585	**¥3,354,159**

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Equity		
Share capital (Note 15)	¥ 102,046	**¥ 102,046**
Share premium (Note 15)	21,150	**9,497**
Retained earnings (Note 15)	1,128,541	**1,130,931**
Treasury shares (Note 15)	(251,675)	**(251,376)**
Reserves (Note 15)	132,519	**190,427**
Equity attributable to owners of the Company	1,132,581	**1,181,525**
Non-controlling interests (Note 34)	293,257	**352,189**
Total equity	1,425,838	**1,533,714**
Liabilities		
Non-current liabilities		
Bonds and borrowings (Notes 16 and 27)	555,725	**779,583**
Other financial liabilities (Notes 16, 17 and 27)	82,914	**87,398**
Defined benefit liability (Note 18)	55,228	**54,986**
Provisions (Note 19)	4,316	**7,100**
Liabilities from application of equity method (Note 35)	13,966	**10,458**
Other non-current liabilities (Note 21)	19,921	**13,622**
Deferred tax liabilities (Note 11)	38,871	**123,233**
Total non-current liabilities	770,941	**1,076,380**
Current liabilities		
Bonds and borrowings (Notes 16 and 27)	100,673	**77,986**
Trade and other payables (Note 20)	306,670	**364,265**
Other financial liabilities (Notes 16, 17 and 27)	61,720	**54,935**
Current tax liabilities	9,687	**11,428**
Provisions (Note 19)	4,153	**12,214**
Other current liabilities (Note 21)	189,904	**223,238**
Total current liabilities	672,806	**744,065**
Total liabilities	1,443,747	**1,820,445**
Total equity and liabilities	¥2,869,585	**¥3,354,159**

Consolidated Statement of Profit or Loss

Kirin Holdings Company, Limited and Consolidated Subsidiaries
For the years ended December 31, 2024 and 2023

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Revenue (Notes 5 and 22)	¥2,134,393	**¥2,338,385**
Cost of sales	1,170,927	**1,272,430**
Gross profit	963,466	**1,065,955**
Selling, general and administrative expenses (Note 23)	761,971	**854,987**
Other operating income (Note 24)	28,835	**16,145**
Other operating expenses (Notes 9 and 25)	80,036	**101,773**
Operating profit	150,294	**125,340**
Finance income (Note 26)	9,035	**14,595**
Finance costs (Note 26)	10,523	**17,994**
Share of profit of equity-accounted investees (Note 35)	32,773	**37,035**
Gain on sale of equity-accounted investees	15,470	**-**
Impairment loss on equity-accounted investees (Note 35)	-	**19,255**
Profit before tax	197,049	**139,721**
Income tax expense (Note 11)	46,611	**53,910**
Profit	150,438	**85,811**
Profit attributable to:		
Owners of the Company	112,697	**58,214**
Non-controlling interests (Note 34)	37,741	**27,597**
Profit	¥ 150,438	**¥ 85,811**
Earnings per share (Yen) (Note 29)		
Basic earnings per share	¥ 139.16	**¥ 71.87**
Diluted earnings per share	139.15	**71.86**

Consolidated Statement of Comprehensive Income

Kirin Holdings Company, Limited and Consolidated Subsidiaries

For the years ended December 31, 2024 and 2023

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Profit	¥ 150,438	**¥ 85,811**
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)	7,854	**476**
Remeasurements of defined benefit plans (Note 28)	6,273	**4,213**
Share of other comprehensive income of equity-accounted investees (Note 28)	(1,504)	**(690)**
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations (Note 28)	93,125	**68,758**
Cash flow hedges (Note 28)	(1,100)	**3,521**
Share of other comprehensive income of equity-accounted investees (Note 28)	6,715	**(3,902)**
Total other comprehensive income	111,362	**72,376**
Comprehensive income	¥261,801	**¥158,187**

Comprehensive income attributable to:		
Owners of the Company	¥214,321	**¥118,626**
Non-controlling interests (Note 34)	47,480	**39,561**
Comprehensive income	¥261,801	**¥158,187**

Consolidated Statement of Changes in Equity

Kirin Holdings Company, Limited and Consolidated Subsidiaries

For the year ended December 31, 2023

(¥ millions)

	Equity attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Treasury shares
Balance at January 1, 2023	¥102,046	¥25,519	¥1,063,823	¥(251,788)
Profit	-	-	112,697	-
Other comprehensive income	-	-	-	-
Comprehensive income	-	-	112,697	-
Dividends from surplus (Note 15)	-	-	(57,500)	-
Acquisition of treasury shares (Note 15)	-	-	-	(21)
Disposal of treasury shares (Note 15)	-	(0)	-	2
Change in scope of consolidation	-	-	-	-
Share-based payments (Note 30)	-	220	(7)	132
Changes in the ownership interest in a subsidiary without a loss of control	-	(4,589)	-	-
Transfer from reserves to retained earnings	-	-	9,528	-
Total transactions with owners of the Company	-	(4,369)	(47,978)	113
Balance at December 31, 2023	¥102,046	¥21,150	¥1,128,541	¥(251,675)

	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, 2023	¥16,826	¥ -	¥24,585	¥(988)	¥40,423	¥980,022	¥273,181	¥1,253,203
Profit	-	-	-	-	-	112,697	37,741	150,438
Other comprehensive income	7,318	4,503	90,077	(275)	101,624	101,624	9,739	111,362
Comprehensive income	7,318	4,503	90,077	(275)	101,624	214,321	47,480	261,801
Dividends from surplus (Note 15)	-	-	-	-	-	(57,500)	(13,742)	(71,242)
Acquisition of treasury shares (Note 15)	-	-	-	-	-	(21)	-	(21)
Disposal of treasury shares (Note 15)	-	-	-	-	-	1	-	1
Change in scope of consolidation	-	-	-	-	-	-	(18,726)	(18,726)
Share-based payments (Note 30)	-	-	-	-	-	346	(117)	229
Changes in the ownership interest in a subsidiary without a loss of control	-	-	-	-	-	(4,589)	5,181	592
Transfer from reserves to retained earnings	(5,025)	(4,503)	-	-	(9,528)	-	-	-
Total transactions with owners of the Company	(5,025)	(4,503)	-	-	(9,528)	(61,762)	(27,403)	(89,166)
Balance at December 31, 2023	¥19,119	¥ -	¥114,662	¥(1,263)	¥132,519	¥1,132,581	¥293,257	¥1,425,838

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**

Consolidated Statement of Cash Flows

Kirin Holdings Company, Limited and Consolidated Subsidiaries
For the years ended December 31, 2024 and 2023

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Cash flows from operating activities		
Profit before tax	¥ 197,049	**¥ 139,721**
Depreciation and amortization	87,227	**95,702**
Impairment losses	29,987	**13,389**
Interest and dividends received	(4,120)	**(11,103)**
Share of profit of equity-accounted investees	(32,773)	**(37,035)**
Interest paid	5,932	**6,916**
Loss on step acquisitions	-	**18,265**
Gain on sale of property, plant and equipment and intangible assets	(6,119)	**(3,713)**
Loss on disposal and sale of property, plant and equipment and intangible assets	2,616	**4,925**
Gain on sale of shares of subsidiaries	(14,822)	**(7,372)**
Loss on sale of shares of subsidiaries (Note 27)	19,358	**-**
Gain on sale of equity-accounted investees	(15,470)	**-**
Impairment loss on equity-accounted investees	-	**19,255**
(Increase) decrease in trade receivables	(13,365)	**(34,894)**
(Increase) decrease in inventories	(20,063)	**(4,888)**
Increase (decrease) in trade payables	10,972	**18,240**
Increase (decrease) in liquor taxes payable	434	**1,942**
Other	(29,403)	**43,977**
Sub-total	217,440	**263,325**
Interest and dividends received	27,855	**36,852**
Interest paid	(5,441)	**(6,522)**
Income taxes paid	(36,647)	**(50,811)**
Cash flows from (used in) operating activities	203,206	**242,844**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(113,810)	**(180,584)**
Proceeds from sale of property, plant and equipment and intangible assets	7,465	**5,662**
Acquisition of investments	(1,380)	**(3,964)**
Proceeds from sale of investments	7,990	**7,358**
Acquisition of shares of subsidiaries, net of cash acquired (Note 37)	(162,097)	**(159,830)**
Payment for sale of shares of subsidiaries, net of cash disposed of (Note 27)	(5,006)	**-**
Proceeds from sale of shares of subsidiaries, net of cash disposed of	8,024	**1,343**
Acquisition of equity-accounted investees	(18)	**(5)**
Proceeds from sale of equity-accounted investees	24,017	**3,513**
Other	8,723	**(2,869)**
Cash flows from (used in) investing activities	(226,091)	**(329,375)**
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(1,900)	**(717)**
Increase (decrease) in commercial paper	(18,000)	**12,999**
Proceeds from long-term borrowings	171,532	**296,904**
Repayment of long-term borrowings	(63,478)	**(78,413)**
Proceeds from issuance of bonds	93,000	**-**
Payment for redemption of bonds	(55,000)	**(30,000)**
Payment for redemption of bonds with subscription rights to shares (Note 27)	-	**(9,621)**
Repayment of lease liabilities	(18,621)	**(20,223)**
Payment for acquisition of treasury shares	(25)	**(82)**
Payment for acquisition of treasury shares by a consolidated subsidiary	(10)	**(40,018)**
Dividends paid (Note 15)	(57,500)	**(58,316)**
Dividends paid to non-controlling interests	(13,660)	**(14,381)**
Other	(428)	**(8)**
Cash flows from (used in) financing activities (Note 27)	35,909	**58,125**
Effect of exchange rate changes on cash and cash equivalents	4,832	**15,624**
Net increase (decrease) in cash and cash equivalents	17,855	**(12,782)**
Cash and cash equivalents at beginning of year	88,060	**131,399**
Net increase (decrease) in cash and cash equivalents resulting from transfers to assets held for sale (Note 27)	25,484	**-**
Cash and cash equivalents at end of year (Note 14)	¥131,399	**¥118,617**

Notes to Consolidated Financial Statements

Kirin Holdings Company, Limited and Consolidated Subsidiaries

For the years ended December 31, 2024 and 2023

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 28, 2025.

(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)
- Valuation of equity-accounted investees (Note 35. Equity-accounted investees)

(6) CHANGES IN PRESENTATION

Consolidated statement of financial position
"Assets held for sale," which was presented separately under current assets as of December 31, 2023, is included in "Other current assets" as of December 31, 2024 as the amounts became immaterial. To reflect this change in presentation, the amounts in the consolidated statement of financial position as of December 31, 2023 have been reclassified.
Accordingly, the amounts previously reported as ¥4,004 million under "Assets held for sale" and ¥37,552 million under "Other current assets" in the consolidated statement of financial position as of December 31, 2023 have been reclassified as ¥41,556 million under "Other current assets."

Consolidated statement of cash flows
"Gain on reversal of impairment losses," which was presented separately under cash flows from operating activities in the year ended December 31, 2023, is included in "Other" from the year ended December 31, 2024 as the amounts became immaterial. To reflect this change in presentation, the amounts in the consolidated statement of cash flows for the year ended December 31, 2023 have been reclassified.
Accordingly, the amount previously reported as minus ¥64 million under "Gain on reversal of impairment losses" in cash flows from operating activities in the consolidated statement of cash flows for the year ended December 31, 2023 has been reclassified to be included in minus ¥29,403 million under "Other."

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 the consolidated statement of 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 consolidated statement of comprehensive income, while the ineffective portion is recognized immediately in the consolidated statement of 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 the consolidated statement of comprehensive income, while the ineffective portion is recognized in the consolidated statement of 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.

Major intangible assets of the Group are as follows:

(i) Brands

Brands are initially recognized at cost. In principle, as intangible assets with indefinite useful lives, they are not amortized because it is not possible to foresee the period over which their net cash inflows are expected to continue, and are tested for impairment annually and whenever there is any indication of impairment.

(ii) Customer relationships

Customer relationships acquired through business combinations are measured at fair value at the date of acquisition. These relationships are amortized using the straight-line method over their estimated useful lives (20-41 years), and are tested for impairment whenever there is any indication of impairment.

(iii) Marketing rights

Marketing rights acquired separately are initially recognized at cost. They are amortized using the straight-line method over their estimated useful lives (5-20 years), and are tested for impairment whenever there is any indication of impairment.
(iv) In-process research and development expenses
In-process research and development expenses are intangible assets that were acquired through in-licensing agreements for products, development products, technologies. and that are still in the research and development stage or have not yet been approved for sale by regulatory authorities. In-process research and development expenses are recognized through in-licensing agreements for the introduction of products, development products or technologies, through business combinations and through development activities, and are measured according to the preceding points 1) to 3). The Group transfers intangible assets to marketing rights when they have been approved for sale by regulatory authorities and begins amortizing these rights using the straight-line method over their estimated useful lives. These assets are tested for impairment annually and whenever there is any indication of impairment.
(v) Software
Software is initially recognized at cost. It is amortized using the straight-line method over its estimated useful lives (2-10 years), and is tested for impairment whenever there is an indication of impairment.
(vi) Other
Other intangible assets are initially recognized at cost. Those with finite useful lives are amortized using the straight-line method over their estimated useful lives, and are tested for impairment whenever there is any indication of impairment. Those with indefinite useful lives are not amortized and are tested for impairment annually and whenever there is any indication of impairment.

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 (see (6) Intangible assets) for impairment at least annually, as well as whenever there is any indication of impairment.
At 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). 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 the consolidated statement of profit or loss. The corresponding amount is recognized as an increase in equity in the consolidated statement of financial position.

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 the consolidated statement of 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 from contracts with customers 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 of the cumulative amount of 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 from contracts with customers for the sale of merchandise and finished goods, and the assignment of rights and licenses for marketing of merchandise and finished goods is recognized when the merchandise and finished goods, or rights or licenses for marketing (collectively referred to as “merchandise and finished goods”) are delivered to the customers. This is because 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 or 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 for merchandise and finished goods is received mainly within one year from the delivery of the merchandise and finished goods to customers and includes no significant financing components.

(ii) Licensing revenue

The Group obtains up-front income, milestone revenue and running royalty revenue as licensing revenue based on license agreements, such as granting third parties the right to develop, produce and sell the Group’s developed products.

In some cases, the license agreements do not involve the provision of goods or services by the Group other than granting a license, while in other cases, the Group provides goods or services such as provision of manufacturing technology and pharmaceuticals in relation to development cooperation, correspondence of regulatory authority approval, and joint sales promotion.

When the Group does not provide significant goods or services other than granting a license, up-front income is recognized as revenue at the time of granting the license since all of the significant performance obligations are usually satisfied at this time. Milestone revenue, which is mainly received upon successful completion of development activities and regulatory approval, is recognized as revenue when it is highly probable that the milestones agreed between the relevant parties will be achieved, after assessing the probability of a significant reversal of revenue.

When the Group provides several goods or services including granting a license, the Group identifies one or more performance obligations, allocates transaction prices comprised of up-front income and milestone revenue to each of the performance obligations, records consideration received as contract liabilities, and recognizes revenue over a period of time as the performance obligations are satisfied. For license agreements in relation to development cooperation, the Group applies the input method as an appropriate method for measuring progress for each of the licensing agreements.

Running royalty revenue and sales achievement milestone income received when total pharmaceutical sales exceed a certain agreed amount correspond to a sales-based or usage-based royalty, and are measured 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 has been satisfied.

Consideration under license agreements is received mainly within one year from the time of granting the license based on 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, 2024 are mainly as follows:

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
IAS 21	The Effects of Changes in Foreign Exchange Rates	January 1, 2025	December 31, 2025	Requirement to specify when a currency is exchangeable into another currency and when it is not, specify how an entity determines the exchange rate to apply when a currency is not exchangeable, and requires the disclosure of additional information when a currency is not exchangeable.
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.

Following the release of IAS 21 "The Effects of Changes in Foreign Exchange Rates," the Company has reviewed the foreign exchange rates to be used for cash and cash equivalents held by Kirin Holdings Singapore Pte, Limited, a consolidated subsidiary of the Company. The subsidiary's cash and cash equivalents are affected by the requirements of IAS 21, mainly due to restrictions on deposit withdrawals based on a notice issued by the Central Bank of Myanmar. Based on the changes in foreign exchange rates as a result of this review, cash and cash equivalents after translation are expected to decrease by ¥10,731 million as of January 1, 2025. The balance of retained earnings at January 1, 2025 in the consolidated statement of changes in equity and cash and cash equivalents at beginning of year in the consolidated statement of cash flows for the year ending December 31, 2025 will both decrease by that amount as "Effect of accounting change." Note that these classifications and amounts to be recorded are estimates as of the reporting date, and the actual classifications and amounts may differ from these estimates.
The impact to the Group from adoption of the standards other than IAS21 is currently being assessed and thus cannot yet be estimated.

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, Kyowa Hakko Bio Co., Ltd. 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 and other regions, while Kyowa Hakko Bio Co., Ltd. conducts production and sale of pharmaceutical materials, various amino acids and health food products. The Company made FANCL CORPORATION a consolidated subsidiary in the current 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) CHANGE IN REPORTABLE SEGMENTS

Until the year ended December 31, 2023, the Group had identified its reportable segments as "Japan Beer and Spirits Businesses," "Japan Non-alcoholic Beverages Business," "Oceania Adult Beverages Business" and "Pharmaceuticals Business," but since the year ended December 31, 2024, the Group has reorganized its reportable segments into "Alcoholic Beverages Business," "Non-alcoholic Beverages Business," "Pharmaceuticals Business," and "Health Science Business."
"KV2027" sets the Long-Term Management Vision for the Group to become a global leader in CSV, creating value across our world of Food & Beverages and Pharmaceuticals domains. To achieve the Long-Term Management Vision, the Company is working on making the Health Science domain a third pillar of the Company's business and acquired 100% of the shares of Blackmores Limited, an Australian-based company, to make it a subsidiary during the year ended December 31, 2023. With this acquisition, the Group will expand its business scale in the Health Science domain. Accordingly, the Board meeting held on November 20, 2023 resolved a change in the internal monitoring units of the Group from the year ended December 31, 2024.
Therefore, the Group determined "Alcoholic Beverages Business," "Non-alcoholic Beverages Business" (Food & Beverages domain), "Pharmaceuticals Business" (Pharmaceuticals domain) and "Health Science Business" (Health Science domain) to be disclosed separately as reportable segments from the year ended December 31, 2024.
Segment information for the previous fiscal year has been prepared based on the revised reportable segments.

(3) INFORMATION ON REPORTABLE SEGMENTS

Information related to each reportable segment is set out below.

(¥ millions)

At and for the year ended December 31, 2023	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated
	Alcoholic Beverages	Non-alcoholic Beverages	Pharmaceu-ticals	Health Science			
Revenue from unaffiliated customers	¥ 1,045,138	¥ 516,171	¥ 441,882	¥ 103,354	¥ 27,847	¥ –	¥ 2,134,393
Inter-segment revenue	2,336	2,771	351	4,694	66,241	(76,393)	–
Total revenue	1,047,473	518,942	442,233	108,048	94,089	(76,393)	2,134,393
Segment income (loss) (Note 3)	119,939	52,358	95,968	(12,535)	(60)	(54,175)	201,495
						Other operating income	28,835
						Other operating expenses	80,036
						Finance income	9,035
						Finance costs	10,523
						Share of profit of equity-accounted investees	32,773
						Gain on sale of equity-accounted investees	15,470
						Profit before tax	197,049

(¥ millions)

	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated
	Alcoholic Beverages	Non-alcoholic Beverages	Pharmaceu-ticals	Health Science			
Segment assets	¥ 1,346,528	¥ 287,417	¥ 971,375	¥ 473,664	¥ 510,397	¥ (719,795)	¥ 2,869,585
Other items							
Depreciation and amortization	35,296	12,719	20,938	5,172	3,803	9,299	87,227
Impairment losses (excluding financial assets)	2,476	–	10,843	16,668	–	–	29,987
Equity-accounted investees	229,501	–	12,357	128,863	–	–	370,720
Capital expenditures	39,098	24,242	33,273	10,127	2,723	10,283	119,745

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)

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.

(4) GEOGRAPHIC INFORMATION

1) Revenue

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Japan	¥ 1,183,300	**¥ 1,214,171**
Oceania	213,876	**234,529**
America	539,076	**631,040**
Others	198,140	**258,644**
Total	2,134,393	**2,338,385**

Note: Revenue is classified by country or area based on customer location.

2) Non-current assets

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Japan	¥ 482,720	**¥ 906,390**
Oceania	463,968	**455,852**
America	229,863	**296,476**
Others	118,904	**188,524**
Total	1,295,455	**1,847,242**

Note: Non-current assets exclude financial instruments, deferred tax assets and defined benefit assets.

(5) 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, 2023	**Year ended December 31, 2024**
Mitsubishi Shokuhin Co., Ltd.	Alcoholic Beverages, Non-alcoholic Beverages, Health Science	¥ 230,872	**¥ 234,844**

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, 2023	¥ 204,001	¥ 173,974	¥ 46,102	¥ 80,471	¥ 56,095	¥ 560,642
Acquisitions	10,632	14,135	9,622	36	56,362	90,786
Acquisitions through business combinations	8,129	3,968	768	3,442	815	17,123
Transfer from construction in progress	25,708	35,297	8,676	1,403	(71,084)	–
Depreciation (Note 2)	(22,474)	(30,199)	(15,922)	(298)	–	(68,893)
Impairment losses (Note 3)	(5,999)	(10,302)	(1,424)	(98)	(510)	(18,332)
Disposals (Note 2)	(826)	(1,847)	(448)	(1,338)	(138)	(4,597)
Foreign currency translation differences	6,103	7,832	397	2,438	1,494	18,264
Other	(1,722)	(324)	35	(332)	277	(2,065)
Balance at December 31, 2023	**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**

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, 2023	¥ 600,718	¥ 947,984	¥ 189,666	¥ 84,728	¥ 58,333	¥ 1,881,429
Balance at December 31, 2023	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**

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, 2023	¥ 396,718	¥ 774,011	¥ 143,564	¥ 4,257	¥ 2,238	¥ 1,320,787
Balance at December 31, 2023	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**

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, 2023	**Year ended December 31, 2024**
Balance at January 1	¥ 289,526	**¥ 390,568**
Acquisitions through business combinations (Note)	72,673	**95,601**
Foreign currency translation differences	28,369	**15,311**
Balance at December 31	390,568	**501,480**

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, 2023	**At December 31, 2024**
Cost	¥ 403,442	**¥ 514,354**
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	Customer relationships	Marketing rights	In-process research and development	Software	Other	Total
Balance at January 1, 2023	¥ 59,616	¥ –	¥ 29,866	¥ 33,248	¥ 64,058	¥ 14,112	¥ 200,900
Acquisitions (Note 1)	65	–	4,380	8,178	769	15,568	28,959
Acquisitions through business combinations	64,162	28,365	–	–	971	822	94,320
Amortization (Note 3)	(25)	(601)	(5,654)	–	(11,551)	(503)	(18,334)
Impairment losses (Note 4)	–	–	(1,240)	(9,403)	(682)	(310)	(11,636)
Disposals (Note 3)	(1)	–	(1)	–	(267)	(76)	(346)
Transfer to other account	–	–	9,832	(9,832)	11,073	(11,073)	–
Foreign currency translation differences	5,972	855	1,296	–	1,175	289	9,587
Other	(2)	–	59	–	41	(9)	89
Balance at December 31, 2023	**129,787**	**28,619**	**38,537**	**22,191**	**65,586**	**18,819**	**303,540**
Acquisitions (Note 1)	**44**	**–**	**450**	**76,353**	**2,701**	**10,936**	**90,485**
Acquisitions through business combinations (Note 2)	**136,106**	**114,182**	**17,346**	**13,201**	**2,223**	**87**	**283,145**
Amortization (Note 3)	**(126)**	**(2,625)**	**(7,669)**	**–**	**(16,395)**	**(514)**	**(27,329)**
Impairment losses (Note 4)	**–**	**–**	**(1,391)**	**–**	**(146)**	**(124)**	**(1,662)**
Disposals (Note 3)	**(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**

Notes:

1. Acquisitions of in-process research and development include increases due to internal development of ¥6,678 million and ¥9,664 million for the years ended December 31, 2023 and 2024, respectively.
2. Acquisitions through business combinations include revisions within the measurement period that have not been retroactively restated due to immateriality.
3. 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.
4. 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, 2023	¥ 68,508	¥ –	¥ 118,675	¥ 56,035	¥ 136,929	¥ 29,311	¥ 409,458
Balance at December 31, 2023	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**

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, 2023	¥ 8,891	¥ –	¥ 88,810	¥ 22,788	¥ 72,871	¥ 15,199	¥ 208,559
Balance at December 31, 2023	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**

(2) RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of ¥84,920 million for the year ended December 31, 2023 and ¥116,073 million for the year ended December 31, 2024 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, 2023	Year ended December 31, 2024	Types of major assets
Alcoholic Beverages Business	¥ 2,476	**¥ 3,902**	Buildings and structures, Machinery, equipment and vehicles, Tools, fixtures and fittings, Land, Software
Pharmaceuticals Business	10,843	**2,060**	Buildings and structures, Machinery, equipment and vehicles, Tools, fixtures and fittings, Marketing rights, In-process research and development
Health Science Business	16,668	**7,427**	Buildings and structures, Machinery, equipment and vehicles, Tools, fixtures and fittings, Construction in progress, Software
Total	29,987	**13,389**	

As described in Note 5. Operating segments, the Group has changed its segmentation from the year ended December 31, 2024. As a result of this change, the figures for the year ended December 31, 2023 have been reclassified based on the revised segments.

Year ended December 31, 2023

In the Pharmaceuticals Business, an impairment loss of ¥8,275 million was recorded for intangible assets (in-process research and development expenses) due to the decision to discontinue development of bardoxolone methyl (Code name: RTA 402). The recoverable amount was measured at value in use, which was determined to be zero.

Regarding the Bio-chemicals business in the Health Science Business, in light of an increase in utility costs, intensifying competitive environment, and uncertainty for the timing of obtaining certification around the world for new materials, the Group determined there is indication of impairment and an impairment test was performed for business assets related to the Bio-chemicals business. As a result, ¥15,670 million of impairment losses for non-current assets of the Bio-chemicals business were recognized for the year ended December 31, 2023. The impairment losses of ¥15,670 million primarily consisted of ¥8,644 million in machinery, equipment and vehicles and ¥4,162 million in buildings and structures.

With the strategic review of the Bio-chemicals business and the launch of human milk oligosaccharides ("HMOs") in the year ended December 31, 2023, the Group has identified the HMO business as a new cash-generating unit. Accordingly, from the year ended December 31, 2023, the cash-generating units for business assets related to the Bio-chemicals business have been changed from the fine chemicals business ("FC business") and the synthetic API business to the FC business, the HMO business, and the synthetic API business.

The recoverable amount related to the cash-generating units of the FC business and the HMO business were measured at value in use which was calculated by discounting the future cash flows over the remaining useful life of the assets to present value. The future cash flows were estimated based on the business plan prepared reflecting past experience and external information and approved by management. The discount rate is based on the pre-tax weighted-average cost of capital of the cash-generating unit, which is 5.1% for the FC business and 8.8% for the HMO business. No impairment test was performed for the synthetic API business as the business has been continuously generating operating profit.

These impairment losses 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, 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.

These impairment losses 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, 2023		**At December 31, 2024**	
	Goodwill	Brands	Goodwill	Brands
Alcoholic Beverages Business	¥ 214,675	¥ 67,721	**¥ 222,128**	**¥ 72,706**
Pharmaceuticals Business	97,847	–	**138,430**	**–**
Health Science Business	76,383	62,053	**136,270**	**197,322**
Of which, Blackmores	75,321	61,944	**72,708**	**63,108**
Of which, FANCL CORPORATION	–	–	**62,500**	**134,079**
Non-alcoholic Beverages Business and others	1,663	14	**4,652**	**1,767**

Significant goodwill and intangible assets relate to Lion (Alcoholic Beverages Business), FANCL CORPORATION (Health Science Business), Blackmores (Health Science Business) and Kyowa Kirin (Pharmaceuticals Business) and were tested for impairment as set out below. For FANCL CORPORATION acquired during the year ended December 31, 2024, please refer to Note 37. Business combinations.

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. 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.

Kyowa Kirin (Pharmaceuticals Business)

These is 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 9.9% 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 2.5% thereafter. Pre-tax discount rate is determined at 12.2% 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, China and Southeast Asia, as well as measures to boost 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.

10. OTHER FINANCIAL ASSETS

(1) OTHER FINANCIAL ASSETS CONSISTED OF THE FOLLOWING:

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Shares	¥ 60,896	**¥ 58,392**
Derivative assets	2,202	**2,985**
Bonds	23,511	**22,511**
Other	29,612	**29,555**
Allowance for doubtful accounts	(1,932)	**(1,513)**
Total	114,290	**111,930**
Non-current assets	105,346	**103,360**
Current assets	8,944	**8,570**

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, 2023	**At December 31, 2024**
Marketable	¥ 33,105	**¥ 28,974**
Non-marketable	27,791	**29,418**
Total	60,896	**58,392**

Of the above, fair values of major marketable shares were as follows:

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
SKYLARK HOLDINGS CO., LTD.	¥ 6,883	**¥ 8,167**
Central Japan Railway Company	4,905	**4,058**
HIDAY HIDAKA Corp.	3,144	**3,086**
Nightingale Health Oyj	474	**1,266**
Chimney Co., Ltd.	1,451	**1,243**
Imperial Hotel, Ltd.	1,283	**1,238**
ROYAL HOLDINGS Co., Ltd.	1,322	**1,226**
Kisoji Co., Ltd.	903	**742**
RINGER HUT CO., LTD.	784	**730**
SRS HOLDINGS CO., LTD.	658	**707**

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, 2023 and 2024 was ¥26,338 million and ¥27,751 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, 2023		**Year ended December 31, 2024**	
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)
¥ 7,989	¥ 5,055	**¥ 7,037**	**¥ 1,961**

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, 2023	**At December 31, 2024**
Buildings and structures	¥ –	**¥ 760**
Land	–	**592**
Other financial assets (current assets) (Note)	300	**300**
Total	300	**1,652**

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, 2023	**At December 31, 2024**
Deferred tax assets	¥ 109,322	**¥ 109,761**
Deferred tax liabilities	38,871	**123,233**
Net	70,451	**(13,471)**

(2) CHANGES IN THE BALANCE OF DEFERRED TAX

Changes in the balance of deferred tax were as follows:

Year ended December 31, 2023

(¥ millions)

	Balance at January 1 (net)	Amount recognized in profit or loss	Amount recognized in other comprehensive income	Acquisitions through business combinations	Other (Note 1)	Balance at December 31 (net)
Defined benefit asset or liability	¥ 16,486	¥ (1,552)	¥ (2,766)	¥ 34	¥ (26)	¥ 12,176
Accrued expenses	15,472	4,970	–	737	609	21,788
Inventories	25,781	(1,645)	–	497	450	25,084
Unused tax losses	1,837	3,811	–	50	1,591	7,289
Property, plant and equipment and intangible assets	(10,096)	(7,958)	–	(26,401)	2,961	(41,494)
Fair value reserve on equity instruments measured at fair value through other comprehensive income	(6,062)	–	(3,449)	–	2,048	(7,463)
Other	54,348	(22)	513	1,372	(3,140)	53,071
Total	97,766	(2,395)	(5,702)	(23,711)	4,493	70,451

Note 1: “Other” includes foreign currency translation differences on foreign operations.

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.

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, 2023 and 2024 was ¥632,520 million and ¥710,779 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, 2023	**At December 31, 2024**
Deductible temporary differences	¥ 153,718	**¥173,318**
Unused tax losses	112,408	**147,786**

Unused tax losses for which deferred tax assets were not recognized expire as follows:

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
1st year	¥ 57	**¥ 28**
2nd year	26	**5,637**
3rd year	6,191	**650**
4th year	1,021	**198**
5th year onwards	10,945	**12,834**
With no expiration	94,168	**128,438**
Total	112,408	**147,786**

(5) INCOME TAX EXPENSE

Income tax expense was as follows:

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Current tax expense	¥ 44,215	**¥ 49,334**
Deferred tax expense	2,395	**4,576**
Income tax expense	46,611	**53,910**

The Group evaluates the exposure to the income taxes arising from tax law enacted or substantially enacted to implement the Pillar Two model rules published by the OECD (Organisation for Economic Co-operation and Development). The exposure to the income taxes associated with the Pillar Two model 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, 2023 and 2024. 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, 2023	**Year ended December 31, 2024**
Statutory tax rate	30.6	**30.6**
(Adjustments)		
Tax effect of income and expenses not taxable and deductible for tax purposes	2.4	**1.4**
Equity in earnings of associates	(5.1)	**(8.1)**
Changes in unrecognized deferred tax assets	(2.8)	**15.2**
Difference in applicable tax rates between the Company and its subsidiaries	(0.6)	**(5.7)**
Withholding tax related to dividends from overseas subsidiaries	1.2	**1.9**
Tax credits	(3.0)	**(1.4)**
Retained earnings of subsidiaries and affiliates	0.3	**2.6**
Other	0.7	**2.1**
Average effective tax rate	23.7	**38.6**

12. INVENTORIES

Inventories consisted of the following:

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Merchandise and finished goods	¥ 228,717	**¥ 251,611**
Work in process	33,185	**28,105**
Raw materials and supplies	69,081	**79,268**
Total	330,984	**358,985**
Of which, inventories held for sale over 12 months	48,493	**59,729**

Loss on devaluation of inventories which was recognized as an expense was ¥7,609 million for the year ended December 31, 2023 and ¥24,297 million for the year ended December 31, 2024.
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, 2023	**At December 31, 2024**
Notes and accounts receivable, trade (trade receivables)	¥ 425,308	**¥ 482,994**
Accrued accounts receivable	21,167	**21,535**
Allowance for doubtful accounts	(1,535)	**(1,649)**
Total	444,940	**502,880**

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, 2023 and 2024 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 ¥23,190 million at December 31, 2023 and ¥25,875 million at December 31, 2024, 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, 2023	**Year ended December 31, 2024**
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.

(2) TREASURY SHARES

Changes in the number of treasury shares were as follows:

(Thousands of shares)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Treasury shares at January 1	104,172	**104,126**
Changes	(45)	**(121)**
Treasury shares at December 31	104,126	**104,006**

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, 2023 consisted of the following:
・Acquisition of less-than-one unit shares: 10 thousand shares
・Sale of less-than-one unit shares: (1) thousand shares
・Disposal of shares held in the Board Incentive Plan Trust: (55) thousand shares

Treasury shares at December 31, 2023 include 1,911 thousand shares held in the Board Incentive Plan Trust.

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.

(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 30, 2023 Ordinary General Meeting of Shareholders	Ordinary shares	¥ 29,630	¥ 36.50	December 31, 2022	March 31, 2023
August 8, 2023 Board of Directors' Meeting	Ordinary shares	28,007	34.50	June 30, 2023	September 5, 2023
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

Note: The total amount of dividend includes dividends on shares held in the Board Incentive Plan Trust, which amount to ¥72 million for the dividend resolved by the Ordinary General Meeting of Shareholders on March 30, 2023, ¥66 million for the dividend resolved by the Board of Directors' Meeting on August 8, 2023, ¥70 million for the dividend resolved by the Ordinary General Meeting of Shareholders on March 28, 2024, and ¥63 million for the dividend resolved by the Board of Directors' Meeting on August 6, 2024.

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 28, 2025 Ordinary General Meeting of Shareholders	Ordinary shares	¥ 28,817	¥ 35.50	December 31, 2024	March 31, 2025

Note: The total amount of dividend includes dividends of ¥63 million on shares held in the Board Incentive Plan Trust.

16. BONDS AND BORROWINGS (INCLUDING OTHER FINANCIAL LIABILITIES)

Details of financial liabilities

Bonds and borrowings and other financial liabilities consisted of the following:

	At December 31, 2023 (¥ millions)	**At December 31, 2024** (¥ millions)	Average interest rate (%) (Note 2)	Maturity
Bonds (excluding current portion) (Note 3)	¥ 267,216	**¥ 232,404**	0.58	June 3, 2026 to September 5, 2039
Current portion of bonds (Note 3)	29,981	**34,985**	0.42	February 28, 2025 to November 27, 2025
Long-term borrowings (excluding current portion)	288,509	**547,180**	0.65	February 25, 2026 to December 18, 2034
Current portion of long-term borrowings	69,991	**29,995**	0.18	February 25, 2025 to August 15, 2025
Short-term borrowings	701	**7**	0.00	–
Commercial paper	–	**12,999**	0.15	January 14, 2025
Accrued expenses	29,858	**27,453**	–	–
Derivative liabilities (Note 1)	4,875	**7,638**	–	–
Lease liabilities	76,682	**73,762**	–	–
Other	33,219	**33,480**	–	–
Total	801,031	**999,902**	–	–
Non-current liabilities	638,638	**866,981**	–	–
Current liabilities	162,393	**132,920**	–	–

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, 2023 (¥ millions)	**At December 31, 2024 (¥ millions)**	Interest rate (%)	Maturity
The Company	The Company 10th series of unsecured bonds	March 2, 2015	¥ 14,990	**¥ 14,999**	0.603	February 28, 2025
The Company	The Company 12th series of unsecured bonds	September 5, 2019	29,981	**–**	–	September 5, 2024
The Company	The Company 13th series of unsecured bonds	September 5, 2019	29,918	**29,932**	0.230	September 5, 2029
The Company	The Company 14th series of unsecured bonds	September 5, 2019	9,946	**9,950**	0.510	September 5, 2039
The Company	The Company 16th series of unsecured bonds	June 4, 2020	9,986	**9,996**	0.180	June 4, 2025
The Company	The Company 17th series of unsecured bonds	June 4, 2020	9,965	**9,970**	0.370	June 4, 2030
The Company	The Company 18th series of unsecured bonds	November 27, 2020	9,980	**9,990**	0.110	November 27, 2025
The Company	The Company 19th series of unsecured bonds	June 3, 2021	39,927	**39,957**	0.090	June 3, 2026
The Company	The Company 20th series of unsecured bonds	June 3, 2021	29,927	**29,943**	0.180	June 2, 2028
The Company	The Company 21st series of unsecured bonds	June 7, 2022	19,938	**19,956**	0.290	June 7, 2027
The Company	The Company 22nd series of unsecured bonds	October 26, 2023	39,859	**39,888**	0.673	October 26, 2028
The Company	The Company 23rd series of unsecured bonds	October 26, 2023	19,919	**19,931**	0.996	October 25, 2030
The Company	The Company 24th series of unsecured bonds	October 26, 2023	32,861	**32,876**	1.318	October 26, 2033
Total			297,197	**267,389**	–	–

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, 2023	¥ 52,667	¥ 9,075	¥ 7,574	¥ 7,513	¥ 1,362	¥ 78,191
Acquisitions	5,755	1,607	4,412	–	269	12,043
Acquisitions through business combinations	1,869	149	217	–	–	2,235
Depreciation and amortization	(12,392)	(2,159)	(4,067)	(298)	(749)	(19,666)
Impairment losses	–	–	(5)	–	–	(5)
Other	276	(336)	7	305	–	253
Balance at December 31, 2023	**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**

(3) LEASE LIABILITIES

Lease liabilities by maturity were as follows:

At December 31, 2023

(¥ 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	¥ 76,682	¥ 87,534	¥ 19,407	¥ 15,445	¥ 10,328	¥ 6,446	¥ 4,969	¥ 30,938

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**

(4) AMOUNTS RECORDED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Interest paid for leases	¥ 1,487	**¥ 1,522**
Variable leases	681	**722**
Short-term leases	1,998	**2,335**
Leases for low value items	1,221	**1,160**

(5) AMOUNT RECORDED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Total cash outflow for leases	¥ 24,008	**¥ 25,962**

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) 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, 2023	**Year ended December 31, 2024**
Balance at January 1	¥ 260,681	**¥ 255,340**
Current service cost	9,927	**9,307**
Interest cost	3,055	**3,883**
Remeasurement loss (gain)		
Changes in demographic assumptions	(2,162)	**(437)**
Changes in financial assumptions	(2,636)	**(10,786)**
Changes in experience adjustment	4,119	**(691)**
Past service cost	(1,160)	–
Foreign currency translation differences	1,120	**1,934**
Payments from plans	(17,489)	**(20,418)**
Effects of business combinations and disposals	(118)	**6,703**
Other changes	3	**3**
Balance at December 31	255,340	**244,837**

Weighted-average duration of defined benefit obligations was 10.5 years at December 31, 2023 and 10.6 years at December 31, 2024.

2) 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, 2023	**Year ended December 31, 2024**
Balance at January 1	¥ 224,223	**¥ 231,031**
Interest income	2,764	**3,580**
Remeasurement loss (gain)		
Gain on plan assets (excluding interest income)	8,361	**4,478**
Foreign currency translation differences	843	**1,609**
Contributions paid by the employer	7,572	**4,311**
Payments from plans	(12,652)	**(14,098)**
Effects of business combinations and disposals	–	**5,852**
Other changes	(79)	**(77)**
Balance at December 31	231,031	**236,687**

The Group plans to contribute ¥3,186 million to the defined benefit plans for the year ending December 31, 2025.

3) 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, 2023	**At December 31, 2024**
Present value of defined benefit obligations	¥ 255,340	**¥ 244,837**
Fair value of plan assets	(231,031)	**(236,687)**
Adjustments for asset ceiling	–	**10,438**
Total	24,308	**18,588**
Defined benefit liability	55,228	**54,986**
Defined benefit asset	(30,920)	**(36,398)**

Note: Defined benefit asset is included in other non-current assets in the consolidated statement of financial position.

4) Changes in adjustments for asset ceiling

Adjustments for asset ceiling were as follows:

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Balance at January 1	¥ –	**¥ –**
Remeasurements Effect of limiting net plan assets to asset ceiling	–	**10,438**
Balance at December 31	–	**10,438**

5) Details of plan assets

Total plan assets consisted of the following:

(¥ millions)

	At December 31, 2023		**At December 31, 2024**	
	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	¥ 47,073	¥ –	**¥ 45,401**	**¥ –**
Debt instruments	93,647	–	**90,477**	**–**
General accounts	–	57,580	**–**	**56,380**
Other	–	32,731	**291**	**44,138**
Total	140,720	90,311	**136,169**	**100,518**

6) Actuarial assumptions

Major actuarial assumptions were as follows:

	At December 31, 2023	**At December 31, 2024**
Discount rate (weighted-average)	1.6%	**2.0%**

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, 2023	**At December 31, 2024**
Discount rate	Increase by 0.5%	¥ (9,706)	**¥ (8,865)**
	Decrease by 0.5%	13,074	**9,804**

(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 ¥17,500 million for the year ended December 31, 2023 and ¥18,473 million for the year ended December 31, 2024.

(3) EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses included in the consolidated statement of profit or loss were ¥318,729 million for the year ended December 31, 2023 and ¥362,468 million for the year ended December 31, 2024. 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, 2024

(¥ millions)

	Asset retirement obligations (Note 1)	Provision for business restructuring (Note 2)	Other	Total
Balance at January 1	¥ 3,282	¥ 484	¥ 4,703	¥ 8,469
Increase	1,540	11,630	3,943	17,113
Decrease resulting from settlement	(35)	(1,124)	(4,442)	(5,601)
Decrease due to reversal	–	(189)	(552)	(741)
Foreign currency translation differences	7	10	57	74
Balance at December 31	**4,795**	**10,811**	**3,708**	**19,314**
Non-current liabilities	4,752	–	2,348	7,100
Current liabilities	42	10,811	1,360	12,214

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. Provision for business restructuring for the year ended December 31, 2024 mainly includes 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. Estimates of the timing and amount of the expected outflow of economic benefits may change in the future due to the progress of permits and approvals, changes in the market environment and other reasons before the completion of the business transfer.

20. TRADE AND OTHER PAYABLES

Trade and other payables consisted of the following:

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Notes and accounts payable, trade	¥ 137,263	**¥ 162,097**
Accounts payable	85,579	**108,882**
Refund liabilities	83,827	**93,286**
Total	306,670	**364,265**

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, 2023	**At December 31, 2024**
Liquor taxes payable	¥ 70,003	**¥ 72,003**
Contract liabilities (Note)	27,706	**25,368**
Other	112,115	**139,489**
Total	209,824	**236,860**
Non-current liabilities	19,921	**13,622**
Current liabilities	189,904	**223,238**

Note: The beginning balance of contract liabilities recognized as revenue was ¥8,265 million and ¥9,142 million for the years ended December 31, 2023 and 2024, respectively. Revenue recognized from the performance obligations satisfied in prior years was ¥34,212 million and ¥41,714 million for the years ended December 31, 2023 and 2024, 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, 2023	**Year ended December 31, 2024**
Alcoholic Beverages		
Kirin Brewery Company, Limited	¥ 645,041	**¥ 657,506**
Lion Pty Ltd	280,990	**294,612**
Australia and New Zealand	198,740	**202,880**
US Craft and others.	82,251	**91,732**
Other	119,106	**129,576**
Total	1,045,138	**1,081,694**
Non-alcoholic Beverages		
Kirin Beverage Company, Limited	255,028	**265,826**
Coca-Cola Beverages Northeast, Inc.	250,142	**286,906**
Other	11,001	**12,138**
Total	516,171	**564,871**
Pharmaceuticals	441,882	**495,295**
Health Science		
FANCL CORPORATION	–	**34,241**
Blackmores Limited	31,987	**69,133**
Kyowa Hakko Bio Co., Ltd.	48,224	**47,365**
Other	23,144	**24,516**
Total	103,354	**175,256**
Others	27,847	**21,270**
Consolidated	2,134,393	**2,338,385**

(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, 2023	**At December 31, 2024**
Due within one year	¥ 9,344	**¥ 16,260**
Between one and two years	8,936	**8,962**
Between two and three years	9,015	**110**
More than three years	411	**35**
Total	27,706	**25,368**

23. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses consisted of the following:

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Sales promotion and advertising	¥ 165,765	**¥ 169,421**
Employee benefit expenses	233,901	**260,749**
Freight	55,700	**61,239**
Research and development	84,895	**116,038**
Depreciation and amortization	42,674	**49,988**
Other	179,036	**197,552**
Total	761,971	**854,987**

24. OTHER OPERATING INCOME

Other operating income consisted of the following:

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Gain on sale of property, plant and equipment and intangible assets	¥ 6,119	**¥ 3,713**
Gain on sale of shares of subsidiaries (Note)	14,822	**7,372**
Other	7,893	**5,060**
Total	28,835	**16,145**

Note: Gain on sale of shares of subsidiaries of ¥14,822 million for the year ended December 31, 2023 includes a gain of ¥7,252 million resulting from the reassessment of the retained interest at fair value at the date that control was lost.

25. OTHER OPERATING EXPENSES

Other operating expenses consisted of the following:

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Impairment losses	¥ 29,987	**¥ 13,389**
Business restructuring expenses (Note 1)	2,784	**37,399**
Loss on disposal and sale of property, plant and equipment and intangible assets	2,755	**7,146**
Loss on sale of shares of subsidiaries (Note 2)	19,358	–
Loss on step acquisitions (Note 3)	–	**18,265**
Other	25,152	**25,574**
Total	80,036	**101,773**

Notes:

1. Regarding the business restructuring expenses, the Group recorded ¥2,784 million for the year ended December 31, 2023, and ¥19,692 million for the year ended December 31, 2024, primarily as additional employees' retirement benefits to be paid upon business restructuring. In addition, for the year ended December 31, 2024, the Group recorded provision for loss on transfer and one-off expenses, amounting to ¥16,597 million, 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.
2. Please refer to Note 27. CASH FLOWS, (2) PAYMENT FOR SALE OF SHARES OF SUBSIDIARIES.
3. Please refer to Note 37. BUSINESS COMBINATIONS, (2) MAKING FANCL CORPORATION INTO THE COMPANY'S SUBSIDIARY.

26. FINANCE INCOME AND FINANCE COSTS

Finance income and finance costs consisted of the following:

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Interest income (Note 1)	¥ 3,546	**¥ 10,448**
Dividend income (Note 2)	574	**655**
Foreign exchange gains (net)	4,307	**1,375**
Other	608	**2,116**
Total finance income	9,035	**14,595**
Interest paid (Note 1)	5,932	**6,916**
Loss on valuation of financial instruments	3,944	**10,182**
Other	647	**896**
Total finance costs	10,523	**17,994**

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, 2023

(¥ millions)

	Balance at January 1, 2023	Total changes arising from cash flows from financing activities	Non-cash transactions and other changes				Balance at December 31, 2023
			Acquisitions	Acquisitions through business combinations	Foreign currency translation differences	Other	
Short-term borrowings	¥ 2,506	¥ (1,900)	¥ –	¥ –	¥ 95	¥ –	¥ 701
Commercial paper	18,000	(18,000)	–	–	–	–	–
Long-term borrowings (Note)	243,237	107,993	–	5,927	1,264	78	358,499
Bonds (Note)	259,377	37,625	–	–	–	195	297,197
Lease liabilities (Note)	81,900	(18,621)	10,993	2,113	2,829	(2,531)	76,682

Note: The balance of current portion is included.

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.

(2) PAYMENT FOR SALE OF SHARES OF SUBSIDIARIES

On January 23, 2023, Kirin Holdings Singapore Pte, Limited, a consolidated subsidiary of the Company, transferred all shares of Myanmar Brewery Limited (MBL) and Mandalay Brewery Limited (MDL) to MBL and MDL (share repurchase by MBL and MDL), and lost control of MBL and MDL.

The details of the assets and liabilities on loss of control and the relationship between payment for sale and loss on sale were as set out in the table below. Loss on sale is recorded in other operating expenses in the consolidated statement of profit or loss.

(¥ millions)

Consideration received	¥ 20,478
Components of assets and liabilities on loss of control	
Non-current assets	14,095
Current assets	34,296
Non-current liabilities	1,823
Current liabilities	6,294
Loss on sale of shares of subsidiaries	19,358

Consideration received	20,478
Cash and cash equivalents held on loss of control	25,484
Payment for sale of shares of subsidiaries, net of cash disposed of	5,006

(3) 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 plc (currently Orchard Therapeutics Limited) 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, 2023	**Year ended December 31, 2024**
Net change in equity instruments measured at fair value through other comprehensive income		
Amount arising during the year	¥ 11,303	**¥ 761**
Before taxes	11,303	**761**
Tax effects	(3,449)	**(284)**
After taxes	7,854	**476**
Remeasurements of defined benefit plans		
Amount arising during the year	9,040	**5,954**
Before taxes	9,040	**5,954**
Tax effects	(2,766)	**(1,742)**
After taxes	6,273	**4,213**
Foreign currency translation differences on foreign operations		
Amount arising during the year	73,837	**69,016**
Reclassification adjustments	19,288	**–**
Before taxes	93,125	**69,016**
Tax effects	–	**(258)**
After taxes	93,125	**68,758**
Cash flow hedges		
Amount arising during the year	3,835	**5,353**
Reclassification adjustments	(5,449)	**(90)**
Before taxes	(1,614)	**5,263**
Tax effects	513	**(1,742)**
After taxes	(1,100)	**3,521**
Share of other comprehensive income of equity-accounted investees		
Amount arising during the year	7,519	**(4,526)**
Reclassification adjustments	(2,308)	**(65)**
Before taxes	5,211	**(4,591)**
Tax effects	–	**–**
After taxes	5,211	**(4,591)**
Total other comprehensive income		
Amount arising during the year	105,533	**76,558**
Reclassification adjustments	11,531	**(155)**
Before taxes	117,064	**76,403**
Tax effects	(5,702)	**(4,027)**
After taxes	111,362	**72,376**

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, 2023	**Year ended December 31, 2024**
Profit attributable to owners of the Company	¥ 112,697	**¥ 58,214**
Profit not attributable to ordinary shareholders of the Company	–	**–**
Profit attributable to ordinary shareholders of the Company	112,697	**58,214**

2) Weighted-average number of ordinary shares (basic)

(Thousands of shares)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Weighted-average number of ordinary shares	809,853	**809,944**

(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, 2023	**Year ended December 31, 2024**
Profit attributable to ordinary shareholders of the Company	¥ 112,697	**¥ 58,214**
Adjustments for potential ordinary shares issued by subsidiary and associates	(6)	**(9)**
Profit attributable to ordinary shareholders of the Company (diluted)	112,691	**58,205**

2) Weighted-average number of ordinary shares (diluted)

(Thousands of shares)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Weighted-average number of ordinary shares (basic)	809,853	**809,944**
Effect of dilution	–	**–**
Weighted-average number of ordinary shares (diluted)	809,853	**809,944**

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, 2023	**Year ended December 31, 2024**
Grant date	March 30, 2023	**March 28, 2024**
Number of points granted	225,531	**119,578**
Fair value at grant date (Yen)	¥ 2,109.5	**¥ 2,102.0**

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, 2023	**Year ended December 31, 2024**
Grant date	April 13, 2023	**April 11, 2024**
Number of shares granted (Shares)	70,908	**68,399**
Fair value (Yen)	¥ 2,838	**¥ 2,845**

(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 ¥83 million and ¥88 million as of December 31, 2023 and 2024, respectively.

2) Number of performance share units outstanding during the year

	Year ended December 31, 2023	**Year ended December 31, 2024**
	Reference number of shares to be delivered	Reference number of shares to be delivered
Shares at January 1	71,918	**112,933**
Grants	41,015	**39,924**
Other increases	–	**2,790**
Delivery or Payment	–	**(32,238)**
Other decreases	–	**(6,895)**
Shares at December 31	112,933	**116,514**
Weighted-average fair value (Yen)	¥ 3,032	**¥ 2,933**

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, 2023 and 2024 was ¥401 million and ¥917 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, 2023		**Year ended December 31, 2024**	
	Number of shares (Shares)	Weighted-average exercise price (Yen)	Number of shares (Shares)	Weighted-average exercise price (Yen)
Outstanding at January 1	110,200	¥ 1	**46,900**	**¥ 1**
Grants	–	–	**–**	**–**
Exercise	(63,300)	1	**(34,700)**	**1**
Expiry or extinguishment at maturity	–	–	**–**	**–**
Outstanding at December 31	46,900	1	**12,200**	**1**
Exercisable outstanding at December 31	46,900	1	**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, 2023 and 2024 was ¥2,870 and ¥2,538, respectively.
2. The weighted-average remaining period of the outstanding share options was 0.9 years and 0.2 years for the years ended December 31, 2023 and 2024, respectively. 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, 2023	**Year ended December 31, 2024**
Equity-settled	¥ 541	**¥ 522**
Cash-settled	170	**463**
Total	711	**985**

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, 2023 and December 31, 2024 were as follows:

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Trade and other receivables	¥ 446,474	**¥ 504,530**
Other financial assets measured at amortized cost		
Financial assets in stage 1	49,228	**48,790**
Financial assets in stage 2	789	**795**
Financial assets in stage 3	601	**305**

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, 2023	¥ 1,465	¥ 556	¥ 886	¥ 545
Net provision	321	(19)	24	28
Release due to settlement	(232)	(0)	(95)	–
Other	(19)	5	(27)	28
Balance at December 31, 2023	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**

The balance of guarantee obligations presented below represents the Group's maximum credit exposure relating to those obligations.

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Loan obligations of employees	¥ 76	**¥ 49**

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, 2023

(¥ 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	¥ 306,670	¥ 306,670	¥ 306,670	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds and borrowings	656,397	677,058	103,723	73,430	67,521	62,436	102,335	267,612
Derivative liabilities	4,875	4,875	4,848	27	–	–	–	–
Other financial liabilities (current)	38,881	38,881	38,881	–	–	–	–	–
Other financial liabilities (non-current)	482	511	5	5	5	5	5	487

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**

(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, 2023	**At December 31, 2024**
Myanmar kyats (Thousands of Myanmar kyats)	343,259,396	**343,431,695**
U.S. dollar (Thousands of U.S. dollars)	91,704	**94,461**
Euro (Thousands of euro)	(13,816)	**80,613**

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, 2023	**At December 31, 2024**
Myanmar kyats	¥ 1,924	**¥ 2,147**
U.S. dollar	914	**1,092**
Euro	(149)	**929**

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 ¥331 million and ¥290 million for the years ended December 31, 2023 and 2024, 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, 2023		**At December 31, 2024**	
	Notional amount	Fair value	Notional amount	Fair value
Forward foreign exchange contracts	¥ 210,202	¥ 388	**¥ 60,496**	**¥ (6,880)**
Commodity futures	1,227	82	**1,087**	**157**
Total	211,429	469	**61,583**	**(6,722)**

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, 2023

(¥ 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	¥ 97,119	¥ 1,829	¥ 318	¥ 3,158	¥ 3,939
Commodity price risk					
Commodity swaps (oil)	1,736 thousand liters	416 thousand liters	6	–	50
Commodity swaps and commodity futures (aluminum and others)	35 thousand tons	8 thousand tons	173	482	(154)

The average rates for forward foreign exchange contracts are ¥140.28 to the U.S. dollar, ¥153.85 to the euro, and ¥94.45 to the Australian dollar.

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.

The impact on the consolidated statement of comprehensive income as a result of applying hedge accounting was as follows:

Year ended December 31, 2023

(¥ 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	¥ 3,939	¥ (98)	Cost of sales	¥ (6,257)
Commodity price risk	(104)	906	Cost of sales	–

The amount of hedge ineffectiveness recognized in profit or loss was not material.

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 items
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.

(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, 2023

(¥ millions)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Long-term borrowings (Note)	¥ 358,499	¥ –	¥ –	¥ 357,879	¥ 357,879
Bonds (Note)	297,197	–	296,196	–	296,196

Note: The balance of current portion is included.

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.

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, 2023

(¥ millions)

	Fair value			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative assets	¥ –	¥ 2,202	¥ –	¥ 2,202
Shares	33,105	–	27,791	60,896
Other	–	74	(1,799)	(1,725)
Total	33,105	2,276	25,992	61,373
Liabilities:				
Derivative liabilities	–	4,875	–	4,875
Other	–	–	16,310	16,310
Total	–	4,875	16,310	21,185

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**

Notes:

1. There were no transfers between Level 1 and Level 2 at December 31, 2023 and December 31, 2024.
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, 2023	**Year ended December 31, 2024**
Balance at January 1	¥ 25,922	**¥ 25,992**
Total gains and losses	3,717	**2,073**
Profit or loss (Note 1)	726	**1,932**
Other comprehensive income (Note 2)	2,990	**140**
Purchases	1,372	**3,703**
Sales	(1)	**(2,120)**
Other	(5,017)	**2,968**
Balance at December 31	25,992	**32,615**

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, 2023 and 2024 were as follows:

At December 31, 2023

(¥ millions)

	Gross amount recognized	Amount of offset	Net amount presented in the statement of financial position
Financial assets: Cash and cash equivalents	¥ 218,727	¥ (211,942)	¥ 6,785
Financial liabilities: Bonds and borrowings	211,942	(211,942)	–

At December 31, 2024

(¥ millions)

	Gross amount recognized	Amount of offset	Net amount presented in the 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)**	**–**

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, 2023	**Year ended December 31, 2024**
Short-term employee benefits	¥ 1,058	**¥ 1,094**
Share-based payments	346	**265**
Total	1,403	**1,359**

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, 2024 are as follows:

Increase in number of subsidiaries through acquisition or establishment: 20

Decrease in number of subsidiaries by liquidation or sale: 14

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, 2023	**At December 31, 2024**
Non-controlling interests ratio	46.28%	**44.81%**
Accumulated amount of non-controlling interests (¥ millions)	¥ 290,586	**¥ 287,074**

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Profit or loss allocated to non-controlling interests	¥ 37,574	**¥ 26,828**
Dividends to non-controlling interests	13,428	**14,298**

(2) SUMMARIZED FINANCIAL INFORMATION

1) Summary of consolidated statement of financial position

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Total non-current assets	¥ 372,215	**¥ 520,734**
Total current assets	611,124	**504,026**
Total equity	793,815	**808,208**
Total non-current liabilities	56,287	**51,876**
Total current liabilities	133,237	**164,675**

2) Summary of consolidated statement of profit or loss

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Revenue	¥ 442,233	**¥ 495,558**
Profit	81,188	**59,870**

3) Summary of consolidated statement of comprehensive income

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Other comprehensive income	¥ 21,008	**¥ 25,444**
Total comprehensive income	102,196	**85,314**

4) Summary of consolidated statement of cash flows

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Net cash flows from operating activities	¥ 115,694	**¥ 67,675**
Net cash flows from (used in) investing activities	(20,382)	**(142,387)**
Net cash flows from (used in) financing activities	(32,678)	**(84,488)**

35. EQUITY-ACCOUNTED INVESTEES

Carrying amounts of equity-accounted investees were as follows:

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Joint ventures	¥ (13,322)	**¥ (10,458)**
Associates	370,720	**216,205**
Total	357,398	**205,747**

(1) MATERIAL ASSOCIATES

The Group's material associate is San Miguel Brewery Inc. ("San Miguel") (reporting date: September 30). FANCL CORPORATION ("FANCL") (reporting date: December 31), which was a material associate of the Group in the year ended December 31, 2023, became a consolidated subsidiary of the Company as of December 31, 2024 after the Company acquired an additional 42.72% of voting rights in FANCL on September 19, 2024. For details on the acquisition of FANCL, please refer to Note 37. BUSINESS COMBINATIONS, (2) MAKING FANCL CORPORATION INTO THE COMPANY'S SUBSIDIARY.

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, 2023	**At December 31, 2024**
Percentage ownership interest	48.55%	**48.55%**
Total non-current assets	¥ 308,749	**¥ 308,268**
Total current assets	120,056	**118,546**
Total non-current liabilities	109,077	**70,531**
Total current liabilities	61,059	**94,479**
Equity	258,670	**261,804**
Non-controlling interests	9,861	**9,667**
Equity after deduction of non-controlling interests	248,809	**252,137**
Equity attributable to the Group	120,797	**122,413**
Goodwill and consolidation adjustments	81,855	**81,819**
Carrying amount of equity	202,652	**204,232**

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Revenue	¥ 366,852	**¥ 399,622**
Profit or loss from continuing operations	63,050	**64,968**
Equity attributable to owners of the Company	62,451	**63,763**
Non-controlling interests	600	**1,205**
Other comprehensive income	12,211	**(9,833)**
Equity attributable to owners of the Company	12,211	**(9,833)**
Non-controlling interests	–	**–**
Total comprehensive income	75,261	**55,135**
Equity attributable to owners of the Company	74,662	**53,930**
Non-controlling interests	600	**1,205**
Share of:		
Profit or loss from continuing operations	30,320	**30,957**
Other comprehensive income	5,928	**(4,774)**
Total comprehensive income	36,248	**26,183**
Goodwill and consolidation adjustments	71	**(35)**
Total share of the Group	36,319	**26,148**
Dividends received by the Group	22,639	**24,567**

2) FANCL CORPORATION

The following table reconciles summarized financial information of FANCL to the carrying amounts of the Group's equity interests. Since FANCL became a consolidated subsidiary of the Company as of December 31, 2024 after the Company acquired an additional 42.72% of voting rights in FANCL on September 19, 2024, financial information from January 1, 2024 to September 19, 2024 is presented for the items of the statements of profit or loss and comprehensive income for the year ended December 31, 2024 below.

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Percentage ownership interest	32.69%	**–%**
Total non-current assets	¥ 246,877	**¥ –**
Total current assets	65,069	**–**
Total non-current liabilities	76,995	**–**
Total current liabilities	17,616	**–**
Equity	217,336	**–**
Equity attributable to the Group	71,047	**–**
Goodwill and consolidation adjustments	57,851	**–**
Share acquisition rights	(175)	**–**
Carrying amount of equity	128,723	**–**
Fair value of equity (Note)	93,750	**–**

Note: The fair value is based on the market price of the investment and is categorized as Level 1 in the fair value hierarchy.

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Revenue	¥ 108,057	**¥ 79,666**
Profit or loss from continuing operations	5,202	**2,624**
Other comprehensive income	16	**(38)**
Total comprehensive income	5,217	**2,586**
Share of:		
Profit or loss from continuing operations	1,701	**858**
Other comprehensive income	5	**(77)**
Total comprehensive income	1,706	**780**
Total share of the Group	1,706	**780**
Dividends received by the Group	1,347	**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, 2023	**At December 31, 2024**
Joint ventures	¥ (13,322)	**¥ (10,458)**
Associates	39,346	**11,973**
Total	26,024	**1,515**

Note: Associates classified as assets held for sale are not included.

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, 2023	**Year ended December 31, 2024**
Share of:		
Profit or loss from continuing operations	¥ 1,460	**¥ 2,752**
Other comprehensive income	53	**96**
Total comprehensive income	1,513	**2,848**

2) Individually immaterial associates

(¥ millions)

	Year ended December 31, 2023	**Year ended December 31, 2024**
Share of:		
Profit or loss from continuing operations	¥ (708)	**¥ 2,469**
Other comprehensive income	(847)	**199**
Total comprehensive income	(1,555)	**2,668**

In addition to the above, in the year ended December 31, 2024, regarding an associate of the Group engaged in the overseas beer business, the Group recognized an impairment loss of ¥19,255 million on equity-accounted investees and recorded it as "Impairment loss on equity-accounted investees" in the consolidated statement of profit or loss.

36. COMMITMENTS

Commitments for asset acquisitions after the reporting date were as follows:

(¥ millions)

	At December 31, 2023	**At December 31, 2024**
Acquisition of property, plant and equipment	¥ 43,244	**¥ 91,186**
Acquisition of intangible assets	161,849	**373,353**
Total	205,093	**464,539**

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. BUSINESS COMBINATIONS

(1) PURCHASE OF SHARES IN ORCHARD THERAPEUTICS

1) Overview of the business combination

At a meeting of the Board of Directors held on October 5, 2023, Kyowa Kirin Co., Ltd. (hereinafter referred to as "Kyowa Kirin"), a consolidated subsidiary of the Company, resolved to acquire 100% of the issued shares of the UK-based biopharmaceutical company Orchard Therapeutics plc (currently Orchard Therapeutics Limited, hereinafter referred to as "Orchard Therapeutics"). The acquisition of all Orchard Therapeutics shares through a Scheme of Arrangement procedure under the UK Companies Act 2006 was completed on January 24, 2024. With this acquisition, Orchard Therapeutics has become a wholly owned subsidiary of Kyowa Kirin.

(i) Name and business of the acquiree

Name of the acquiree	Orchard Therapeutics
Description of business	Development and commercialization of hematopoietic stem cell gene therapy

(ii) Principal reason for the business combination

This acquisition of shares marks an important step toward the "creation of innovative pharmaceutical products," which Kyowa Kirin has selected as a materiality issue (key management issue) for the fulfillment of its 2030 Vision. The gene therapy approach pioneered by Orchard Therapeutics harnesses the unique power of a patient's own genetically modified hematopoietic stem cells (HSCs) to potentially correct the underlying cause of a genetic disease using a single administration. As a leading provider of hematopoietic stem cell gene therapy (HSC-GT), Orchard Therapeutics is steadily building a track record in this field, having already released an HSC-GT product for the treatment of lysosomal disease in Europe. The product was also approved in the United States in March 2024. Kyowa Kirin seeks to combine its strengths in bio-pharmaceuticals with Orchard Therapeutics's strengths related to cellular gene therapy research to develop pharmaceuticals to meet future unmet needs and create life-changing value.

(iii) Date of the acquisition

January 24, 2024

(iv) How the acquirer obtained control of the acquiree and the percentage of voting equity interests acquired

Kyowa Kirin International plc, a consolidated subsidiary of Kyowa Kirin, acquired 100% of the voting shares of Orchard Therapeutics through a share acquisition for cash consideration.

(v) Fair value of the consideration for the acquisition

(¥ millions)

Item	Amount
Cash	¥ 54,093
Contingent consideration	3,043
Total	57,135

Note: Shareholders will be entitled to receive US$1.00 per ADS for OTL-200 (European product name: Libmeldy/US product name: Lenmeldy), which Orchard Therapeutics has developed for the treatment of children with early-onset metachromatic leukodystrophy (MLD), if the product is approved for manufacture and sale in the US. Therefore, the Company estimated the possibility of obtaining such approval as of the acquisition date and recognized the expected settlement amount of ¥3,043 million as contingent consideration. Subsequently, the approval was obtained on March 18, 2024, and the difference between the fair value at the acquisition date and the expected settlement amount of ¥335 million was recorded in "Other operating expenses" in the consolidated statement of profit or loss.

2) Assets acquired and liabilities assumed

Assets acquired and liabilities assumed at the acquisition date are as follows:

(¥ millions)

Item	Amount
Non-current assets	¥ 35,606
Current assets	13,230
Total assets	48,836
Non-current liabilities	5,021
Current liabilities	20,815
Total liabilities	25,836
Net assets	23,000

Notes:

1. Non-current assets include ¥30,848 million allocated to intangible assets, consisting mainly of ¥17,483 million in marketing rights and ¥13,305 million in in-process research and development.
2. Current assets include cash and cash equivalents of ¥9,099 million.

3) Goodwill arising from the acquisition

(¥ millions)

Item	Amount
Consideration for acquisition	¥ 57,135
Fair value of identifiable net assets acquired by the Kyowa Kirin Group	23,000
Goodwill arising from acquisition	34,135

Note: The goodwill was primarily based on the value of Orchard Therapeutics' business platform, which is the infrastructure and know-how of the entire value chain ranging from research and development through manufacture and supply chain delivery to patients necessary for HSC-GT, which is not a conventional drug therapy. No amount of goodwill is expected to be deductible for tax purposes.

4) Relationship between consideration for the acquisition and expenditures for the acquisition of shares of subsidiaries

(¥ millions)

Item	Amount
Total consideration for acquisition	¥ 57,135
Cash and cash equivalents held by the acquiree	9,099
Acquisition of shares of subsidiaries, net of cash acquired	48,196

5) Acquisition-related expenses

Acquisition-related expenses relating to the business combination amounted to ¥1,501 million. Regarding the portion that occurred in the year ended December 31, 2024, ¥877 million was recorded in "Other operating expenses" in the consolidated statement of profit or loss.

6) Impact on the Group's business performance

Profit or loss that occurred on or after the acquisition date and profit or loss that would have occurred if the acquisition date had been January 1, 2024 (so-called "pro-forma information") are not disclosed due to immateriality.

(2) MAKING FANCL CORPORATION INTO THE COMPANY'S SUBSIDIARY

1) Overview of the business combination

On September 19, 2024, the Company acquired an additional 42.72% of voting rights in FANCL CORPORATION (hereinafter referred to as "FANCL") through a tender offer. As a result, combined with its previously held interests, the Company now holds 75.24% of voting rights in FANCL, and obtained control of that company.

(i) Name and business of the acquiree

Name of the acquiree	FANCL CORPORATION
Description of business	R&D, manufacturing and sale of cosmetics and health food

(ii) Principal reason for the business combination

Through this share acquisition, the Company will strive to generate a variety of synergy effects that far exceed the current framework of the capital and business alliance by strengthening mutual utilization of management resources as described below and deepening joint research.

• FANCL's strengths in its ability to connect with and understand consumers and in its technology for commercializing products by utilizing consumer feedback in research and development; and

• Kirin Holdings' strengths in its health food business base in the Asia-Pacific region, which it obtained in FY2023 through the acquisition of Blackmores Limited, an Australian company involved in the health food (natural health) business, and its ability to develop and manufacture high value-added ingredients through fermentation and biotechnology

With FANCL as a core operating company of the Kirin Group's health science business, the two companies will work closely together to promote the business in order to grow it into one of the largest health science companies in the Asia-Pacific region, contributing to solving health issues for more customers in both the cosmetics and health food businesses.

(iii) Date of the acquisition

September 19, 2024

(iv) How the acquirer obtained control of the acquiree

Acquisition of shares for cash consideration

(v) Percentage of equity interest acquired

Percentage of voting rights before acquisition: 32.52%

Percentage of voting rights after acquisition: 75.24% (after accounting for diluted shares)

(vi) Breakdown of consideration

(¥ millions)

Item	Amount
Fair value of the acquiree's shares previously held as of the acquisition date	¥ 110,713
Cash consideration for additional shares acquired	145,451
Total consideration	256,164

2) Assets acquired and liabilities assumed

(¥ millions)

Item	Amount
Current assets	¥ 59,336
Non-current assets (Note 1)	297,483
Total assets	356,819
Current liabilities	17,679
Non-current liabilities	82,531
Total liabilities	100,210
Net assets	256,609
Non-controlling interests (Note 2)	62,945

Notes:
1. Non-current assets include ¥242,524 million of intangible assets that were identified through the provisional accounting for business combinations, of which ¥134,075 million of brands are measured at fair value by relief from royalty method and ¥108,449 million of customer relationships are measured at fair value by multi-period excess earnings method. These are measured based on assumptions about variables such as future forecasts of growth in sales of the cosmetics and health food businesses, royalty rates, growth, decline rates in sales from online and catalogue customers and wholesale customers, discount rate, and perpetuity growth rate. The estimated useful lives of customer relationships are 20-41 years, and brands are classified as intangible assets with indefinite useful lives.
2. Non-controlling interests are measured as the non-controlling shareholders' proportionate share of the recognized amount of the acquiree's identifiable net assets, plus the portion corresponding to the share acquisition rights.

3) Goodwill arising from the acquisition

(¥ millions)

Item	Amount
Consideration for acquisition	¥ 256,164
Fair value of identifiable net assets acquired by the Group	193,664
Goodwill arising from acquisition	62,500

Note: The amount of goodwill generated was accounted for on a provisional basis because the recognition of identifiable assets and liabilities as of the date of the business combination was still in progress and the allocation of the acquisition cost was not yet finalized as of December 31, 2024. Goodwill represents the excess earning power expected from future business development. No amount of goodwill is expected to be deductible for tax purposes.

4) Relationship between consideration for the acquisition and expenditures for the acquisition of shares of subsidiaries

(¥ millions)

Item	Amount
Consideration for acquisition	¥ 256,164
Fair value of the acquiree's shares previously held as of the acquisition date	110,713
Cash and cash equivalents held by the acquiree	33,816
Acquisition of shares of subsidiaries, net of cash acquired	111,635

As a result of remeasurement of the Company's previously held interests in FANCL at the fair value as of the acquisition date, ¥18,265 million of loss on step acquisition was recognized and recorded in "Other operating expenses" in the consolidated statement of profit or loss.

5) Acquisition-related expenses

Acquisition-related expenses relating to the business combination amounted to ¥2,550 million. Regarding the portion that occurred in the year ended December 31, 2024, ¥2,448 million was recorded in "Other operating expenses" in the consolidated statement of profit or loss.

6) Impact on the Group

FANCL generated revenue of ¥34,480 million and profit of ¥1,161 million in the year ended December 31, 2024 since the acquisition date. Assuming the business combination had been performed at the beginning of the current fiscal year, revenue and profit for the year ended December 31, 2024 would have been ¥2,418,051 million and ¥59,833 million, respectively (pro-forma information). This pro-forma information has not been audited.

Regarding the fractional shares resulting from a reverse stock split that took effect on December 20, 2024, the sale to the Company has not been completed as of December 31, 2024. Therefore, the Company's ownership interest in FANCL is accounted for as 75.62%.

7) Acquisition of additional shares in FANCL by the Company

The effective date of the agreement on transferring fractional shares resulting from the reverse stock split was March 14, 2025 and, on this date, FANCL completed the sale of the shares to the Company. As a result, the Company's shareholding ratio in FANCL became 100%.
Cash consideration for the additional acquisition of the fractional shares acquired by the Company amounted to ¥82,576 million.

38. SUBSEQUENT EVENTS

For the status of acquisition of additional shares in FANCL in making it into the Company's consolidated subsidiary, please refer to Note 37. BUSINESS COMBINATIONS, (2) MAKING FANCL CORPORATION INTO THE COMPANY'S SUBSIDIARY, 7) Acquisition of additional shares in FANCL by the Company.

Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

March 28, 2025

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, 2024, 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, 2024, 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 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.

<table>
<tr><th colspan="2">Reasonableness of the fair value valuation of intangible assets for purchase price allocation purposes relating to the acquisition of shares in FANCL CORPORATION</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As described in Note 37. “Business combinations” to the consolidated financial statements, as of September 19, 2024, Kirin Holdings Company, Limited. (the “Company”) acquired an additional equity interest in FANCL CORPORATION (“FANCL”) of ¥145,451 million, resulting in a 75.62% ownership interest in FANCL. As a result, FANCL became a consolidated subsidiary of the Company from the current fiscal year.

For purchase price allocation (“PPA”) purposes, the Company recognized and measured identifiable assets acquired and liabilities assumed at fair value at the acquisition date with the assistance of external fair value valuation experts and consequently reported intangible assets (¥134,075 million of brands and ¥108,449 million of customer relationships) and ¥62,500 million of goodwill, which collectively represented 9.1% of total assets.

The future cash flows used for measurement of the fair value of brands and customer relationships that are identified for PPA purposes are estimated based on the business plan approved by the Company’s management.

The fair value of brands was calculated by relief from royalty method based on significant assumptions consisting of future forecasts of growth in sales of the cosmetics and health food businesses and royalty rates. Furthermore, the fair value of customer relationships was calculated by multi-period excess earnings method based on significant assumptions consisting of the future forecasts of growth and decline rates in sales from the online and catalogue customers and wholesale customers.

These assumptions involved a high degree of uncertainty and had a significant effect on the calculation of the fair value of intangible assets. In addition, selecting appropriate models and input data for determining the discount rate and perpetual growth rate used to calculate the fair value of intangible assets required a high degree of valuation expertise.

We, therefore, determined that our assessment of the reasonableness of the fair value valuation of intangible assets for PPA purposes relating to the acquisition of shares in FANCL 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.</td>
<td>The primary procedures we performed to assess the reasonableness of the fair value valuation of intangible assets calculated for PPA purposes included the following:

(1) Internal control testing
We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to PPA, with a particular focus on the controls to validate the reasonableness of the estimated future cash flows.
(2) Assessment of the reasonableness of the fair value valuation of intangible assets
＜Brands＞
● Comparison of the growth in sales of the cosmetics and health foods businesses with available external information, such as future forecasts for relevant markets, which we obtained independently, and the assessment of the consistency of the growth in sales with our understanding of the business environment and strategy through the inquiry of Company’s management; and
● Assessment of the appropriateness of the valuation models for brands and the reasonableness of the royalty rates, discount rate and perpetual growth rate by involving fair value valuation specialists within our domestic network firms.
＜Customer relationships＞
● Comparison of the growth in sales from the online and catalogue customers and wholesale customers with available external information, such as future forecasts for relevant markets, which we obtained independently, and the assessment of the consistency of the growth in sales with our understanding of the business environment and strategy through the inquiry of Company’s management;
● Inspection of the past sales data of major customers, understanding of the calculation models for determining the future forecasts of decline rates in sales through the inquiry of the Company’s management, and a recalculation assessment; and
● Assessment of the appropriateness of the valuation models for customer relationships and the reasonableness of the discount rate and perpetual growth rate by involving fair value valuation specialists within our domestic network firms.</td></tr>
</table>

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 ¥135,816 million (4.0% of total assets) of goodwill and brands classified as intangible assets with indefinite useful lives (“goodwill and intangible assets”) related to Blackmores (Health Science Business), a group of cash-generating units, at the end of the current fiscal year. A group of cash-generating units to which goodwill and intangible assets are allocated needs to be tested for impairment 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 calculated at fair value less costs of disposal. The future cash flows used for measurement of 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 boost sales in Southeast Asia. These assumptions involved a high degree of uncertainty and had a significant effect on the calculation of fair value. In addition, selecting appropriate models and input data for determining the discount rate and perpetual growth rate used to calculate 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 auditor of Blackmores Limited including the direction and supervision of the component auditor and the review of its work: (1) Internal control testing We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the calculation of 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 the 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 information on market forecasts that the component auditor of Blackmores Limited obtained independently. ● Assessment of the assumptions on measures to boost sales in Southeast Asia by understanding the details of the measures, independently estimating the future cash flows by incorporating the effect of specific uncertainty into the business plan and comparing the future cash flows with those estimated by 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, 2024 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, 2024 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 internal control report 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.

Notes to the Reader of Audit Report:
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 28, 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
[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 Setting 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, 2024 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 Company, as well as its consolidated subsidiaries and equity-accounted investees, 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 on financial reporting. 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, 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. Further, in addition to selected significant business locations, we also included in the scope of assessment for other business locations, as business processes having greater materiality, business processes relating to (i) greater likelihood of material misstatements and/or (ii) significant accounts involving estimates and the management's judgment and/or (iii) a business or operation dealing with high-risk transactions, taking into account their impact on the financial reporting.

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.