

KIRIN



**Transforming
Our Group**

KIRIN REPORT 2014

Kirin Holdings Company, Limited



About this Report

The KIRIN REPORT 2014 provides clear explanations of the Company's results and other financial data, operations, strategies, and other information, as well as the invisible assets that help the Kirin Group to realize sustainable growth ("the essence of Kirin"). It has been prepared as a strategic report that will help shareholders, other investors, and other stakeholders to understand the Group's course toward increasing corporate value over the long term.

The Kirin Group approaches the challenges that it faces very seriously and is taking steps to overcome those challenges. This report is intended to foster understanding of how we are "Transforming Our Group" and expectations for the Group's future.

Contents

01	About this Report / Our Philosophy
02	President's Message
08	Increasing Kirin's Value
16	CFO's Message
18	Financial and Non-Financial Highlights
20	Business Overview
22	Japan Integrated Beverages Business
26	PICK UP: New Growth Driver—Craft beer
28	Overseas Integrated Beverages Business
32	Pharmaceuticals and Bio-chemicals Business
34	Generating Synergies through Collaboration within the Group
36	Putting CSV into Practice
38	Strengthening Bonds between People and Communities
40	Health and Well-being
44	The Environment
48	Technology-Driven Innovation
52	Industry Data
54	Progress with Invisible Assets that Support Value Creation
56	Directors and Audit & Supervisory Board Members
58	Corporate Governance
62	Directors, Audit & Supervisory Board Members, and Executive Officers
64	Messages from External Officers
66	Promoting Understanding of the Corporate Philosophy
68	The Kirin Group's Approach to Human Resources
72	Financial Section
79	Investor Information
80	Group Companies



Our Philosophy

The Kirin Group—Focused on people, nature and craftsmanship to redefine the joy of food and well-being

We pride ourselves on offering products based on what people want.

We pride ourselves on our ability to harness the goodness of nature through innovative technology.

We pride ourselves on delivering tangible satisfaction and quality in everything we make.

All of which ensures that we exceed customers' expectations.

And naturally, we do not stop there.

As we look forward with vision and dreams, we aim to continue offering food and health products that bring new joy to people's lives everywhere.

Always a step ahead, the Kirin Group supports health, pleasure and comfort in your life.

Precautionary Note Regarding Forward-Looking Statements

In this report, statements that are not historical fact are forward-looking statements based on future prospects and plans. These forward-looking statements include factors such as risk and uncertainty, and as a result, actual results and performance could differ from these statements. In addition, the forecasts for the fiscal year ending December 2015 are as of the announcement on February 12, 2015.



Yoshinori Isozaki
President & CEO

The Kirin Group is changing. As the new president, my mission is to increase the Group's corporate value by restoring the Group to a growth track and achieving the creation of both social value and economic value.

Earnestly Addressing Our Challenging Situation

In March 2015, I became president of Kirin Holdings. The Kirin Group currently faces an extremely serious situation, and my mission is to revitalize the Group and to increase its corporate value by achieving the creation of both social value and economic value.

Our Highest-Priority Challenge— Restoring the Japan Integrated Beverages Business to a Growth Track

The Japan Integrated Beverages Business is the core of the Group's operations, and our highest-priority challenge is to restore this business to a growth track. We have been gradually losing the loyalty of customers each year. For example, Kirin Brewery's share of the market for beer products has fallen from nearly 38% in 2007 to less than 34% in 2014. In the past, we traditionally gave a consistent priority to the nurturing of our brands over the medium to long term and to the creation of new value. At some point, however, we began to neglect these important priorities, not only in alcohol beverages

but also in the soft drink business of Kirin Beverage. Going forward, we must tenaciously bolster and reinforce our brand-centered management.

Our Challenge in the Overseas Integrated Beverages Business—Establishing an Earnings Foundation at Brasil Kirin

In our overseas business, a key issue is the establishment of an earnings foundation at Brasil Kirin, which is positioned as one of our growth drivers in the 2013 Medium-Term Business Plan (2013 MTBP). Brasil Kirin's performance exceeded planned levels in fiscal 2012, the first year it was consolidated, but over the past two years the macroeconomic situation and the competitive environment have changed dramatically. We have taken steps to generate results while addressing the changes in the operating environment, but unfortunately our performance has fallen far short of our expectations.

Failure to Meet 2013 MTBP Quantitative Targets

The fiscal year ending December 2015 will be the final year of 2013 MTBP, under which we have been aiming for compound annual growth rates in the mid single digits for normalized EBITDA and the high single digits for normalized EPS. At this point, however, I have to say that meeting these targets will be extremely difficult. The Kirin Group followed a model under which the management resources generated by the Japan Integrated Beverages Business were allocated to investment in expanding overseas businesses. Accordingly, we prioritized domestic operating income and therefore restricted investment in marketing and other initiatives. As a

result, however, we were caught up in intense competition in sales, and we fell into a downward spiral where we further reduced investment in order to generate profits. On the other hand, the Overseas Integrated Beverages Business had been expected to be our growth driver, but we failed to respond effectively to changes in the operating environment, especially at Brasil Kirin, and our earnings capacity declined in comparison with the level prior to 2013 MTBP. As the new president of Kirin Holdings, I will directly tackle these challenges, outline a path to renewed growth over the medium to long term, and rapidly develop initiatives to reverse the trend in our results.

Overcoming the Challenges

To restore the Japan Integrated Beverages Business to a growth track, which is our highest priority, we will first address domestic beer operations. Specifically, we will strive to increase customer loyalty by strengthening brand investment from a medium- to long-term viewpoint. In the domestic soft drink business, we will take steps to create appealing brands and generate sustainable growth in the three major product categories—carbonated beverages, coffee, and sugar-free tea. In the Overseas Integrated Beverages Business, we will aim to build a strong business foundation in Brazil that can cope effectively with changes in the competitive environment, thereby guiding our Brazilian operations to a stage of sustainable growth in sales and profits.

Organizational Structural Change to Foster Flexible Management

The details of the next medium-term business plan, which will start from fiscal 2016, are not yet finalized. At this point, we think of a recovery in operating income to the level achieved in 2012, which occurred the year before the start of 2013 MTBP, as a medium-term milestone. In allocating management

resources for recovery initiatives, we will give priority to the Japan Integrated Beverages Business, and we will also steadily advance the recovery plan for Brasil Kirin. There is a risk that we will not make progress according to our plan, but we will reform our organizational structure so that we can continue to respond flexibly based on the most-current business information.

The Kirin Group introduced a pure holding company structure in 2007, thereby separating the overall allocation of management resources from business execution. From the end of March 2015, however, Kirin Holdings and Kirin Company, which is in charge of the Japan Integrated Beverages Business, transitioned to a more-unified organizational structure. The objectives of this unification are to ensure that the decision-making for Group overall strategic resource allocation is made in a flexible, appropriate manner and to rapidly restore the Japan Integrated Beverages Business to a growth track, which is the Group's highest priority. In addition, we have assigned executive officers to take charge of Brasil Kirin and Southeast Asia businesses, and we will step up our focus on the supervision and support provided to these operations.

Kirin's Resilience to Change for More Than 100 Years

With a history of more than 100 years, the Kirin Group has extensive experience in turning “threats of change” into “opportunities for growth.” Time after time, the Group has successfully overcome difficult situations. For example, in the 1970s we took on the challenge of diversifying our operations when we leveraged our fermentation and other technologies to advance into the pharmaceuticals business. We entered strategic alliances, and through Kyowa Hakko Kirin we developed the pharmaceuticals and bio-chemicals segment into a business with ¥325.1 billion in consolidated sales in fiscal 2014. Another example is our response to sluggish demand in the domestic beer business,

where consumption has continued to decline since it peaked in 1994. In this market environment, we have proposed new products in the “happo-shu,” new genre, and RTD* categories; made a full-scale entry into the wine business; and expanded our soft drink business. We face many challenges, and we must confront them directly. However, I know that the Kirin Group and its employees have tremendous strengths and a bright future. “Customer-oriented” and “quality-oriented” are intrinsic parts of Kirin’s corporate DNA, and now we will leverage those concepts and take steps to combine diversity and innovation. In this way, we will take the lead in these changing times.

* Ready-to-Drink: Packaged low-alcohol beverages sold in a prepared “ready-to-drink” form

Background

I joined Kirin Brewery in 1977. Working principally in the Corporate Planning Department, I gained experience in domestic branches and in business development units, both in Japan and in Los Angeles. I studied at the Cornell University School of Hotel Administration and worked in the Kirin Group’s hotel business. I also worked in PR at Kirin and served as vice president of San Miguel Corporation, in the Philippines. I became a managing director of Kirin Holdings in 2010, and in 2012, I was appointed president & CEO of Kirin Brewery. In 2013, I became president & CEO of Kirin Company, and I was subsequently appointed president & CEO of Kirin Holdings in March 2015.



Positioning CSV at the Center of Our Management Strategy

In 2013, to further clarify the approach to management that the Group has followed since its founding, we decided to position CSV (creating shared value) at the center of our management strategy. CSV initiatives entail the creation of both social value and economic value, and we have six CSV themes.

We have identified two themes—"strengthening bonds between people and communities" and "health and well-being"—as Challenges of the Kirin Group. In businesses related to "food and well-being," we aim to strengthen bonds among people by making products that enrich the experiences of our customers, and in the markets that we serve around the world we are striving to develop together with local communities. To those ends, we will address these two themes through our business activities and provide value that is only available

from the Kirin Group.

We will also continue to implement four themes that have been positioned as fundamental business principles as well as promises made to communities. These are "fair operating practices," "human rights and labor practices," "offering safe and reliable products," and "the environment." For example, under the theme of the environment, the entire Group is working on the problem of climate change, which has a significant effect on ecosystems and water resources. We have announced a target of reducing CO₂ emissions from our value chain by 50% in comparison with the level in 1990. We have taken steps to advance toward that goal, and by 2013 we had already reduced these emissions by 28%.

Increasing Corporate Value—My Promise to You

In accordance with our financial policy, we will work to enhance shareholder returns and increase ROE. Our basic approach will be to strengthen investment in the nurturing of brands that are essential for long-term growth, in human resources and technologies, and in coexistence with communities. We will enhance our ability to generate free cash flow in the future, and the free cash flow that remains after investments are made will be used to bolster shareholder returns, centered on dividends. Over the medium term, we are aiming for a 10% or greater ROE prior to amortization of goodwill, etc., and as we move forward we will continue taking steps to increase ROE, which is one of the indicators used to determine performance-related remuneration for the president and other directors. We will provide specific explanations of targets, policies, and cash flow management in the next medium-term business plan.

The Kirin Group is Changing

In fiscal 2015, our plan calls for consolidated operating income of ¥117.0 billion. Targeting the

revitalization of the Kirin Group in a challenging operating environment, we have rigorously analyzed the issues that we face in each business and accelerated the implementation of our 2015 strategic initiatives. As a result, in several areas we are already seeing signs of forward-looking change that will be the driving force for growth.

In the Japan Integrated Beverages Business, with a focus on the future, we continue to devote resources to the beer category, especially *Ichiban Shibori*. As a result of our efforts to strengthen the *Ichiban Shibori* brand, in fiscal 2014 the brand's annual sales volume began to increase. Furthermore, since January 2015 the president of Kirin Brewery has concurrently served as the president of Kirin Beer Marketing. The unification of production and marketing facilitates rapid decision-making and operational administration. In addition to brand development from a medium- to long-term viewpoint, we will also implement marketing investment at the same level as our competitors, thereby revitalizing our marketing capabilities. Moreover, we will leverage our strengths in technical

Management Issues

Urgent Management Issues

Restoring the Japan Integrated Beverages Business to a growth track

- Strengthening brand investment in the domestic beer business, stopping decline in the market share, regaining the leading position
- Creating appealing brands in the three major categories of the domestic soft drink business (carbonated beverages, coffee, and sugar-free tea), building and strengthening category / brand portfolios

Revitalizing the Overseas Integrated Beverages Business

- Establishing an earnings foundation at Brasil Kirin
- Steadily implementing the Turnaround Plan for Lion's soft drink business

Positioning CSV at the Center of Our Management Strategy

Realizing gains in corporate value by addressing social issues to create both social value and economic value

development and make new proposals in the growing category of functional products. In the craft beer market, which we entered in 2014, we will draw on the knowledge of overseas Group companies and propose a variety of beer brands that make full use of our distinctive strengths. In this way, we will open up new ways of enjoying beer.

In the Overseas Integrated Beverages Business, Lion's Australian soft drink business has continued to record declining profitability. In fiscal 2014, we began to implement the Turnaround Plan for this business, centered on thorough category strategies, and the results of these initiatives started to take shape in the first quarter of fiscal 2015. We have also decided to sell Lion's everyday cheese business, which is not a focus category, and we will steadily implement the plan targeting sustainable growth in the soft drink business. At Brasil Kirin, we previously pursued uniform increases in sales volume nationwide, but moving forward we will make full use of our strengths to implement detailed regional strategies tailored to each region's specific market characteristics. From the fourth quarter of fiscal 2014, we began to accelerate the implementation of strategic initiatives, and we have been able to achieve results in line with our plans. At the same time, to achieve stable, sustainable increases in sales and profits in Brazil, where the

market environment is undergoing dramatic change, we will tackle ongoing issues from a medium- to long-term viewpoint.

The operating environment in the pharmaceutical business is also changing, with major factors including the April 2014 NHI drug price reductions and the market uptake of generic pharmaceuticals and biosimilars. In this setting, Kyowa Hakko Kirin has continued taking steps to steadily become a global specialty pharmaceutical company. In Japan, we launched new drugs and conducted development alliance agreements that leverage our strengths in therapeutic antibodies, and in Europe, we also expanded our business foundation.

Going forward, we will strive to ensure that these initial signs become concrete changes and to reflect them in the next medium-term business plan.

I will do my utmost to meet the expectations of our stakeholders by managing the Company with "Passion and Integrity." I would like to ask for your continued understanding and support as we address the challenges that lie ahead.



President & CEO

Kirin's Resilience

DNA of our Innovation

Our ability to respond to change will be the driving force of our efforts to increase Kirin's value. Throughout its long history, which extends back more than 100 years, the Kirin Group has continued to promote diversity and created numerous innovations by responding flexibly to changes in its operating environment.

Responding to Change

Taking on the challenge of new business fields

- Operating an integrated beverage company handling soft drinks, wine, traditional Japanese alcohol beverages, and Western alcohol beverages
- Entering the pharmaceutical business by leveraging knowledge cultivated in beer operations

Overseas business development

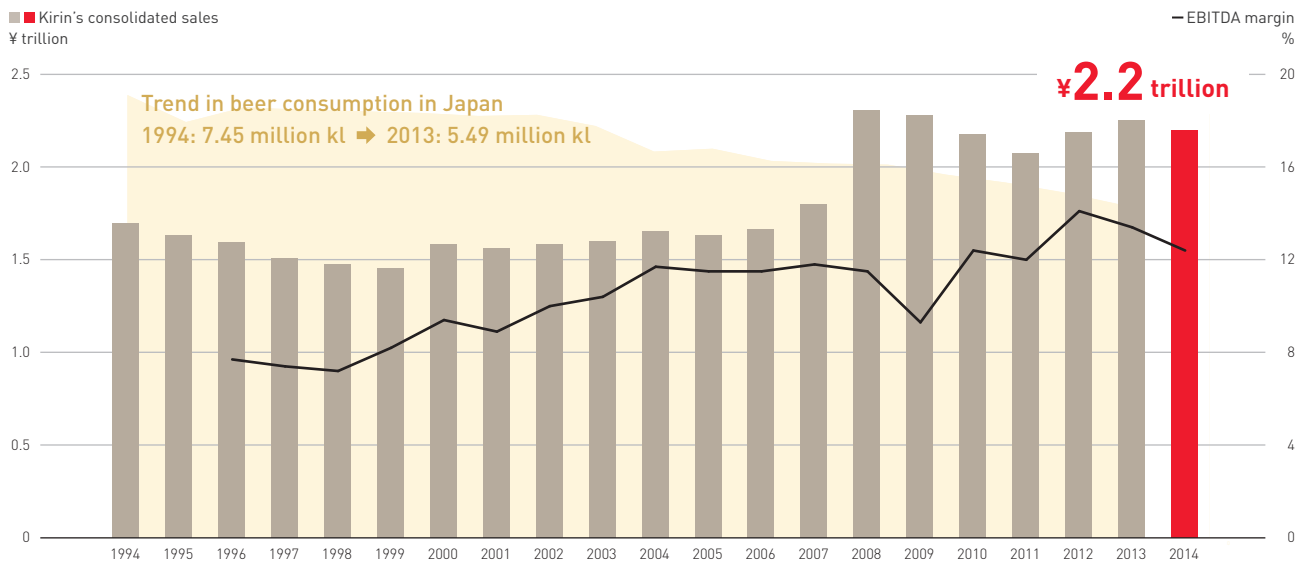
- Advancing into Southeast Asia, Australia, and Brazil

Priorities since Our Founding

Pursuit of innovation

Quality-oriented

Customer-oriented



History

1907

Kirin Brewery Company established

Kirin Brewery Company was founded in 1907 and took over the business of Japan Brewery Co., Ltd., which had been established in the town of Yamate, Yokohama.



Kirin Beer label at the time of the Company's founding

1940s to 1970s

From post-war reconstruction to rapid economic growth

After the Second World War, we earned a dominant share of the domestic beer market by rebuilding our plants and branches and building a strong new sales network. In addition, we expanded our soft drink business and entered the market for Western alcohol beverages.



Kirin Lemon at the time

1980s ~

Announcement of long-term management vision and promotion of diversification

In the 1980s, we leveraged the knowledge cultivated in beer operations to enter the pharmaceutical industry. In addition, *Kirin Gogo-no-Kocha*, which was launched in 1986, became a major hit product, creating the domestic market for tea beverages.



ESPO®, a treatment agent for renal anemia

1990s ~

First to respond to diversification of customer preferences

We created new markets through numerous product proposals, such as *Kirin Hyoketsu*® (2001), which received overwhelming support after its launch; *Tanrei Green Label* (2002), which realized a 70% reduction in sugar, establishing the health-related category; and *Kirin FREE* (2009), completely alcohol-free (0.00%) beer-flavored carbonated beverage.



Tanrei Green Label at the time of its launch

2000s ~

Announcement of KV2015 and advancement of overseas initiatives

We announced the KV2015 Long-Term Business Plan and took steps to accelerate overseas business initiatives, such as additional investment in Lion. Moreover, we expanded our operations through strategic business tie-ups with Mercian in 2006 and Kyowa Hakkō Kogyo in 2007.



Lion products at the time

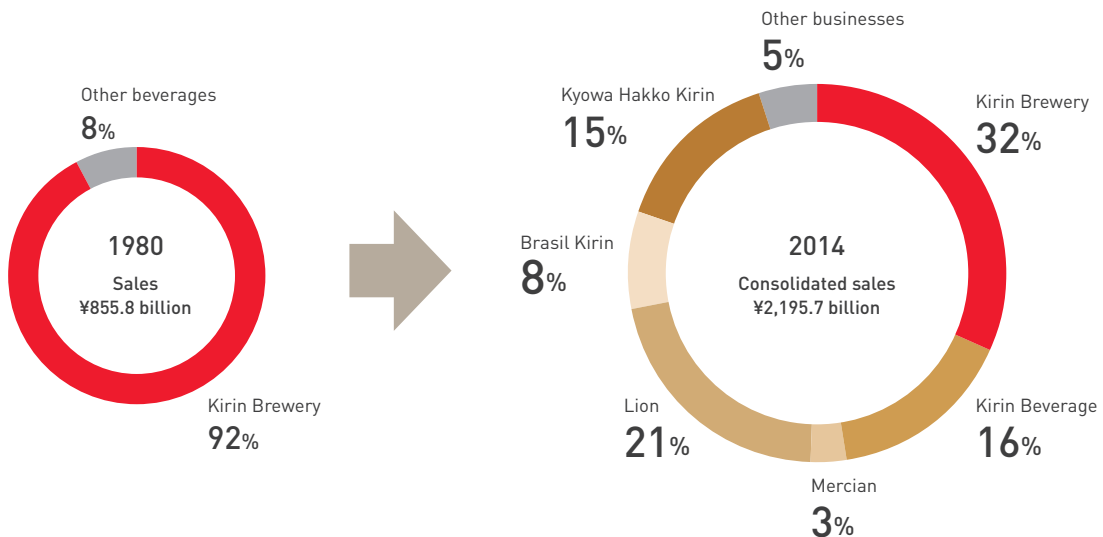
~ Present

Announcement of KV2021 and targeting of a new stage

In 2011, we advanced into the Brazil market with the acquisition of Schincariol Participações e Representações S.A. (currently Kirin Brasil). In 2014, we commenced the SPRING VALLEY BREWERY project as a symbolic initiative with the theme of "a future in which people are excited about beer."



Restaurant scheduled to open in 2015



Kirin's Strengths

Highly diversified business portfolios and operating regions

As the Kirin Group expanded the scale of its operations, it reoriented its businesses, which were centered on the domestic beer businesses and market, and the Group established a diverse business structure.

The Kirin Group's Strengths

Food and well-being business domain

Unique business portfolio that includes alcohol beverages, soft drinks, and pharmaceuticals

Solid business foundation in Japan, Oceania, and Brazil

Diverse corporate culture encompassing history, businesses, regions, and employees

North America

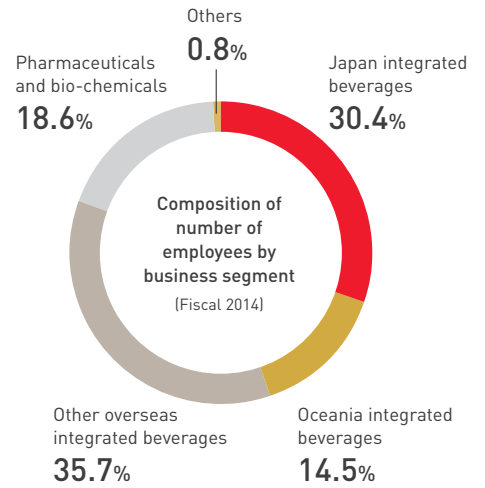
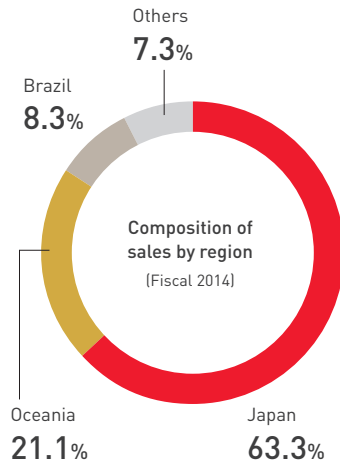
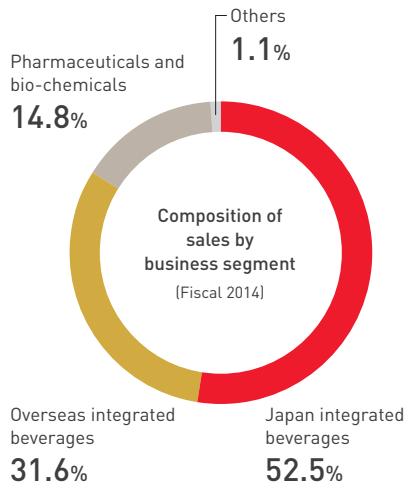


Europe



Brazil





Asia



Japan



Oceania



Kirin's Business Model

Raising Corporate Value through CSV

The Kirin Group will strive to realize gains in corporate value by creating both social value and economic value.

2021 Vision

Help people foster stronger bonds by offering customer-oriented and quality-oriented value

Build a corporate group where a diversity of people enjoy working and businesses grow with local communities, protecting the environment

Develop businesses globally in the field of "Food and Well-being," with each region pursuing self-sustained growth in a locally optimized way

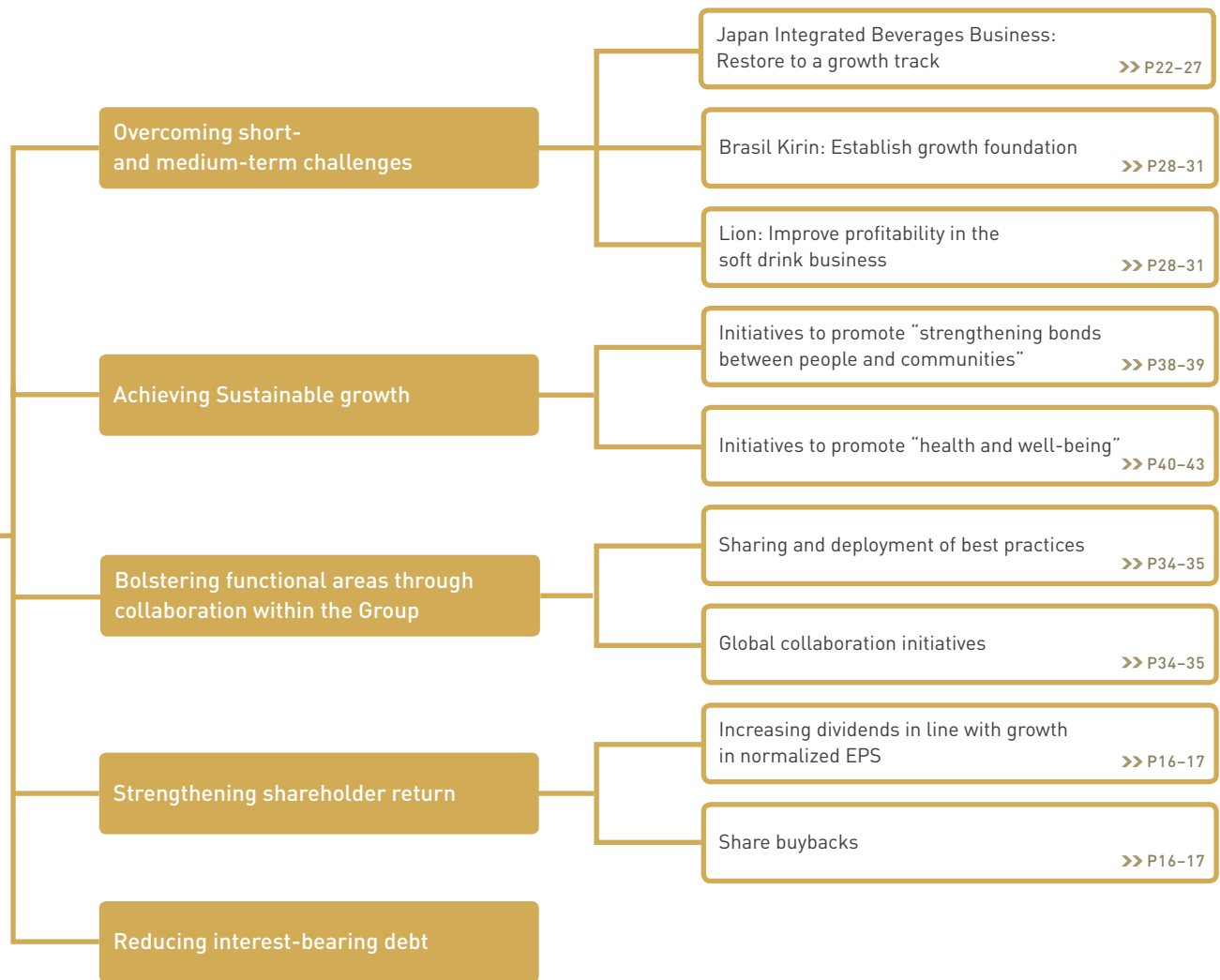
We will strive to offer surprise and inspiration to our consumers (experience) through our products and services (production). Moving forward, we will share the consumer experience with society, help people foster stronger bonds, and contribute to local communities.



Process & Road Map

We have a road map for steadily raising corporate value. The Kirin Group is implementing the 2013 Medium-Term Business Plan in accordance with its long-term business plan, the Kirin Group Vision 2021 (KV2021).

By recording organic growth and creating synergies in each business, we will increase our ability to generate free cash flow. In allocating that free cash flow, we will give priority to strengthening shareholder return and enhancing financial soundness.



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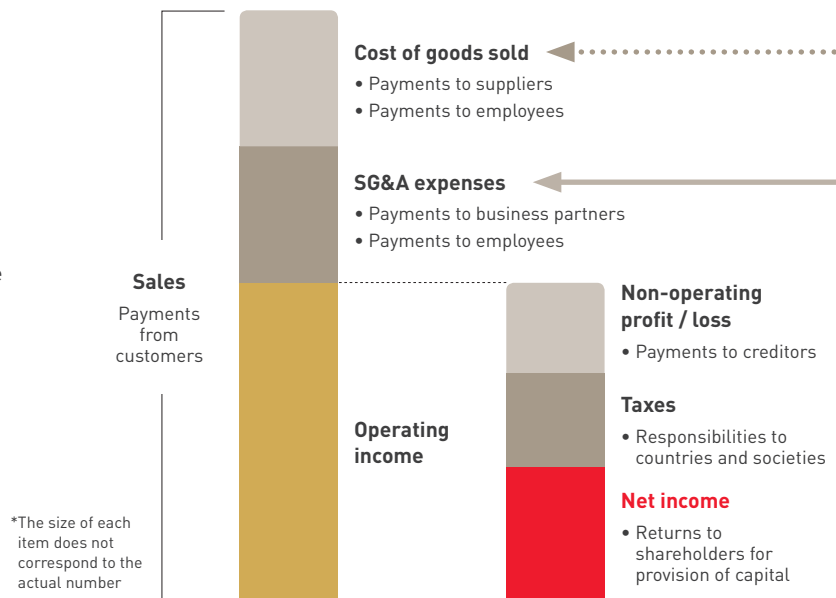
Kirin's Business Model

The Kirin Group is utilizing both financial and non-financial assets to achieve gains in corporate value. Through various value chain activities, products and services are provided by and payments are made to our stakeholders.

Value Chain

Sales, expenses, and profits, and their relationships with stakeholders

On a financial base comprising shareholders' equity as well as funds raised in the capital and financial markets, payments are made to stakeholders at each stage of the value chain. In addition, value gains are achieved by enhancing strengths to generate economic value and increase ROE (paying an appropriate return to shareholders, who are the providers of capital).



Non-financial and financial assets that support gains in corporate value

Principal non-financial assets

- Brands
- Technologies / skills
- Employees sharing the corporate philosophy
- Corporate culture
- Highly loyal customers
- Good relationships with suppliers
- Good relationships with business partners
- Good relationships with societies / communities

Financial assets

Current assets

Cash and deposits / accounts receivable / merchandise / inventories / etc.

Property, plant and equipment

Manufacturing equipment, etc.

Intangible assets

Goodwill, etc.

Investments and other assets

Liabilities / capital (asset procurement)

Interest-bearing debt

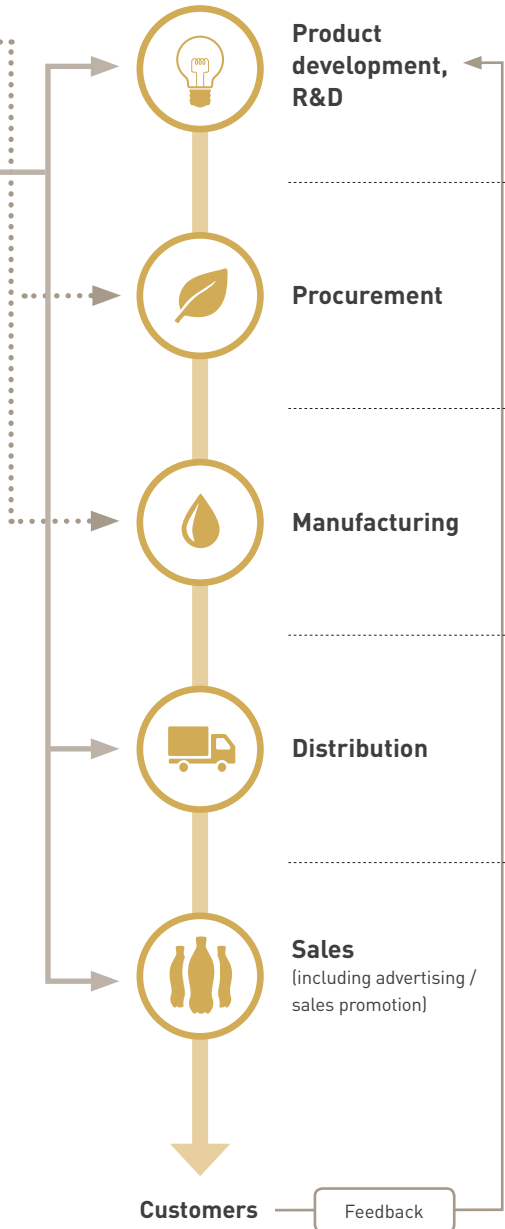
Other liabilities

Net assets

Increasing ROE



Corporate philosophy



Strengths
<ul style="list-style-type: none"> • Deep insight into customer needs • Wide-ranging research system and ability to generate innovation, not only in soft drinks, brewing, and packaging, but also in such areas as fundamental research, fermentation, and biotechnology • Ability to design environmentally friendly products
<ul style="list-style-type: none"> • CSR procurement with consideration for the environment and human rights • Group procurement leveraging our global network
<ul style="list-style-type: none"> • Global safety and quality standards (global quality management) • Manufacturing system with low environmental burden (global environmental management) • Production system that facilitates the stable supply of products
<ul style="list-style-type: none"> • Extensive distribution network • Ability to flexibly respond to supply-demand changes
<ul style="list-style-type: none"> • Advertising strategy using multiple channels • Detailed sales system that creates customer touch points • Information system that shares sales know-how / best practices

Examples of the creation of value provided to society
<ul style="list-style-type: none"> • Providing manufacturing technologies • Developing ingredients that address health needs <p style="text-align: right;">>> P48-51</p>
<ul style="list-style-type: none"> • Conserving biodiversity at farms producing raw materials (Rainforest Alliance certification) • Procuring agricultural products from areas affected by Great East Japan Earthquake (Tohoku) as raw materials <p style="text-align: right;">>> P44-47</p>
<ul style="list-style-type: none"> • Reducing environmental burden (reducing water usage) • Disclosing raw material information <p style="text-align: right;">>> P44-47</p>
<ul style="list-style-type: none"> • Reducing environmental burden (reducing weight of containers and packaging) <p style="text-align: right;">>> P44-47</p>
<ul style="list-style-type: none"> • Providing correct information about alcohol • Providing new ways of enjoying alcohol • Providing flavor and fun through retail outlets, bars, and restaurants • Providing food safety and security <p style="text-align: right;">>> P43</p>

I strive to help increase the Group's corporate value through the implementation of Head Office functions from the perspective of what is best for the Group. These strategic functions include allocation of management resources, portfolio management, and cash allocation as well as the monitoring of autonomous management initiatives implemented by Group companies.



Akihiro Ito

Director of the Board,
Senior Executive Officer & CFO

Maintaining Consistent Track Record of Dividend Payments since the Company's Founding

The Kirin Group has positioned the appropriate return of profits to shareholders as one of its most important management issues. We have paid dividends every year since the Company was founded, including years in which our results did not meet expectations. In particular, since fiscal 2007 we have reinforced the link between dividends and profit growth. We have paid dividends in line with growth in profits, targeting a dividend payout ratio of 30%*. In fiscal 2014, our results did not meet expectations, but we paid dividends of ¥38 per share, an increase of ¥2 per share year on year. This represents an increase from ¥21 per share since 2007, for a compound annual growth rate of 8.8% over that period.

* From fiscal 2013, we are targeting a dividend payout ratio on normalized EPS of 30%.

Maintaining a Disciplined Financial Policy

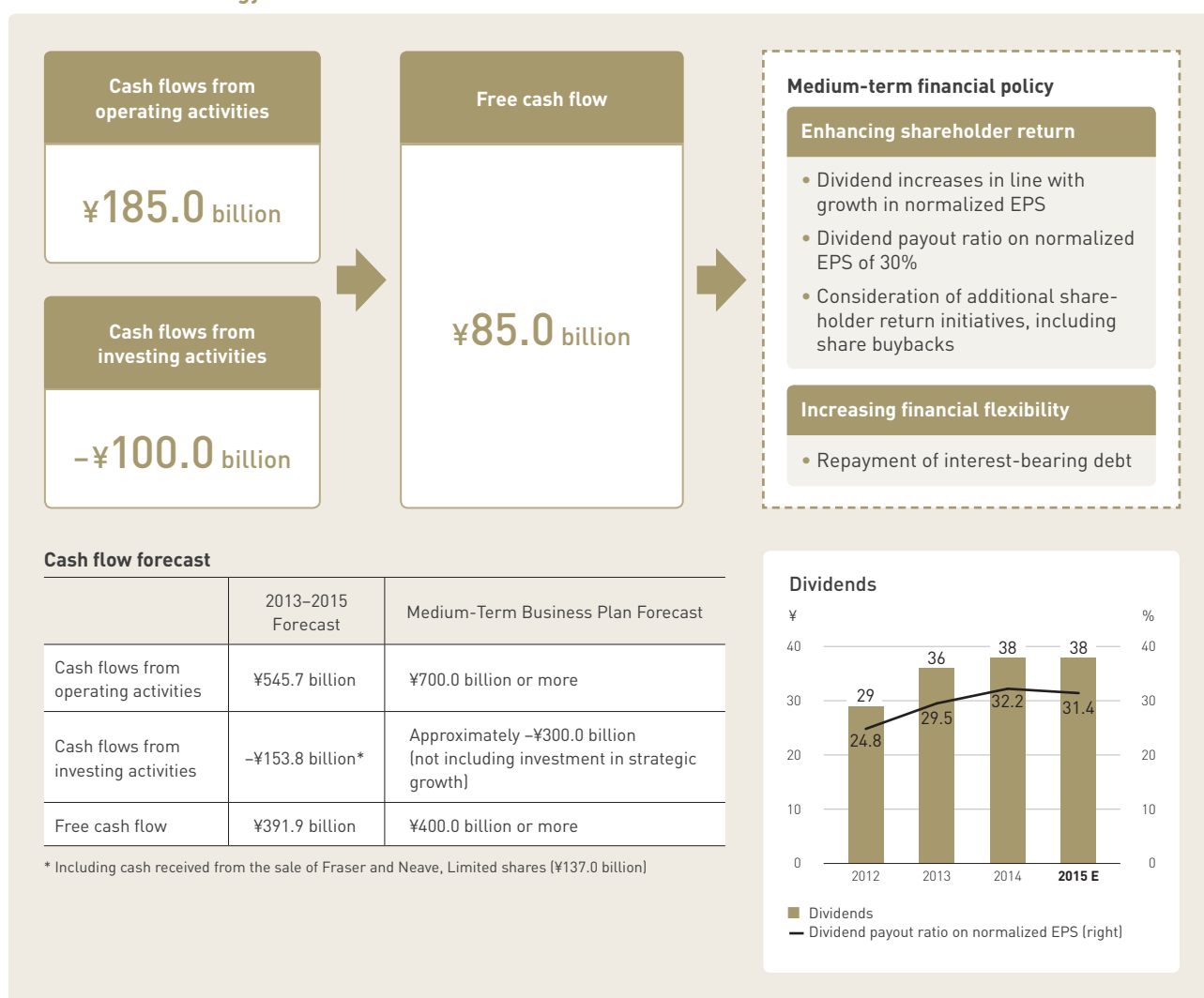
The Kirin Group implements a financial policy designed to realize increases in corporate value through sustainable growth in profits and improvements in capital efficiency. First, we allocate operating cash flow to capital expenditures. The remaining free cash flow is principally allocated to dividends, in accordance with normalized EPS, and to the repayment of interest-bearing debt, in order to secure financial flexibility. Moving forward, we will examine the implementation of share buybacks, with consideration for the Company's stock price and the funding of future investments. In fiscal 2014, we acquired about 15.99 million of our own shares (1.66% of outstanding shares) at a cost of approximately ¥19.7 billion. Over the medium term, we aim to achieve sustainable growth in EPS and raise ROE (prior to amortization of goodwill, etc.) to more than 10% through the ongoing optimization of business assets.

Describing the Medium-Term Cash Flow Plan

Our current medium-term business plan (2013–2015) calls for cumulative cash flows over the three-year period of ¥700.0 billion in cash flows from operating activities and about ¥300.0 billion in net cash used in investing activities, resulting in free cash flow of more than ¥400.0 billion. The plan also calls for enhanced returns to shareholders, such as increased dividends in line with profit growth and flexible

share buybacks, as well as reductions in interest-bearing debt. We do not expect to reach the planned level of cash flows from operating activities, but in fiscal 2013 we recorded cash flows from investing activities resulting from the sale of shares in Fraser and Neave, Limited. Under the next medium-term business plan, we will continue to prioritize shareholder return, and there will be no change to our basic policy of increasing capital efficiency.

2015 Financial Strategy



Cash flow forecast

	2013–2015 Forecast	Medium-Term Business Plan Forecast
Cash flows from operating activities	¥545.7 billion	¥700.0 billion or more
Cash flows from investing activities	–¥153.8 billion*	Approximately –¥300.0 billion (not including investment in strategic growth)
Free cash flow	¥391.9 billion	¥400.0 billion or more

* Including cash received from the sale of Fraser and Neave, Limited shares (¥137.0 billion)

Dividends

Year	Dividends (¥)	Dividend payout ratio on normalized EPS (%)
2012	29	24.8
2013	36	29.5
2014	38	32.2
2015 E	38	31.4

Financial and Non-Financial Highlights

Fiscal year	2004	2005	2006	2007	2008
Sales	¥1,654,886	¥1,632,249	¥1,665,946	¥1,801,164	¥2,303,569
Less: Japanese liquor taxes	430,957	397,527	402,321	400,555	380,691
Net sales	1,223,929	1,234,721	1,263,625	1,400,608	1,922,877
Japan Integrated Beverages Business	—	—	—	—	—
Overseas Integrated Beverages Business	—	—	—	—	—
Pharmaceuticals and Bio-chemicals Business	—	—	—	—	—
Other businesses	—	—	—	—	—
Operating income	109,392	111,708	116,358	120,608	145,977
EBITDA* ¹	193,507	188,459	191,161	213,129	264,620
Normalized EBITDA* ²	—	—	—	—	—
Ordinary income	106,562	114,881	120,865	123,389	103,065
Net income	49,099	51,263	53,512	66,713	80,182
Normalized net income* ³	—	—	—	—	—
Cash flows from operating activities	127,963	104,716	123,685	114,585	131,281
Cash flows from investing activities	(44,252)	(66,693)	(153,239)	(269,621)	(169,330)
Cash flows from financing activities	(35,901)	(52,041)	(50,012)	121,555	26,684
Fiscal year-end					
Total assets	¥1,823,790	¥1,937,866	¥1,963,586	¥2,469,667	¥2,619,623
Interest-bearing debt	325,594	309,976	302,762	673,872	723,703
Shareholders' equity* ⁴	858,615	972,601	993,989	1,054,811	927,812

Per share data

Net income per share (EPS) (Yen)* ⁵	¥ 50.58	¥ 53.23	¥ 55.98	¥ 69.86	¥ 84.01
Normalized EPS (Yen)* ⁵	—	—	—	—	—
Dividends per share (Yen)	13.50	14.50	17.00	21.00	23.00

Principal value indicators

Operating income (Prior to amortization of goodwill, etc.) / Net sales (%)	—	—	—	—	—
ROE (%)* ⁶	5.9	5.6	5.4	6.5	8.1
Normalized ROE (%)* ⁷	—	—	—	—	—
Net interest-bearing debt / Normalized EBITDA (Times)	—	—	—	—	—
Dividend payout ratio (%)* ⁵	26.7	27.2	30.4	30.1	27.4

(Notes) Figures are rounded down to the nearest million yen.

*1. For fiscal 2008 and thereafter: EBITDA = Operating income + Equity in earnings or losses of affiliates + Depreciation + Amortization of goodwill + Special income and expenses (Losses on impairment regarding goodwill, etc. are excluded.)

For fiscal 2007 and before: EBITDA = Income before income taxes and minority interests + Interest expense - Interest income - Dividend income + Depreciation + Amortization of goodwill

*2. Normalized EBITDA = Operating income + Depreciation + Amortization of goodwill + Dividends received from entities accounted for by the equity method

*3. Normalized net income = Net income + Amortization of goodwill, etc. ± Special income or expenses after income taxes and minority interests

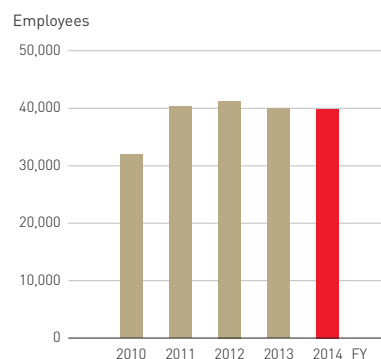
*4. Shareholders' equity = Total net assets - Minority interests - Subscription rights to shares (as recorded on the balance sheet)

*5. From fiscal 2010: Net income per share (EPS) and Dividend payout ratio calculated prior to the amortization of goodwill, etc. (figures exclude losses with no effect on cash outflow); for fiscal 2012 and thereafter: figures for Dividend payout ratio use Normalized EPS (Normalized EPS = Normalized net income / Average number of shares outstanding during period)

*6. ROE = Net income / Average shareholders' equity
For fiscal 2009 and thereafter: ROE calculated prior to amortization of goodwill (figures exclude losses with no effect on cash outflow)

*7. Normalized ROE = Normalized net income / Normalized average amount of equity during period

Number of employees (consolidated)

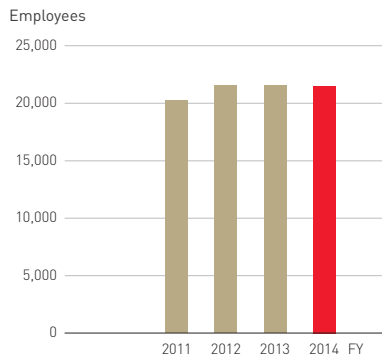


Unit: Millions of Yen

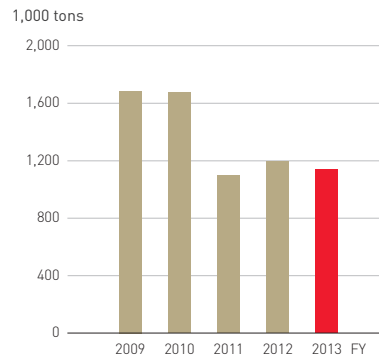
Change [%]

2009	2010	2011	2012	2013	2014	2014 / 2013
¥2,278,473	¥2,177,802	¥2,071,774	¥2,186,177	¥2,254,585	¥2,195,795	(2.6)
359,743	342,527	323,375	315,549	310,798	301,365	(3.0)
1,918,730	1,835,274	1,748,398	1,870,627	1,943,786	1,894,429	(2.5)
—	934,765	859,672	871,842	869,377	851,591	(2.0)
—	403,977	454,216	579,391	685,254	693,175	1.2
—	404,714	332,843	322,976	331,377	325,149	(1.9)
—	91,818	101,665	96,417	57,778	24,513	(57.6)
128,435	151,612	142,864	153,022	142,818	114,549	(19.8)
212,838	269,392	247,602	297,185	—	—	—
—	—	—	307,339	301,486	273,183	(9.4)
144,614	140,969	136,818	138,452	132,134	94,211	(28.7)
49,172	11,394	7,407	56,198	85,656	32,392	(62.2)
—	—	—	112,868	115,426	108,779	(5.8)
189,907	218,025	196,792	212,061	205,517	155,247	(24.5)
(321,654)	(140,917)	(361,658)	(48,379)	85,526	(139,397)	—
174,208	(140,197)	193,214	(160,008)	(272,357)	(80,701)	—
¥2,861,194	¥2,649,197	¥2,854,254	¥2,951,061	¥2,896,456	¥2,965,868	2.4
963,209	859,376	1,144,786	1,037,188	858,911	873,003	1.6
981,322	962,476	852,922	948,943	1,075,861	1,101,833	2.4
¥ 51.54	¥ 94.31	¥ 70.58	¥ 58.44	¥ 90.76	¥ 35.27	(61.1)
—	—	—	117	122	118	(3.3)
23.00	25.00	27.00	29.00	36.00	38.00	5.6
—	10.5	10.9	10.8	10.2	9.1	
8.3	8.8	6.9	12.4	14.0	8.6	
—	—	—	11.6	10.9	9.5	
—	—	—	2.86	2.25	2.76	
44.6	26.5	38.3	24.8	29.5	32.2	

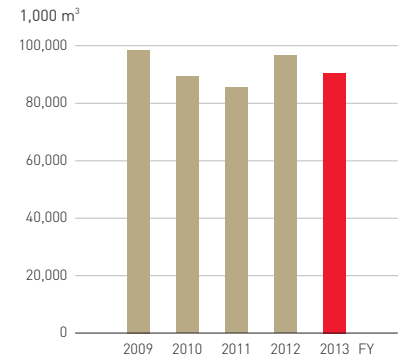
Number of employees overseas (consolidated)



CO₂ emissions (global scope 1 + 2)



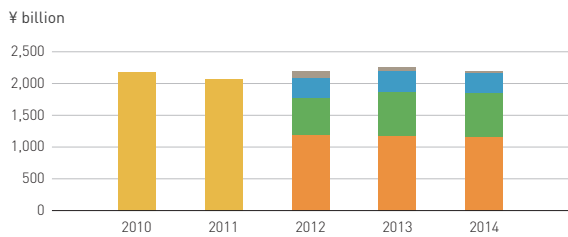
Water usage



The Kirin Group's Businesses

The Kirin Group introduced a pure holding company structure in July 2007. With alcohol beverages, soft drinks, and pharmaceuticals as its core businesses, the Group has conducted aggressive overseas business development initiatives and worked to expand its business foundation. Under KV2021, the long-term business plan that was launched in fiscal 2013, in the fields of "food and well-being" the Group is aiming to leverage its business foundation to achieve organic growth that is deeply rooted in local regions. In integrated beverages businesses, regional headquarters in Japan, Oceania, Brazil, and Southeast Asia pursue customer-oriented, autonomous, fast-moving management, while Kirin Holdings promotes synergies by allocating management resources and sharing functions across businesses and borders.

Sales

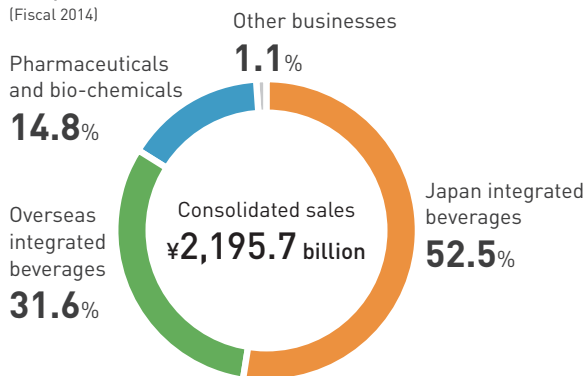


■ Japan integrated beverages
 ■ Overseas integrated beverages
 ■ Pharmaceuticals and bio-chemicals
 ■ Other businesses

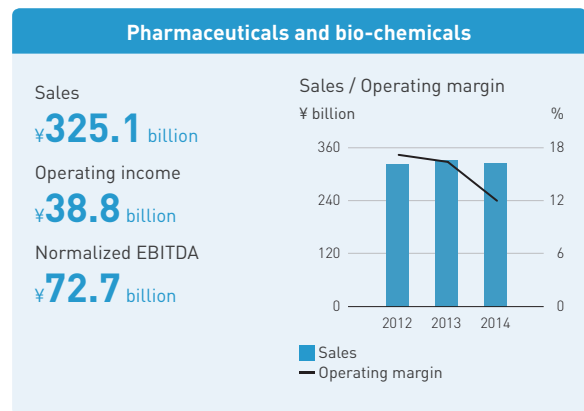
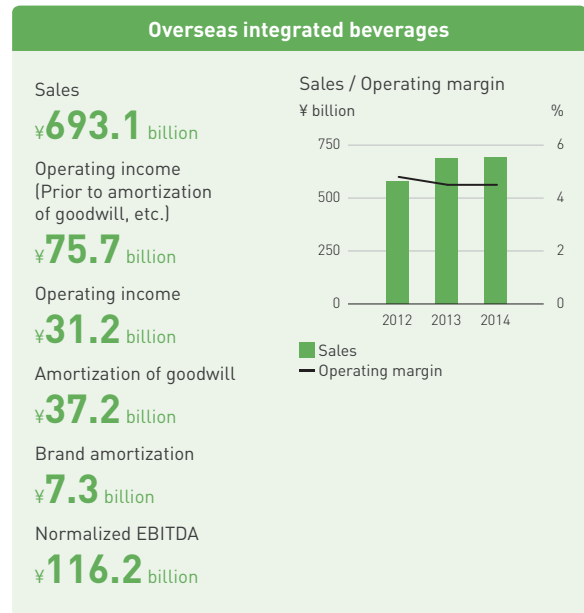
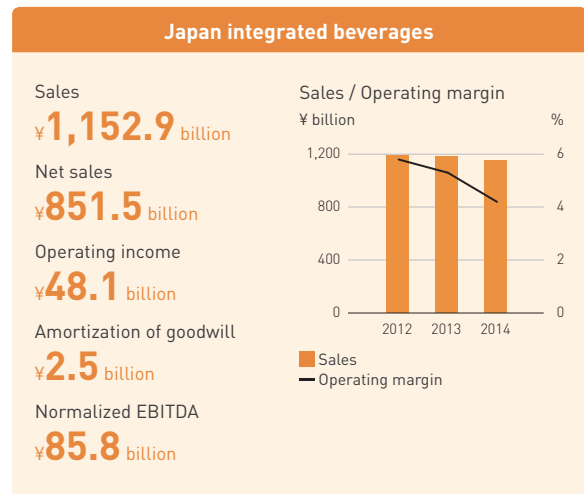
* Shown for current segments from 2012

Composition of sales

(Fiscal 2014)



Fiscal 2014 results



Summary of 2013–2014

In the Medium-Term Business Plan 2013–2015, which is the first stage of KV2021, our fundamental policy is for the Overseas Integrated Beverages Business to lead growth for the Group as a whole, while the Japan Integrated Beverages Business strengthens its brands to

return to a growth track. However, in Japan, sales volumes have continued to fall short of planned levels, especially for beer products. Overseas, growth at Brasil Kirin has remained below plan due to changes in the market environment, including economic conditions and the intensity of competition.

Fiscal 2015— Business Plans and Policies Going Forward

Fiscal 2015, the year ending December 31, 2015, will be the final year of the current medium-term business plan. Looking ahead, to make sustainable growth possible, measures will be undertaken with the highest priority on restoring the Japan Integrated Beverages Business and Brasil Kirin to a growth track. In addition, the allocation of resources for achieving this recovery will prioritize the

Japan Integrated Beverages Business. Due to the raising of brand investment from a medium-term perspective, the plan anticipates a decline in operating income in the Japan Integrated Beverages Business in fiscal 2015. Nonetheless, we will aim to cover this decline with the results in the Overseas Integrated Beverages Business and the Pharmaceuticals and Bio-chemicals Business, and thereby achieve year-on-year growth in profits. Over the medium term, we will aim to restore operating income to the fiscal 2012 level.

Fiscal 2015 business plan (announced on February 12, 2015)

Japan integrated beverages	Overseas integrated beverages	Pharmaceuticals and bio-chemicals
Sales ¥ 1,190.0 billion (Up 3.2% YoY)	Sales ¥ 710.0 billion (Up 2.4% YoY)	Sales ¥ 346.0 billion (Up 6.4% YoY)
Operating income ¥ 38.0 billion (Down 21.1% YoY)	Operating income ¥ 38.5 billion (Up 23.2% YoY)	Operating income ¥ 44.5 billion (Up 14.5% YoY)

In addition, to enhance our ability to implement the plan, we will change the Group's management organizational structure. Under the new structure, the executive officer system will be introduced at Kirin Holdings and Kirin Company, which is in charge of the Japan Integrated Beverages Business, and certain executives will serve as executive officers of both companies. Accordingly, both companies will be managed in an integrated and dynamic manner. In this way, we will work with a sense of speed to

restore the Japan Integrated Beverages Business to a growth track, which is the Group's highest-priority issue. Furthermore, at Kirin Holdings we will assign executive officers to be in charge of Brasil Kirin and Southeast Asia and provide operational supervision and support in a focused manner. Under the new management organizational structure, Kirin Holdings, which is the Group Head Office, will work together with the regional headquarters to strengthen the Group's businesses.

International Advisory Board (IAB)

To achieve steady results as a truly global company, as well as to realize self-sustained organic growth in each business, we have had an International Advisory Board (IAB) since 2012. The IAB acts as an advisory body to the president of Kirin Holdings.

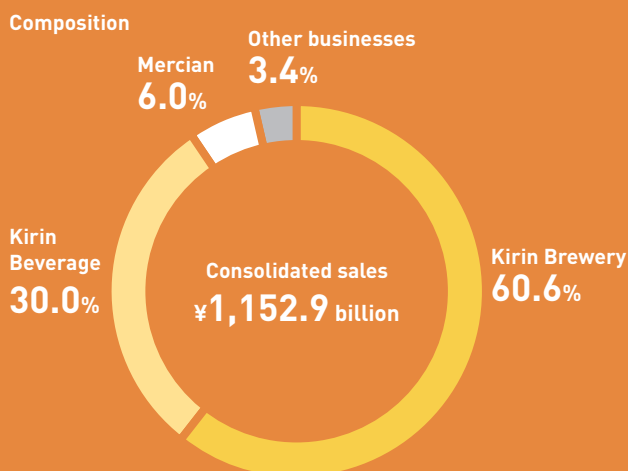
The members of the IAB, who are principally selected from among independent directors at overseas regional headquarters, have wide-ranging knowledge and experience in the field of global business. They offer opinions and suggestions on global growth strategies, risk management, and corporate governance, which are reflected in the progress of the Kirin Group's globalization initiatives.

Japan Integrated Beverages Business

The Japan Integrated Beverages Business, which conducts manufacturing and sales of alcohol beverages and soft drinks in Japan, plays a central role in the Kirin Group's operations. Under Kirin Company, the Japan regional headquarters established in 2013, we are working to generate synergies among three companies—Kirin Brewery, Kirin Beverage, and Mercian. In addition, we are strategically allocating management resources beyond the traditional alcohol beverage and soft drink framework as we strive to strengthen our product and corporate brands and create new value for customers.

Consolidated sales
¥1,152.9 billion
 (down 2.3% year on year)

Consolidated operating income
¥48.1 billion
 (down 22.4% year on year)



Business Report for Fiscal 2014

In the Japanese beer and soft drink markets, the consumption tax rate hike in April 2014 dampened demand and unseasonable summer weather pushed down consumption, causing markets to contract. Under such circumstances, management resources were strategically allocated in a manner that goes beyond the alcohol beverage and soft drink frameworks under the leadership of Kirin Company, while continued efforts were made to enhance efficiency and to cut costs so that resources can be created for reinforcing the brands. Individual companies devoted their efforts to developing strong product brands centered on flagship brands, offering new value for consumers, and implementing CSV initiatives.

Kirin Brewery

Kirin Brewery took measures with the strengthening of its flagship *Kirin Ichiban Shibori* brand as its highest priority. It made efforts to enhance brand value by maximizing consumer touch points and continuing emphasis of its commitment to *Kirin Ichiban Shibori* production methods and the luxury status of the brand. As a result, *Ichiban Shibori* recorded increased sales volume for the first time in 10 years, but sales competition intensified due to the decrease in demand following the consumption tax rate increase, causing total beer sales volume for Kirin Brewery to fall year on year. On the other hand, *Kirin Chuhai Bitters*, which was launched in June, became a hit product, and as a result the total sales volume of RTD products increased sharply.

Kirin Beverage

Due to favorable sales of the *Kirin Gogo-no-Kocha Oishii Sugar Free* tea and to other factors, the sales volume of the *Kirin Gogo-no-Kocha* brand was maintained at about the same level as in the previous year. However, unseasonable summer weather caused the overall market to contract, resulting in a year-on-year decrease in the total soft drink sales volume for Kirin Beverage.



Mercian

Mercian worked to convey the appeal of *Château Mercian*, a representative Japanese wine brand made from 100% Japanese grapes, and to strengthen its key brands. As a result, overall sales volume increased.



Business Plan for Fiscal 2015

In fiscal 2014, the year ended December 31, 2014, the sales volumes of beer products and soft drinks declined, but sales began to recover from September 2014, when aggressive sales measures were implemented. In fiscal 2015, we will strive to ensure that this trend continues and that we record higher sales volumes in all categories—beer products, RTD, wine, and soft drinks. We will tackle the achievement of increased sales as our highest priority and strengthen investment in our brands. In this way, while we plan on a decline in operating income, we will continue working to reduce costs from a medium- to long-term perspective.

Kirin Brewery

The challenges for Kirin Brewery are making proposals to consumers based on an accurate understanding of consumer trends and bolstering organizational capabilities for planning and executing marketing measures, including sales promotions. Accordingly, the company will delegate authority so that the marketing divisions can improve and exercise their specialized capabilities and make quick decisions. In product strategy, with its focus on changes in the business environment, Kirin Brewery will give the highest priority to traditional beer and in doing so, strive to further increase the sales volume of *Kirin Ichiban Shibori*. In addition, the company will work to record growth in the expanding functional beer area. Furthermore, in RTD products, which continue to expand, Kirin Brewery will further reinforce its brands and aim to achieve growth in sales volume at a pace that outperforms market growth.

Kirin Beverage

Kirin Beverage will take measures to build and strengthen its category and brand portfolios so that it can achieve sustainable growth from a medium-term perspective. It will continue to strengthen *Kirin Gogo-no-Kocha* and other product brands, and in order to comprehensively strengthen product brands in the carbonated, coffee, and sugar-free tea soft drink categories, which have large market scales, new products will be launched under the *Kirin Mets* brand in the carbonated soft drink category. Kirin Beverage will aim to enhance its specialist knowledge and increase sales volumes by implementing regional sales strategies and establishing a new company to handle vending machine operations.



Mercian

Mercian will continue to develop its flagship *Château Mercian* brand, and it will also endeavor to develop brands of imported wines, which currently have relatively low sales volumes compared to the market as a whole. Mercian will exhibit its strengths as a wine corporate group with three functions—manufacturing, import and sales, and winemaking—with the aim of gaining increased consumer support.

Fiscal 2015 business plan (announced on February 12, 2015)

Billion yen	Fiscal 2015 plan	Fiscal 2014 results	YoY change	YoY change (%)
Sales	1,190.0	1,152.9	37.0	3.2
Kirin Brewery	712.1	698.7	13.3	1.9
Kirin Beverage	370.1	345.7	24.4	7.1
Mercian	70.4	69.1	1.3	2.0
Others	37.2	39.3	(2.1)	(5.4)
Operating income	38.0	48.1	(10.1)	(21.1)
Kirin Brewery	57.1	66.4	(9.3)	(14.0)
Kirin Beverage	6.9	5.3	1.5	29.7
Mercian	1.4	1.4	(0.0)	(2.4)
Others	(25.4)	(23.0)	(2.4)	—
Total	39.9	50.1	(10.1)	(20.3)
Amortization of goodwill	(1.9)	(1.9)	—	—

Policies Going Forward

The Japan Integrated Beverages Business is the core of the Kirin Group and generates the majority of the Group's resources. Restoring this business to a growth track is the

Group's highest-priority challenge. Through consistent brand development and value creation, we will strive to become Japan's leading integrated beverages company by offering consumers surprise and inspiration.

Growth Picture until 2018

Continuously expand sales with RTD products and soft drinks as the drivers and based on stopping the decline in market share of beer products

Strive to increase profitability by raising the percentages of products with a high unit price, such as beer, and cutting costs, thereby aiming to restore operating income to the 2013 level

Kirin's Key Words for Value Creation

"Quality with Surprise"

By leveraging our strengths in "meticulous production" and "dedication to quality," we will create products and services that surprise and inspire our customers.

Develop brands that support growth

- Achieve dramatic growth by increasing brand experience opportunities for *Ichiban Shibori*
- Further reinforce the RTD brand lineup as a driver of market growth
- Reinforce and develop brands in the three major categories of soft drinks (carbonated, coffee, and sugar-free tea)
- Steadily grow the wine category, outperforming market growth

Create value that leads to surprise and inspiration for consumers and society

- Implement marketing that creates new value based on changes in consumers and society
- Create value that is shared with society by solving health and environment-related problems through the use of original technologies and develop products that lead to regional revitalization

Cost cut for brand investment

- Already achieved the 2013 Medium-Term Business Plan cost-cutting target of ¥20.0 billion; in fiscal 2015, seek to increase efficiency by an additional ¥8.0 billion (increase in-house production of soft drinks and take other measures)

Consistent Development of Strong Product Brands



Gogo-no-Kocha / Ichiban Shibori / Château Mercian

Categories to be Reinforced



RTD



Carbonated / Coffee / Sugar-free tea

Kirin's Consistent Initiatives in Product Development

Over the course of its extensive history, the Kirin Group has created a large number of innovative products. In the product development process, we listen closely to feedback from customers and then utilize that feedback to create a product concept, which is developed into a product through the originality and ingenuity of our technical experts. Rather than chasing short-term trends, we have always maintained a consistent focus on taste while at the same time striving to enhance quality and functionality. Moving forward, we will continue to emphasize learning from our failures and remaining true to our beliefs as we repeatedly take on new challenges. In this way, we will continue working to create products that satisfy customers.

Health and Well-being Initiatives

Tanrei Green Label, which is based on the concepts of "good health, good times" and "low sugar, full flavor," is a representative example of the Kirin Group's initiatives in the area of health and well-being. The development of *Tanrei Green Label* was made possible by an extensive range of know-how and technical skills. With the launch of *Kirin Light Beer* in 1980, we leveraged forward-looking initiatives to propose new value in the form of light beer, and the innovative technologies used to make *Kirin Light Beer* were recognized with the JSBBA Award for Achievement in Technological Research*. Our technical know-how was also a key factor in the development of *Lager Special Light*, which was launched in 1999 and features 50% less sugar. The extensive know-how and technical skills that we cultivated through the development of these products were subsequently utilized in the development of *Tanrei Green Label*, which became a major hit product.

* An award given by the Japan Society for Bioscience, Biotechnology, and Agrochemistry (JSBBA) to members who have achieved notable technical results in the fields of bioscience, biotechnology, and agrochemistry. The results are required to have practical value.



Kirin Light Beer,
launched in 1980

Lager Special Light,
launched in 1999

Tanrei Green Label,
launched in 2002

Kirin's Craft Beer Initiatives

Kirin also has a long track record in the field of craft beer. In 1994, the restrictions on craft beer brewing in Japan were lifted with the revision of the Alcohol Business Act. Under the revised act, the annual production volume required to obtain permission to brew beer was reduced from 2,000 kl to 60 kl. Even before the restrictions were lifted, however, Kirin was a leader in the field of craft beer. In 1986, for example, we launched *Heartland Beer*, a beer with a distinctive emerald green bottle, which has won many fans. It was also the house beer of the Beer Hall Heartland in Roppongi, Tokyo. Moreover, in 1988 we installed Japan's first mini-brewery at the Kyoto Plant of Kirin Brewery. The Kyoto craft beer made there—*Kyoto 1497*—became an established Kyoto craft beer. From spring 2015, we will open SPRING VALLEY BREWERY TOKYO and SPRING VALLEY BREWERY YOKOHAMA, where customers will be able to enjoy craft beer made on-site. These restaurants will leverage the pioneering spirit and know-how of SPRING VALLEY, a brew pub that was opened in 1991 on the grounds of the Yokohama Plant.



1986 Beer Hall
Heartland opened

1988 Mini-brewery
opened at Kyoto Plant

1991 SPRING VALLEY
brew pub opened
at Yokohama Plant

2015- SPRING VALLEY
BREWERY TOKYO

1994 Lifting of
restrictions on
craft beer

Kirin's Beer Strategy: Aiming to Create a New Beer Culture

More Flavor, More Interesting: The Future of Beer



Taking on the Challenge of Establishing a Craft Beer Market

"With the skills and independence of brewers who love beer, we want to continue to create Japan's beer culture together with customers." We will endeavor to realize this concept in our beer business.

As lifestyles diversify, distinctive beers known as "craft beers" are currently recording dramatic growth in countries around the world. These beers are earning support because

of the way they deliver value in the form of "variety" and "taste," which are the traditional appeals of beer, and the way that they bring people together as tools of communication.

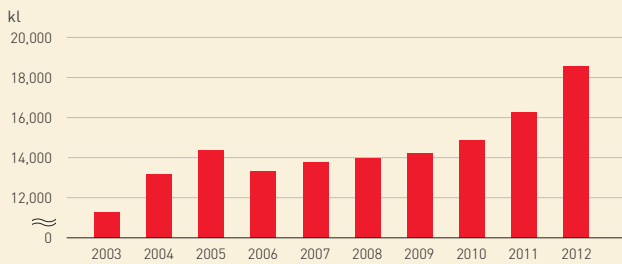
Moving forward, we will strive to enhance Japan's beer culture by establishing and expanding the domestic market for craft beer. We will also aggressively implement initiatives to stake out a position of leadership in this market and nurture it into a driver of growth for our beer business in Japan.

A Look at Craft Beers, Which are Increasing Their Market Share Around the World

We consider craft beers to be products that "have taste and variety and enable consumers to enjoy flavor, individual characteristics, and the dedication of the brewer." In Japan, the market for craft beers is still less than 1% of the overall market for beer-related beverages, while in North America, the market share of craft beers has grown to about 8% on a volume basis and about 14% on a value basis. Craft beers are also recording rapid growth in Australia and have become a major trend around the world, centered on industrially developed countries.

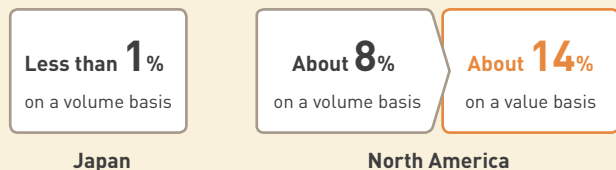
In Japan, craft breweries with high levels of technical skills and brand power are being established. As a result, awareness of craft beers is increasing, and they hold the potential for dramatic growth over the medium to long term.

Sales volume of craft beers in Japan



* Prepared by the Company based on craft beer production report from the National Tax Agency

Share of craft beers in the market for beer-related beverages



Examples of Initiatives Leading the Craft Beer Market

SPRING VALLEY BREWERY Project

The SPRING VALLEY BREWERY Project is a representative example of a craft beer initiative. The theme of this project is “a future in which people get excited about beer.” SPRING VALLEY is the name of the first successful brewery in Japan, which Kirin Brewery inherited from its predecessor, Japan Brewery. For Kirin, SPRING VALLEY represents a pioneering spirit. Through this project, we will strive to fuse the individuality and flavor of craft beers with the traditions and technical skills of Kirin Brewery, and thereby offer craft beers for a new age.

In September 2014, we installed small-scale brewing facilities at Kirin Innovation Factory Yokohama*, and in spring 2015 we will open restaurants with breweries in Yokohama and Tokyo (Daikanyama), where consumers can enjoy a variety of beers. In addition, we will launch sales limited to the DRINX web site. In these ways, we will strive to deliver the appeal and fun of beer to even more customers.



Image of SPRING VALLEY BREWERY Tokyo



SPRING VALLEY BREWERY products

* Manufacturing base that integrates brewing, blending, and packaging and that can accommodate diverse containers and contents (beer products, wine, and RTD products) (Started operation in September 2014)

Alliance with YA-HO BREWING COMPANY

In September 2014, we concluded a business and capital alliance agreement with YA-HO BREWING COMPANY, which is a market leader with its representative *Yona Yona Ale* brand, taking a 33.4% stake in the company. As a result, we expect the generation of synergies between the two companies, such as in the utilization of manufacturing capabilities and the implementation of human resources development drawing on the two companies' know-how in customer touch point creation and marketing, joint procurement of raw

materials, and other areas. In addition, we will work together to expand the craft beer market and to create an even more appealing beer culture.



Representative YA-HO BREWING COMPANY products

Lion—Captivating Oceania's Beer Lovers

In Oceania, the beer market continues to follow a slight declining trend, but at the same time craft beers are recording growth of more than 20%. The reasons for the popularity of craft beers include the dedication of the brewers, the close ties to local communities, and the variety of flavors available. Craft beers are not only capturing the attention of existing beer drinkers, but also making the beer market more accessible to a broader range of consumers.

Lion noticed the potential of craft beer from an early stage and allocated management resources to its development. As a result, Lion has secured the top share in craft beers in Oceania, and is investing for growth and to revitalize the total beer category.



Lion craft beer products

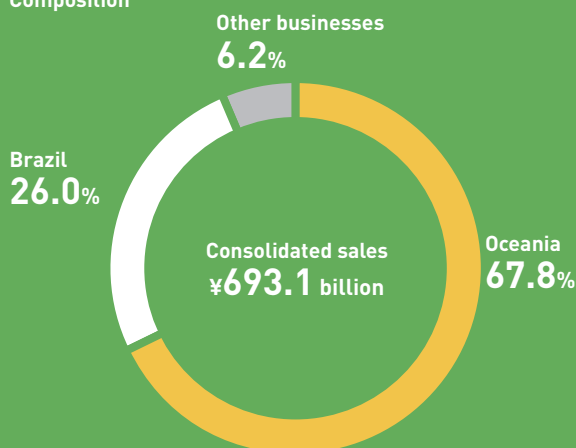
Overseas Integrated Beverages Business

Using the business foundation that it acquired through aggressive internationalization measures, the Kirin Group is implementing global initiatives in the Overseas Integrated Beverages Business. Under KV2021, to leverage that business foundation and achieve steady results, each regional headquarters is pursuing organic growth by advancing autonomous, rapid management with close ties to local regions. In addition, in accordance with the "One Kirin" Values, which are the values shared throughout the Group, we will work to increase corporate value by maximizing synergies.

Consolidated sales
¥693.1 billion
 (up 1.2% year on year)

Consolidated operating income
¥31.2 billion
 (up 1.9% year on year)

Composition



Business Report for Fiscal 2014

Oceania (Lion)

The Australian economy continued to recover at a moderate pace; however, consumer confidence remains sluggish and spending is depressed, which has spurred intense competition and difficult market conditions.

As the Australian beer market continues to contract, Lion's alcohol business reported lower sales volumes overall, but ongoing efforts were made to bolster core brands and increase sales of high-added-value categories that continue to grow, pushing profitability higher. In Lion's soft drink business, the sales of *Dare* and other dairy beverages continued to increase year on year, but sales volumes of milk, juice, and everyday cheeses were down from the previous year. Rising prices for raw milk had a significant impact, and profits declined as a result.



Brazil (Brasil Kirin)

The Brazilian economy entered into an economic slowdown due to sluggish domestic demand against a backdrop of high inflation rates, combined with weak overseas demand, and as so the market environment remained difficult.

Brasil Kirin endeavored to maximize the market presence of its core *Schin* beer brand, and in its soft drink business the company took measures to bolster its core brands, particularly *Schin* carbonated soft drinks. Thanks to the effects from higher prices, both sales and operating income were up. However, competition with other companies intensified throughout the year, and sales volumes were down year on year for both beer and soft drinks.

History of Major Overseas Advances

- 1998 Invested in Lion Nathan Limited (New Zealand)
- 2007 Made National Foods Limited a wholly owned subsidiary (Australia)
- 2009 Invested in San Miguel Brewery (Philippines)
- 2009 Made Lion Nathan Limited a wholly owned subsidiary
- 2010 Established Kirin Holdings Singapore Pte. Ltd. (Singapore)
- 2011 Made Schincariol Participações e Representações S.A. (currently Brasil Kirin) a wholly owned subsidiary
- 2011 Established soft drink joint venture with China Resources Enterprise, Limited (China)
- 2011 Acquired shares in Interfood Shareholding Company (Vietnam)

Business Plan for Fiscal 2015

Oceania (Lion)

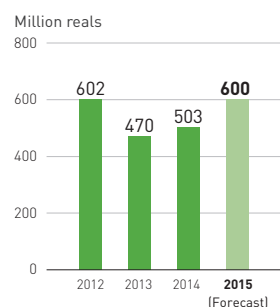
In Oceania, the market environment remains difficult, and in the alcohol business, Lion will improve profitability by continuing to invest in premium growth categories such as international premium beer, craft beer, and cider. At the same time, Lion will undertake proactive measures to invigorate the beer market as a whole, which continues to decline slightly, in order to achieve sustainable growth. In Lion's soft drink business, a new structure is in place to implement the Turnaround Plan. Lion will narrow the scope of its high-priority categories, brands, and products and create simple, waste-free production and logistics systems to cut costs even further. Lion's company-wide cost-cutting measures will also be continued.

Brazil (Brasil Kirin)

The market growth and competitive environment that were the basis of its medium-term business plans are no longer in agreement with what conditions exist now, and consequently, the company will take measures to carry

out strategies more in line with a revised beer and soft drink business environment and to build the business foundations for achieving this. The company will improve area-based strategies, strengthen channel and product sales that offer high profitability, and target steady increases in unit sales prices as well as pursue enhanced efficiency in marketing expenses. In these ways, the company will work to achieve a recovery in profits. At the same time, the company will also improve its distribution networks, maximize the effects of sales activities, build a strong brand portfolio centered on *Schin*, and take other measures to build and reinforce business foundations from a medium-term perspective.

Brasil Kirin EBITDA



Fiscal 2015 business plan (Lion) (announced on February 12, 2015)

Billion yen	Fiscal 2015 plan	Fiscal 2014 results	YoY change	YoY change (%)
Sales	470.9	470.2	0.6	0.2
Alcohol	269.3	255.8	13.5	5.3
Soft drink	201.5	214.3	(12.8)	(6.0)
Operating income (Prior to amortization of goodwill, etc.)	66.6	62.9	3.6	5.9
Alcohol	69.2	67.0	2.2	3.4
Soft drink	2.9	0.2	2.6	975.0
Corporate	(5.6)	(4.3)	(1.2)	—
Amortization of goodwill	(32.0)	(31.1)	(0.9)	—
Brand amortization	(3.9)	(4.1)	0.2	—
Operating income	30.6	27.5	3.0	10.9

Fiscal 2015 business plan (Brasil Kirin) (announced on February 12, 2015)

Billion yen	Fiscal 2015 plan	Fiscal 2014 results	YoY change	YoY change (%)
Sales	198.1	179.9	18.2	10.1
Operating income (Prior to amortization of goodwill, etc.)	14.3	9.9	4.4	44.4
Amortization of goodwill	(5.4)	(5.3)	(0.1)	—
Brand amortization	(3.2)	(3.1)	(0.0)	—
Operating income	5.6	1.4	4.2	295.5
EBITDA	27.6	22.7	4.9	21.6

Policies Going Forward

Oceania (Lion)

In Australia, consumer spending remains sluggish, and the beer market continues to slowly contract. In a highly competitive market, low-value dairy and juice categories are following a trend toward decreasing prices. In this difficult environment, to realize sustainable growth in the years

ahead, Lion will further strengthen the alcohol beverage business by reinvigorating the beer market, and will deliver the Turnaround Plan in the soft drink business, focusing on high-value categories that are growing, such as milk-based beverages, specialty cheeses, and yogurt.

Growth Picture until 2018

Maintain stable profit growth by reinvigorating the Australian beer market and continuing Lion's long-term strategy of marketing and innovation investment in premium growth categories, such as craft beer
 Improve operating income in the soft drink business compared to 2014 through the implementation of the Turnaround Plan

Establish a firm, leading position in the alcohol beverage market

- Further improve competitive position in high-value growth categories such as international premium beer, craft beer, and cider
- Stimulate demand by reinvigorating the Australian beer market



Transform the business model for the dairy business

- Steadily implement the Turnaround Plan and refocus the business on its most profitable growth segments, brands, customers and channels, a health and wellness portfolio positioning, and strategic milk procurement

Turnaround juice and grow NARTD

- Dedicated juice and NARTD business unit The Daily Drinks Co. to spur growth through focused investment
- Concentrate management resources on specific business opportunities with a focus on health



Soft Drink Business Turnaround Plan

Focus on most profitable brands and categories

- Category strategies based on a portfolio reorganized according to growth potential and Lion's position in the market
- Rationalization of SKUs (Stock Keeping Units) / brands
- Focus resources behind priority categories and products

Cost structure reforms throughout the supply chain

- Procurement: Stabilize milk input costs and secure supply through strategic milk procurement and long-term partnerships with dairy farmers
- Manufacturing: Comprehensively review the entire milk production process, including packaging and materials, to increase cost competitiveness
- Distribution: Reduce logistics costs by further optimizing distribution networks

Leverage provenance and nutritional benefits to tap into Australian desire to eat better quality foods

- Reformulation and innovation within growing categories through The Goodness Project, a renewed focus on nutrition and "better for you" foods that will be a core driver of growth in future years

	Category
Full Force	Milk-based beverages Yogurt Specialty cheeses
Must Win	Chilled juice Cream
Manage Business Model	White milk Ambient juice Everyday cheeses

➔ Favorable progress is being made, including SKU reductions of 20%, cost reductions in manufacturing and distribution, and the decision to sell the everyday-cheese business

Brazil (Brasil Kirin)

The beer market in Brazil accounts for 13% of global beer consumption, and Brazil has the largest population and economy in Latin America. In addition, Brazil's soft drink market has the potential for growth over the long term. However, growth in the beer and soft drink markets currently remains sluggish due to the stagnant economic conditions, and sales competition is intensifying.

In this environment, Brasil Kirin will implement a detailed regional strategy with the objective of realizing sales growth in line with growth in the market.

In addition, to establish a foundation for sustainable growth in earnings, the company will take a rigorous approach to effective, efficient sales activities and strive to build the optimal distribution network. Taking steps to increase its presence in the carbonated soft drink category, Brasil Kirin will strive to build a strong brand portfolio centered on the core beer brand, *Schin*, that is made up of high-growth, higher-priced brands. In this way, Brasil Kirin will work to establish a position as a strong No. 2 in the domestic beer market.

Growth Picture until 2018

Achieve continuous increases in sales and income through optimal brand / channel mix for each market and steady price increases

Create a highly profitable brand portfolio

- Raise the brand strength of *Schin* in main categories that account for over 80% of the beer market
- Narrow the range of SKUs to streamline the product portfolio
- Implement steady price increases

Comprehensively conduct effective, efficient sales activities

- Reinforce sales of channels / products with high profitability
- Use sales expenditures efficiently and conduct effective sales activities that lead to sales
- Undertake human resources development programs for sales staff to raise sales skill level

Build strong distribution systems that can reliably deliver products to consumers

- Encourage in-house wholesaling, optimally place distribution centers, and raise the operating efficiency of distributors



Asia

China

China Resources Kirin Beverages, the joint venture with China Resources Enterprise, manufactures and sells beverages under the brands of China Resources Enterprise and Kirin. At the joint venture, excellent synergy will be created by the combination of the Kirin Group, with its strengths in product development and technology, and China Resources Enterprise, with its strong domestic business franchise, including logistics and sales networks. By exploiting the full potential of this synergy,

the joint venture will speed up its forays into new product categories and new markets throughout China.

Southeast Asia

In Southeast Asia, Kirin Holdings Singapore will work more closely with Kirin Holdings to reinforce its business foundations in the alcohol beverage and soft drink businesses in the markets of each country and search for new opportunities to achieve business growth.

Pharmaceuticals and Bio-chemicals Business

The current Pharmaceuticals and Bio-chemicals Business was created through the merger of Kirin Pharma Company, Limited, of the Kirin Group, and Kyowa Hakko Kogyo Co., Ltd., in 2008.

In pharmaceuticals, Kyowa Hakko Kirin conducts manufacturing and sales of ethical drugs based on leading-edge biotechnology. In bio-chemicals, Kyowa Hakko Bio uses innovative fermentation and synthesis technologies to provide high-value-added functional materials that meet the needs in the pharmaceutical, medical, and health care fields.

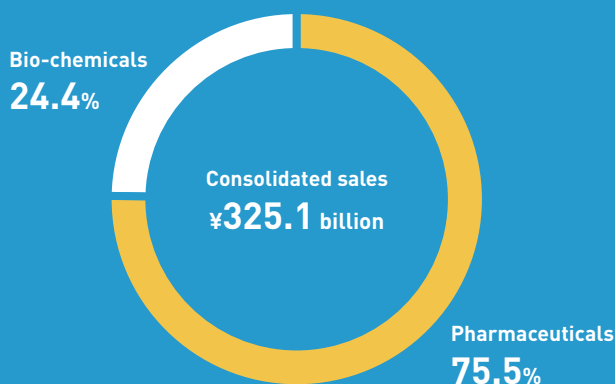
Consolidated sales

¥ **325.1** billion
(down 1.9% year on year)

Consolidated operating income

¥ **38.8** billion
(down 28.5% year on year)

Composition



Business Report for Fiscal 2014

Pharmaceuticals (Kyowa Hakko Kirin)

In the pharmaceuticals business, Kyowa Hakko Kirin reported lower domestic sales compared to the previous year as a result of the effects from NHI drug price revisions implemented in April 2014 and other factors. Sales of *NESP*[®], a core product used to treat renal anemia, were firm, but sales of the *ALLELOCK*[®] anti-allergy agent and the *Patanol*[®] anti-allergy eye drops were affected by lower airborne pollen counts. Sales of *ALLELOCK*[®] were also impacted by the drug price revisions and market penetration of generics. Kyowa Hakko Kirin executed three development alliance agreements concerning tumor immunotherapy for solid cancers with the aim of maximizing the value of the global strategic product KW-0761 (sold in Japan under the brand name *POTELIGEO*[®]), a humanized monoclonal antibody directed against CCR4. Pharmaceutical exports were solid, but technology licensing revenues were down from the previous year, and total sales declined as a result. Overseas, sales of the ProStrakan Group plc's main products were brisk. In August, Kyowa Hakko, acting through the ProStrakan Group, acquired Archimedes Pharma Limited of the U.K., which has strengths in the pain, cancer, and critical care* fields, in order to expand its overseas business foundations with the aim of becoming a global specialty pharmaceutical company.

* Intensive care for patients facing threats to life due to such reasons as serious illness



Bio-chemicals Business (Kyowa Hakko Bio)

In the bio-chemicals business, Kyowa Hakko Bio reported steady sales of drug substances in the pharmaceutical and medical segment as well as firm direct marketing sales of *Ornithine* and other products in the health care product segment. However, sales of beverage and food raw materials were sluggish because of unseasonable summer weather and remained flat compared with the previous year. As a result, overseas sales rose year on year, due partly to the depreciation of the yen.



Business Plan for Fiscal 2015

Competition in new drug development is increasing around the world, and the operating environment continues to become more challenging due to such factors as measures to promote the use of generics and drug price revisions.

In the pharmaceuticals business, Kyowa Hakko Kirin will continue to prioritize the further strengthening of competitiveness in Japan through category-based strategies and expansion of its business base in the United States, Europe, and Asia, with the aim of becoming a global specialty pharmaceutical company. In Japan, the company will focus on four categories—nephrology, oncology, immunology / allergy, and the central nervous system—while strengthening the integration of functions from R&D to manufacturing and sales, steadily launching

new products from its robust pipelines to market, and building a highly specialized sales force to maximize sales and earn the trust of the medical community. Overseas, with the acquisition of Archimedes, the reinforcement of business foundations in Europe centered on the ProStrakan Group is advancing. Going forward, a sales organization in the United States will be established and business foundations in China will be reorganized.

In the bio-chemicals business, Kyowa Hakko Bio will address the reinforcement of its earnings base as a priority topic. The company will continue to raise cost competitiveness, build business structures that are not susceptible to effects from changes in exchange rates, and strengthen, restructure, and organize manufacturing sites to respond to increasing global demand for amino acids.

Fiscal 2015 business plan (announced on February 12, 2015)

Billion yen	Fiscal 2015 plan	Fiscal 2014 results	YoY change	YoY change (%)
Sales	346.0	325.1	20.8	6.4
Kyowa Hakko Kirin	354.0	333.4	20.5	6.2
Pharmaceuticals	269.0	251.8	17.1	6.8
Bio-chemicals	85.0	81.5	3.4	4.2
Other / eliminations	(8.0)	(8.2)	0.2	—
Operating income	44.5	38.8	5.6	14.5
Kyowa Hakko Kirin	44.5	38.8	5.6	14.5
Pharmaceuticals	32.0	29.0	2.9	10.1
Bio-chemicals	9.5	7.2	2.2	30.5
Other / elimination of amortization of goodwill	9.2	8.7	0.4	5.3
Amortization of goodwill	(6.2)	(6.2)	—	—

Taking on the Challenge of Becoming a Global Specialty Pharmaceutical Company

The Kyowa Hakko Kirin Group aims to be a Japan-based global specialty pharmaceutical company that contributes to the health and well-being of people around the world. To that end, we will further enhance our R&D capabilities so that we can respond earnestly to unmet medical needs through therapeutic antibodies that leverage our unique biotechnologies. In addition, to fulfill that mission on a global basis, we

are taking steps to enhance our management foundation in overseas businesses and expand our sales areas, as well as to implement a variety of initiatives to foster organizational vitality and innovation.

Moving forward, we will aim to achieve sustainable growth by contributing to society. To that end, we will strive to reflect health care economics in our efforts to address unmet medical needs and will work to create new value.



*Four fields—nephrology, oncology, immunology / allergy, and the central nervous system

Generating Synergies through Collaboration within the Group

The Kirin Group is working to achieve self-sustained organic growth in each of its businesses and to generate synergies that leverage diversity. Drawing on our strengths in each of our businesses, we will realize new innovation going forward.



In accordance with the Kirin Group's corporate philosophy, we are generating synergies through direct collaboration among functional divisions and operating companies without regard to national borders.

Sharing and Leveraging Best Practices

The Technical Top Committee meets annually to bolster the Group's capabilities by advancing the sharing of the Kirin Group's strengths in such areas as R&D, manufacturing technologies, and environmental technologies. Committee members comprise top executives in the functional areas listed above from Kirin Holdings, Kirin Company, Lion, and Brasil Kirin. The Committee determines multiple project themes and works throughout the year.



In addition, each functional area has also started its own global-level initiatives, such as the Global Marketing Conference, which is a forum for top marketing executives, and the Global CSV Conference, which discusses the approach to CSV.



Bolstering Functional Areas through Collaboration within the Group

Centered on three companies—Kirin Company, Lion, and Brasil Kirin—the procurement function is coordinated at the global level, while the procurement strategy is formulated and implemented at the regional level. Through the joint procurement of malt and other raw materials used by all three companies, and the mutual sharing of best practices, we are working to maximize the Group's corporate value.

Developing Practices that Convert Strengths into Products

The Kirin Group strives to implement product development that leverages the brands and manufacturing technologies of each of the Group's businesses.

Realizing the Concept of "Japanese Spirit (Wa)" Inherent in the Kirin Brand

Lion's cider product—*Kirin Apple Cider*—draws fully on the image of the refined "Japanese Spirit (Wa)" that is a part of the Kirin brand. This product was launched in the Australian cider market, which is recording rapid growth. In development, the marketing teams of Lion, Kirin Company, and Kirin Brewery worked together, and they were able to boldly express the essence of Japan and of Kirin in this product. Since it was introduced in October 2013, *Kirin Apple Cider* has earned support from customers.



Leveraging Group Know-How around the World

The adult soda *Höpt* was launched in New Zealand by Lion in March 2014. The product development, which realized a refreshing, unique flavor for adults and a 50% reduction in sugar, was made possible through collaboration between the technical teams of Lion Dairy & Drinks and employees from Kirin Beverage. Moreover, one of the

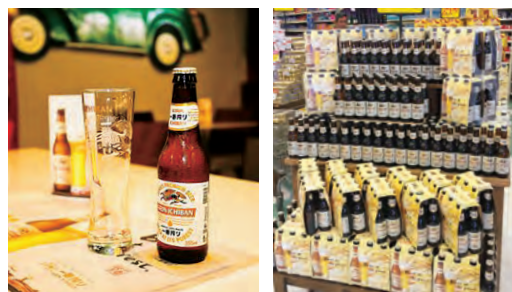
There are differences among the companies' procurement environments, such as language and culture, but we are working to overcome these issues through intensive discussions. In this way, we are aiming to achieve procurement that is effective on a global level.



flavors, Salt & Lychee, was developed with reference to Kirin Beverage's *Sekai-no-Kitchen-Kara* range of products. In these ways, this unique product was successfully developed by making full use of the brands and know-how of both companies. *Höpt* has exceeded expectations to date and received multiple awards.

Enhancing the Value of the Kirin Brand in Brazil

Brasil Kirin has commenced local production and sales of *Kirin Ichiban*, Kirin's flagship beer product. In doing so, the support of many customers has been earned, and the number of outlets in Brazil that stock this product had already passed 4,000 as of December 2014. In Brazil, the Kirin brand has an image of high quality (luxury) as well as safety and reliability. In addition, *Kirin Ichiban* has a unique brewing method, and as such a flavor that can only be realized with that method. By carefully communicating these strengths to consumers in Brazil, we will realize further gains in the value of the Kirin brand in that market.





Our Goals

Creating Shared Value

The Kirin Group strives to provide products and services that contribute to the creation of value for customers, to help people foster stronger bonds, and to grow together with society in the local communities where the Group does business.

To that end, we are working to further advance the approach to CSR that has guided our activities. Our CSV initiatives target the resolution of social issues through the conduct of our business activities, and CSV plays a central role in our management. By putting CSV into practice, we are

working to create both social value and economic value as well as to realize sustainable increases in corporate value.

In addition, in March 2014 we established the the CSV Management Section within Corporate Strategy of the Company. This new department has responsibility for the strategic implementation of CSV. We have positioned CSV at the core of the Group’s management strategy, and the Group Executive Committee has the responsibility for advancing CSV throughout the Group.

➤ Six Themes for Implementing CSV through Business Activities

The Kirin Group has established six key themes that it considers to be important for sustainable growth.

In determining these themes, we reviewed the CSR initiatives that we have previously implemented, and we took into account the goals of KV2021, social issues that need to be addressed, and business risks and opportunities, as well as dialogs with stakeholders and international standards such as the United Nations Global Compact.

In particular, we will focus on the themes of “strengthening bonds between people and communities” and “health and well-being,” which we will approach as challenges. In addressing these themes, we will leverage the strengths of the Kirin Group to realize the creation of social value.

Challenges of the Kirin Group

Strengthening bonds between people and communities

To help people foster stronger bonds and to help communities achieve growth, we will continue to propose products and services that offer new value.

Health and well-being

We are taking on the challenge of launching business initiatives that help people around the world to improve their health and enjoy moments of happiness in their lives.

Promises of the Kirin Group

The environment

We aim to support the “realization of a society that is based on 100% recycling” so that the environment can be passed down to future generations in a sustainable way.

Offering safe and reliable products

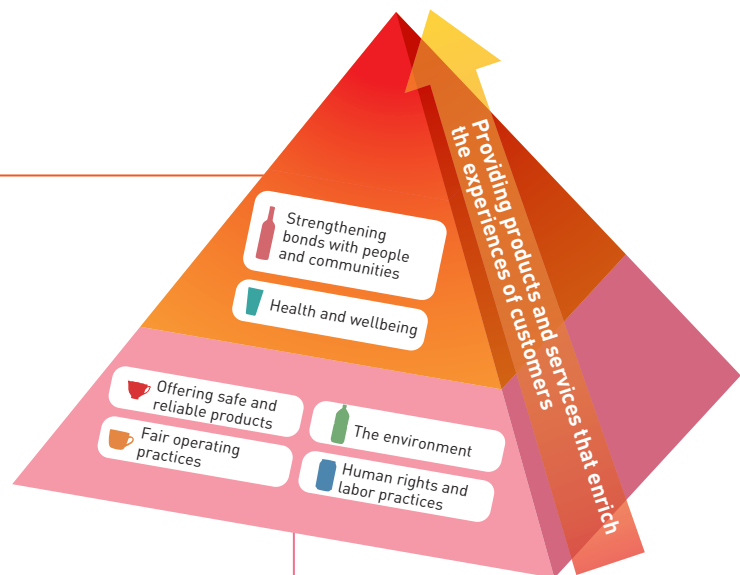
To meet the need for “food safety” with reliable quality, we aim to use the most-stringent quality-assurance practices.

Human rights and labor practices

We strive to develop our human resources, who support the growth of the Kirin Group and are its most valuable management resource.

Fair operating practices

We endeavor to ensure compliance, risk management, and fair and equitable relationships with each of our business partners.



Supporting the Development of Local Communities, Fostering Bonds among People

We will create opportunities to strengthen bonds between people and communities through our business activities.

Since our founding more than 100 years ago, as a corporate group that provides beer and other alcohol beverages as well as soft drinks, the Kirin Group has aimed to “make a contribution by providing products and services that enrich the experiences of customers and to help people foster stronger bonds.”

Beverages bringing smiles to the faces of family and friends and strengthen bonds—that is where Kirin products can be found. Through our products and services, we will continue working to sustain our role as a Group that helps people to foster bonds.



➤ Initiatives for “Strengthening Bonds between People and Communities”

The Kirin Group has positioned “strengthening bonds between people and communities” as a major CSV challenge theme, and to advance this theme the Group is implementing initiatives from two perspectives.

Activities Targeting the Development of Local Communities

For the Kirin Group to achieve sustainable business growth, the development of local communities is essential. The Great East Japan Earthquake damaged many local communities. As we implemented a wide range of reconstruction support activities, we realized that our business activities themselves were helping to invigorate the local industries and to promote the development of the local communities.

Moving forward, we will strive to nurture this awareness into certain results, and we will search for ways to contribute to local communities through our business activities in fields related to “food and well-being.”

Activities to Foster Bonds between People

With aging populations, declining birthrates, and changes in lifestyles, bonds between people and within communities are becoming weaker, leading to a variety of serious social issues.

We recognize this weakening of bonds between people and communities as a social problem that the Kirin Group should address. Accordingly, we will propose products and services that fulfill the role of promoting communication and strengthening bonds.

Activities Report—From Disaster Reconstruction to CSV

In 2011, the Kirin Group launched the “Kirin *KIZUNA* (Bonding) Relief-Support Project” for activities that support the reconstruction of communities affected by the Great East Japan Earthquake, and since then, we have been continuing the project.

In the agricultural and fishery industries, reconstruction activities initially focused on support for the purchase of farming and aquaculture equipment that were lost or damaged. Since 2013, the theme of these activities has been shifting to the “support from production to the dining table,” which refers to the support for initiatives to rebuild and nurture regional food brands, as well as to expand sales channels through the “senary*” industry. We have also been supporting initiatives to develop future leaders.

Moving forward, we will shift our focus to activities that contribute to regional revitalization in accordance with the theme “from recovery to the future.” These activities will include invigoration of local industries, centered on the reconstruction of the agricultural and fishery industries, as well as community building. By closely linking these activities with the businesses of the Kirin Group, we will aim to create shared value through the continued adoption of CSV initiatives.

* An approach to revitalizing agriculture and fishery primary industries by extending them to include the processing of raw materials and the sale of processed products

Support for Fisheries Restoring the Miyagi Oyster Brand

Miyagi Prefecture, which is known as one of the leading oyster production regions in Japan, was severely damaged by the Great East Japan Earthquake. Progress has been made with the reconstruction of oyster culture facilities and processing plants. However, in order to restore the sales channels that have been lost, it will be necessary to promote the branding of Miyagi oysters. Accordingly, the prefecture and the Miyagi Prefecture Fishermen’s Association have started to implement various initiatives.

In cooperation with the Nippon Foundation, the Kirin *KIZUNA* Relief-Support Project has offered assistance for the Miyagi Oyster Branding Project being implemented by the fishermen’s association. Support is also being provided for brand nurturing; sales channel expansion, centered on the Tokyo metropolitan area; and PR activities.

We worked together with the fishermen’s association to implement cooperative branding activities at the temporary Miyagi Kakinoya (Miyagi Oyster House) eatery in the Otemachi district of Tokyo, which was open for a limited time starting in January 2015. These type of activities enabled customers to enjoy Miyagi oysters together with *Kirin Ichiban Shibori*.



Support for Agriculture TONO Padron Branding

The TONO Padron Branding Project is an example of our agricultural support activities.

Padron peppers are a standard snack food in Spain, and in Tono city in Iwate Prefecture, which is known for hops cultivation, they are produced under the *TONO Padron* brand as an “otsumami” (a snack food that goes well with beer). We are continuing to support efforts to expand the sales channels for these products.

This initiative was created through our Tohoku Reconstruction and Agricultural Training Center Project, which was started by the Kirin *KIZUNA* Relief-Support Project in 2013 with the objective of supporting the development of future leaders. In 2014, *TONO Padron* pepper dishes were introduced as seasonal menu items at our Kirin City beer restaurants, which helped to strengthen the production system.

In addition, we have leveraged and expanded the network for this project to commence initiatives targeting the revitalization of industry in Tono city.



We will Leverage Our Technical Skills and Know-How to Contribute to the Maintenance of Healthy Dietary Habits

The strive to increase awareness of health and well-being through our products.

Based on our corporate philosophy, we have continued to address the theme of health and well-being, the elements of which are diversifying along with changes in society. To support healthy lifestyles while sharing the Group's technical skills and know-how around the world, we have developed products that add health-related benefits to great taste as well as products that feature low levels of sugar and calories and have low burdens on the human body.

In addition, the Kyowa Hakko Kirin Group, which is in charge of the Pharmaceuticals and Bio-chemicals Business, is working in such areas as the discovery of new drugs to help patients who are fighting disease.



The Role of the Kirin Group in Preventing Lifestyle-Induced Diseases

In recent years, the rise in lifestyle-induced diseases has become a serious social issue on a global basis. The four major causes of lifestyle-induced diseases are smoking; unhealthy dietary habits (excessive consumption of sugar, salt, or fat); harmful use of alcohol; and insufficient exercise. In particular, the Kirin Group has

an important social role in working to reduce the risk of lifestyle-induced diseases by addressing unhealthy dietary habits and harmful use of alcohol.

In each of its business fields, the Kirin Group is currently conducting product development initiatives that target the prevention of lifestyle-induced diseases.



Four Major Causes of Lifestyle-Induced Diseases

Smoking

Unhealthy dietary habits

Harmful use of alcohol

Insufficient exercise

➤ Leveraging Proprietary Technologies to Add Health-Related Benefits to Great Taste

Since its founding, the Kirin Group has cultivated expertise in fermentation technologies, and the Group is now leveraging those technologies to conduct R&D activities and develop products that address the diversifying health issues and needs of society.

In the *Kirin Plus-i* health project, we are developing products that offer not only great taste but also health-related benefits. We are taking steps to accommodate Food for Specified Health Uses (FOSHU) and the new public health claim system that the Japanese government is planning to

introduce. In addition, in collaboration with Group companies, we are moving forward with product development in a variety of forms. These include beverages and foods containing the amino acid ornithine (Kirin Brewery, Kirin Beverage, Kyowa Hakko Bio), as well as beverages, yogurt, and foods containing *Lactococcus Plasma* (Kirin Beverage, Koiwai Dairy Products, Kyowa Hakko Bio). Moving forward, we will continue to leverage our wealth of research achievements to develop new beverages and foods with health benefits that can be readily enjoyed on a daily basis.

Examples of Products in the *Kirin Plus-i* Health Project

1 Kirin Mets COLA

Designated food for specified health uses that suppresses the absorption and increases the elimination of fat ingested from meals

2 Koiwai Otona No Cheese

Snack cheese for adults that includes the amino acid ornithine

3 Kirin Mamoru Chikara Supplement

Whey beverage with a yogurt taste that contains *Lactococcus Plasma*

4 Kirin Mamoru Chikara Water

Daily water beverage that is sugar-free and has zero calories; contains *Lactococcus Plasma*

5 Koiwai Karada E No Okurimono Lactococcus Plasma Drink Yogurt

Low-fat drink yogurt that contains *Lactococcus Plasma*

6 Koiwai Lactococcus Plasma Yogurt Lactobacillus KW Plus

Low-fat yogurt that contains *Lactococcus Plasma* and *Lactobacillus KW*



キリンの健康プロジェクト

KIRIN Plus-i

毎日の「おいしい」に、「健康」をプラス。

➤ Initiatives to Support Well-Balanced Lifestyles

The Kirin Group is providing products with value that meet consumer needs, such as products with low alcohol content, sugar content, and calories. In this way, the Group is supporting healthy, well-balanced lifestyles.

Examples of Products that Support Healthy, Well-Balanced Lifestyles

1 Kirin FREE

A completely alcohol-free (0.00%) beer-flavored beverage

2 Kirin Butterfly

Easily drinkable RTD product with 1% alcohol, resulting in a low burden on the body

3 Tanrei Platinum Double

Functional happo-shu that offers full-fledged flavor but has 0 sugar*¹ and 0 purines*²

*1. According to nutritional labeling standards

*2. Less than 0.005 mg of purines per 100 ml indicated as "0.00 purines"

4 Kirin Nodogoshi All Light

The world's first*¹ functional new genre beer-flavored beverage with 0 sugar*², 0 purines*³, and reduced calories*⁴

*1. Kirin estimates

*2. According to nutritional labeling standards

*3. Less than 0.5 mg of purines per 100 ml indicated as "0.00 purines"

*4. According to nutritional labeling standards

5 Kirin Gogo-no-Kocha Oishii Sugar Free

A sugar-free tea that goes well with meals

6 Koiwai Yogurt made from 100% fresh milk

Plain yogurt made by carefully fermenting 100% fresh milk (food for specified health uses that regulates gastrointestinal condition)

7 KIRIN Fibz (Brazil)

A beverage that uses the same mechanism as in *Kirin Mets COLA* for suppressing fat absorption during meals



1



2



3



4



5



6



7

Lion—The Goodness Project

Lion Dairy & Drinks has made a commitment to reformulate its portfolio and innovate to support healthy lifestyles through The Goodness Project.

In Australia, obesity among adults and children has become a social problem. The causes are complex, but include current dietary habits and sedentary lifestyles. As a result, many consumers are not getting sufficient vitamins and minerals in their diets. Based on government and scientific standards, Lion has established three nutritional standards—Best, Good, and Treat. The goal is to have "Best" and "Good" products account for 80% of products in Lion Dairy & Drinks' portfolio in five years. Products in these two categories enable healthy lifestyles even if consumed every day. In addition, Lion will aim to offer natural products, with reduced additives, coloring, and sweeteners, and will not use artificial trans-fats. In these ways, Lion will continue working to support the health of people in Australia in the years ahead.



➤ Activities Addressing Alcohol-Related Problems

We consider alcohol-related problems (ARPs) to be at odds with the Kirin Group's identity statement of "redefining the joy of food and well-being." As a socially responsible corporate group that manufactures and markets alcohol beverages, the Kirin Group addresses ARPs head-on and provides practical solutions. Including the establishment of the basic policy and action guidelines, our activities to tackle ARPs range from raising public awareness about responsible drinking to defining and enforcing stringent voluntary standards on alcohol advertising and promotion activities.

Since the enforcement in Japan of the "Basic Act on Measures to Prevent Damage to Health Due to Alcohol" in June 2014, related parties have collaborated to formulate a basic plan for the prevention of alcohol-related social problems and health issues resulting from the inappropriate use of alcohol beverages. This plan stipulates that companies that manufacture and market alcohol beverages have an obligation to cooperate in countermeasure activities instituted by national and regional public institutions and, in their business activities, to act with consideration for the prevention of the occurrence, progress, and recurrence of alcohol-related health problems. Accordingly, the Kirin Group will step up the rigorous implementation and reinforcement of the application of the voluntary standards that it has implemented to date. We will also implement initiatives to prevent drunk driving accidents through the "Steering Wheel Keeper" campaign

and to prevent alcohol consumption by underage consumers, pregnant women, and nursing mothers.

The Kirin Group also cooperates with trade associations in alcohol industries and governments around the world in formulating measures for reducing harmful drinking, including those specific to individual countries and regions. In 2015, we joined the IARD*, an international industry organization. From a global viewpoint, we are working on a Groupwide basis to advance comprehensive measures for the prevention of the harmful use of alcohol.

* International Alliance for Responsible Drinking

The pamphlet *Recommendations for Responsible Drinking*, which presents key points for the healthy enjoyment of alcohol beverages, is available at no cost on the website of the Brewers Association of Japan.

<http://www.brewers.or.jp/contents/tekisei.html>

*Available only in Japanese



➤ Activities in the Pharmaceutical Field

At Kyowa Hakko Kirin, we are creating new value for the health and well-being of people, mainly in the categories of nephrology, oncology, immunology / allergy, and the central nervous system. In 2014, we launched two new products in Japan that address unmet medical needs. *G-Lasta*® subcutaneous injection is a sustained-duration form of a Granulocyte Colony-Stimulating Factor (G-CSF) product that reduces the risk of febrile neutropenia (a side effect seen with many anti-cancer drugs). With a longer duration of action in comparison to previous G-CSF products, *G-Lasta*® is expected to decrease patient hospital visits and lessen the burden of drug administration. In addition, *Dovobet*® is a treatment agent for psoriasis vulgaris, a chronic and intractable skin disease. This product is expected to contribute to improving the quality of life for patients through its rapid effect and the high level of convenience resulting from its once-daily application.

In addition to providing drugs, Kyowa Hakko Kirin operates disease and health information websites for patients, their families, and others in Japan. These websites are sources of reference for disease causes, symptoms, treatments, and healthy lifestyles. For example, on the information website for chronic kidney disease (CKD), illustrations and video clips are used to provide explanations of such issues as renal anemia due to reduced kidney function. Also, the pollinosis website provides access to an array of useful tools for people with pollinosis, such as a smartphone application with a convenient alarm function that prevents users from forgetting to take their medication and a diary for recording symptoms and pollen levels.



Global Environment for the Next Generation

We strive to increase the sustainability of nature's bounty, ensure stable business operations, and protect the global environment.

The Kirin Group is centered on the integrated beverages business, where our principal raw materials—agricultural products and water—are gathered from nature's bounty. We use energy in our entire value chain, from procuring these raw materials and manufacturing products to enclosing them in containers and delivering them to customers. We have identified four themes related to environmental issues that are directly related to our businesses—biological resources, water resources, containers and packaging, and global warming. In accordance with these themes, we are aiming to realize a society that is based on 100% recycling, thereby balancing the environmental load produced by the Group's value chain with the Earth's capability to supply these resources. To that end, we have formulated targets and activity plans, and we are advancing initiatives in close cooperation with our stakeholders.



Kirin Group Long-Term Environmental Vision

The Kirin Group shares with all the people associated with its value chain its aspiration to continue to enjoy the bounty of nature and pass it on to the generations to come.

Our Direction: Realization of society that is based on 100% recycling

The Kirin Group will use resources in a cyclical manner, so as to keep their use at or below the level at which the Earth can replenish them, while reducing the environmental loads that the Group generates through its value chain.

Our Efforts

We will share responsibilities in the implementation of activities, working in cooperation with non-governmental organizations (NGOs) and industry groups, and maintaining close communication with a wide range of stakeholders.



2050 Targets and Related Risks and Opportunities

Water Resources

We make sustainable use of water together with communities.

Target: Strive to see that water resources in each region can be ensured on a permanent basis by 2050

Risks: Securing stable supplies of quality water, increased costs for water usage, influence of disasters on production

Opportunities: Advanced water-saving technologies, progress with methods for tracking risks in catchment areas and along the value chain

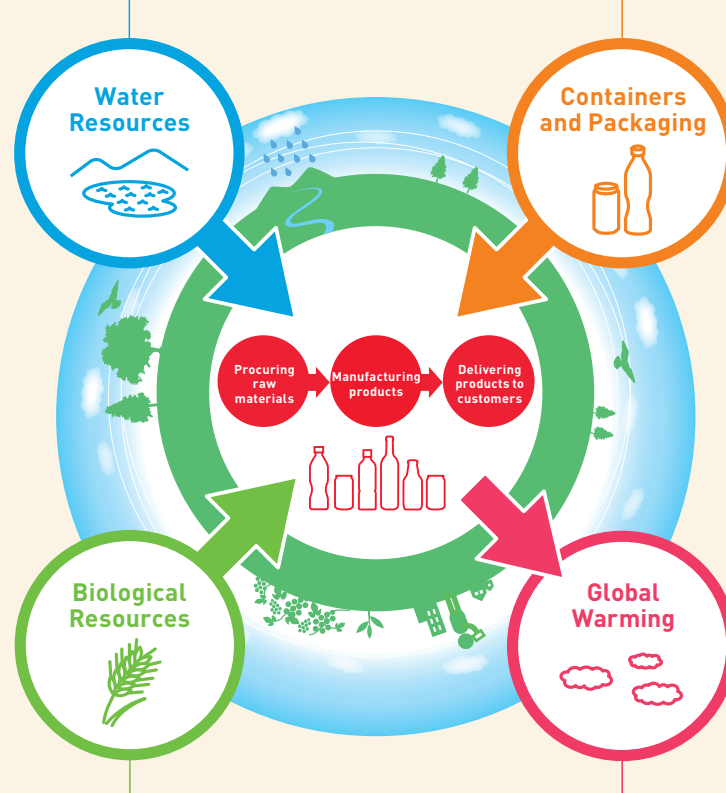
Containers and Packaging

We use sustainable containers and packaging in consideration of their users.

Target: Work toward sustainable use of packaging and containers by 2050

Risks: Resource scarcity, raw material cost increases, LCA CO₂ emissions volume, regulatory risk

Opportunities: Technologies for the development of advanced containers and packaging, reductions in the consumption of raw materials, reductions in CO₂ emissions, reductions in costs



Biological Resources

We support agricultural communities and make sustainable use of biological resources.

Target: Work toward sustainable use of biological resources by 2050

Risks: Loss of producer communities, securing stable supplies of raw materials, regulatory risk, reputational risk

Opportunities: Establishment of good relationships with producers, securing high-quality raw materials with consideration for nature

Global Warming

We keep the CO₂ emissions of the value chain within the Earth's natural CO₂ absorption ability in cooperation with all the people associated with our value chain.

Target: Keep CO₂ emissions across our value chain within the Earth's capacity to absorb them by 2050

Risks: Overall influence of climate change on businesses, rising energy costs, regulatory risk

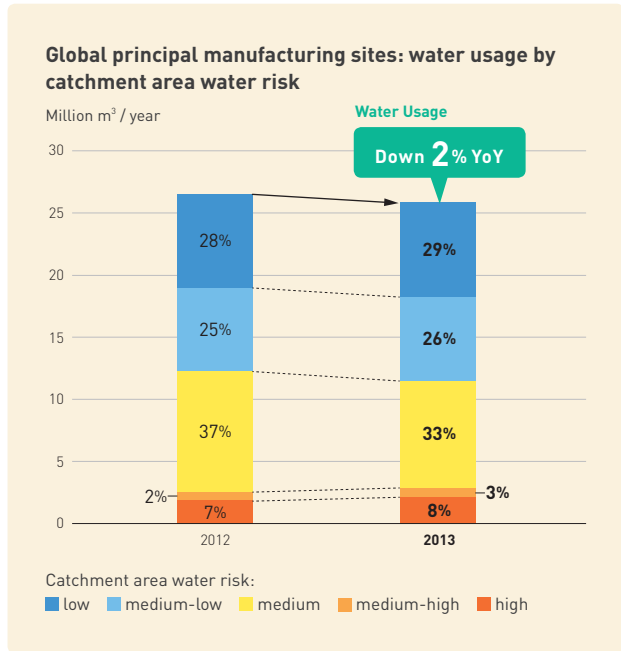
Opportunities: Advanced energy-saving technologies, renewable energy, cost reductions

➤ Major Initiatives and Results in 2014

Water Resources

To respond appropriately to water resource issues, which vary significantly by region, country, and year, we are taking steps to improve water efficiency and to track and evaluate water risks in each region. In 2014, for the Japan Integrated Beverages Business we assessed environmental impacts on natural capital in the upstream segment of our value chain using water usage, greenhouse gas emissions, and land usage area. This assessment showed that procurement from Australia and the United States accounted for 62% of water usage in our supply chain. In addition, we performed a preliminary evaluation on water risks in the catchment areas for 35 principal manufacturing sites*¹ around the world. As a result, we realized that the water risks are extremely high in Oceania and comparatively low in Japan. By implementing advanced water-saving initiatives in Australia, in 2013 we achieved water intensity of 2.56 m³/kl. Moving forward, we will continue to track water risks and implement countermeasures in accordance with the specific situation in each region.

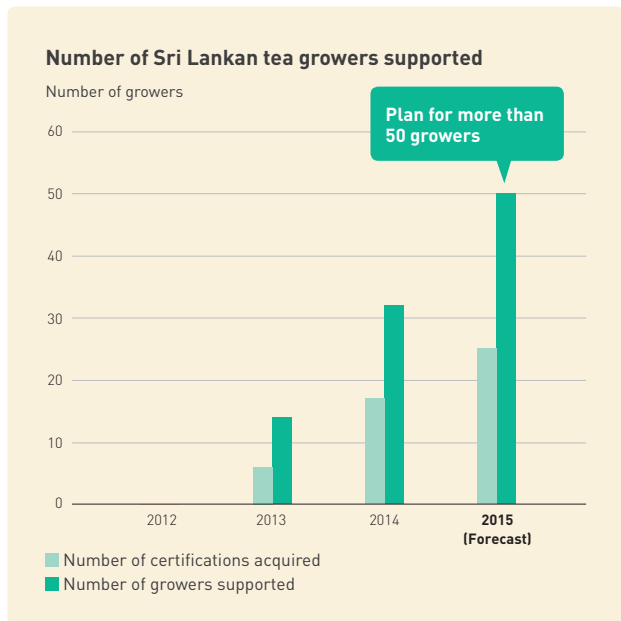
*1. Graph shows aggregate figures for 28 sites with high water consumption



Biological Resources

To use high-quality raw materials in a stable manner while enhancing the sustainability of local communities, we evaluate the risks associated with the biological resources that we procure, formulate action plans, and advance initiatives accordingly. In Sri Lanka, a major tea leaf production region for *Kirin Gogo-no-Kocha*, for example, since 2013 we have been providing support to tea growers who want to increase sustainability in their farm management. As of 2014, we had commenced training at more than 30 tea estates, targeting the acquisition of Rainforest Alliance certification*². In 2014, we also broadened the scope of our initiatives for the use of sustainable biological resources to include domestic regions that produce raw materials for beer and wine production. For example, we commenced wildlife surveys at hops farms in Tono city, Iwate Prefecture, and an ecosystem survey at Mercian's Mariko Vineyard.

*2. An internationally recognized certification system for sustainable agriculture



Containers and Packaging

To limit the use of resources in containers and packaging and promote the implementation of 3R (reduce, reuse, recycle) activities, the Group has advanced environmentally conscious designs for containers and packaging for many years. In 2014, we introduced the R100 PET bottle, a 100% recycled PET bottle, for *Kirin Gogo-no-Kocha Oishii Sugar Free* tea. This bottle uses 90% less petroleum-derived materials and results in 60% less CO₂ emissions. In addition, working in cooperation with a glass company, in December 2014 we introduced the lightest medium-sized beer bottle*³ in Japan, which is 20% lighter than conventional bottles and is also reusable. We have commenced initiatives targeting the complete replacement of conventional bottles with these new bottles within 10 years. Moreover, in PET bottles we have developed the lightest 2L PET bottle*³ in Japan. This bottle weighs only 28.9 g, and we also made it easy to crush for the purpose of reducing waste. We will introduce this bottle in Japan from 2015.

*3. Based on Kirin research as of January 9, 2015



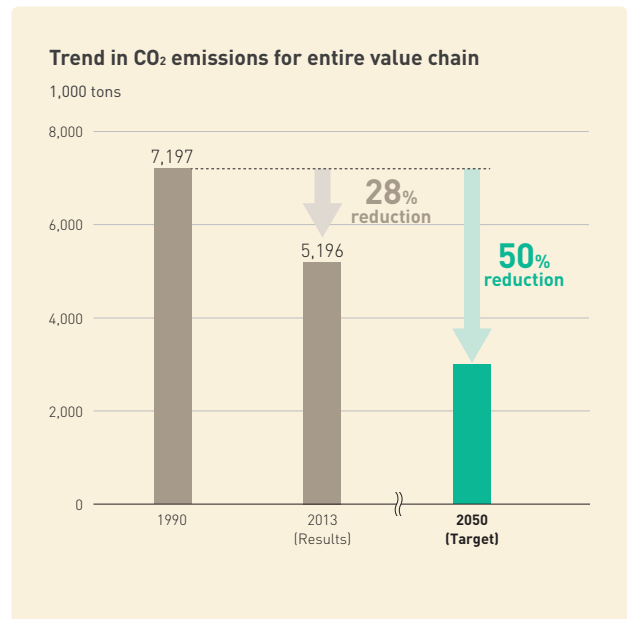
Global Warming

Aiming to implement global countermeasures to the risk of climate change and to reduce energy consumption, we are working to achieve the Group target of reducing CO₂ emissions generated from our entire global value chain by half from the 1990 level by 2050. In 2013, we achieved a 28% reduction in CO₂ emissions throughout the value chain. We are also working aggressively in the disclosure of climate change information. In 2014, we were selected by CDP*⁴ as a Climate Disclosure Leader in the CDLI*⁵ and included in the A list of the CPLI*⁶ as a Climate Performance Leader.

*4. International not-for-profit organization (NPO) that measures, discloses, manages, and shares important environmental information regarding the greenhouse gas emissions, etc., of companies and cities

*5. Climate Disclosure Leadership Index

*6. Climate Performance Leadership Index

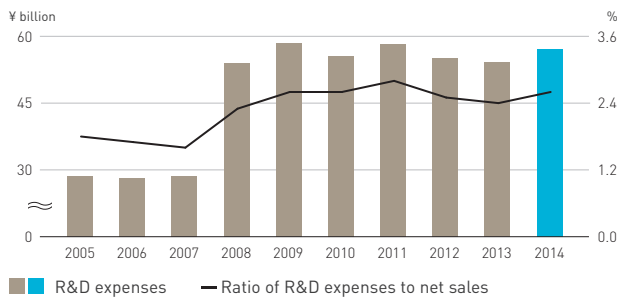




R&D that Fosters Innovation

Research & Development

R&D expenses / Ratio of R&D expenses to net sales



The creation of new technologies is the starting point of craftsmanship, and accordingly the Kirin Group has continued to invest in R&D.

In accordance with the concept of “One Business Group,” we have consolidated the R&D divisions of Kirin Company, which was established in 2013, and of the Group’s operating companies. We are now striving to implement R&D that fosters innovation to inspire customers and society.

Moving forward, we will continue striving to “make daily activities new again” by creating new value for customers and society through innovation and by making progress in the field of beverages.

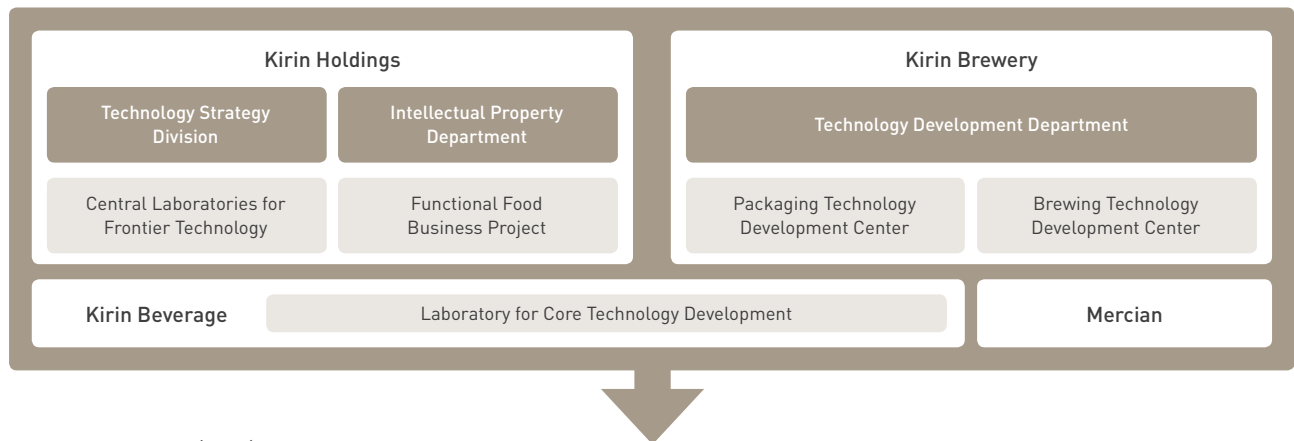
➤ System for Creating New Value

Kirin Company was established through the consolidation of certain functions from Kirin Brewery, Kirin Beverage, Mercian, Kirin Group Office, and Kirin Holdings. Within Kirin Company, we have established the R&D Headquarters, which incorporates the R&D divisions that had been located in the operating companies. Through this consolidation, we are aiming to make progress in crossover research, which had been challenging under the previous organization, and to

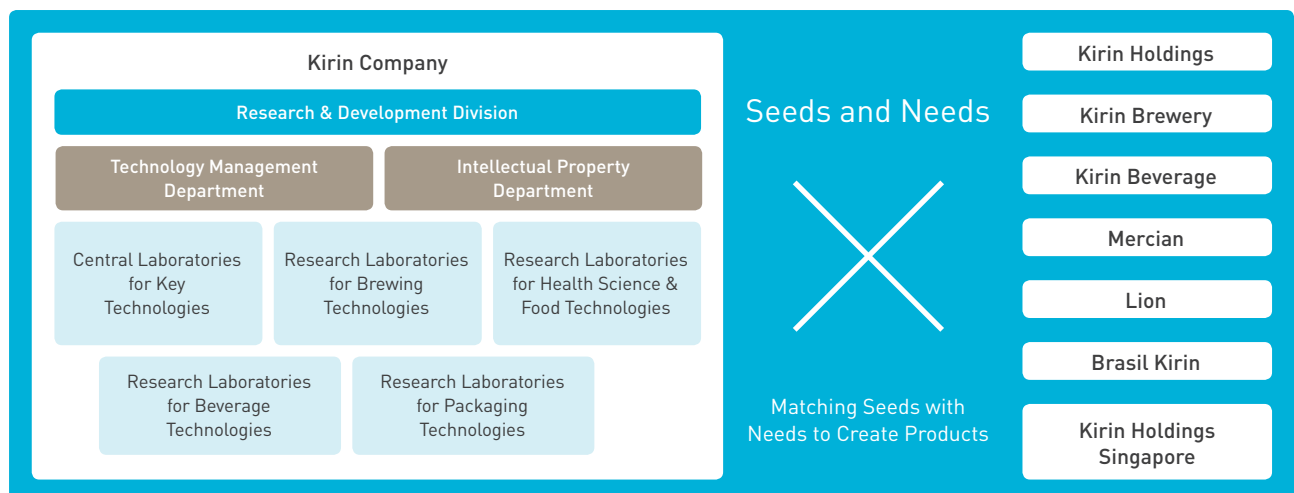
realize further gains in efficiency in the R&D process.

In this way, we have integrated the ideas and technologies of the research laboratories and established an environment conducive to the creation of new technologies, and we have already achieved R&D results that combine multiple technologies. We are beginning to demonstrate the strengths of the Kirin Group’s R&D units, not only in alcohol and soft drinks but also in health and pharmaceuticals.

Before Restructuring



After Restructuring (2013)



Creating Value that Inspires

Kirin Group R&D—Giving Shape to Craftsmanship.

The missions of the R&D Headquarters are to identify high-quality technological seeds, match those seeds with customer needs, and work together with operating companies to implement efficient, effective R&D and develop innovative technologies. To create new value that inspires customers and society, we conduct daily research activities in accordance with three key words—Innovation, Crossover, and Speed.

The new Research & Development Division has the potential to significantly change the Kirin Group's system for the creation of products.



Innovation

Rather than simple technical innovation, we are aiming to create meaningful new value for customers and society and thereby advance people's lives. No matter how novel and sophisticated a technology, if it does not result in the provision of value to the customer, then it cannot be called innovation.

Crossover

About 300 researchers reach beyond the walls that separate individual laboratories and engage in direct communication with each other to generate new technologies and ideas. In addition, a range of different opinions are also introduced to the process through the exchange of ideas with members of production, sales, and marketing units. In this way, we are working to develop technologies that help to resolve challenges.

Speed

Working with an entirely new sense of speed, we strive to realize timely product development that adds value for customers. It is extremely important to be first in a category, even if just by a small margin, and accordingly we are aiming to reduce development time even further.

• Major Research Themes

In three fields—taste and quality, health, and the environment—laboratories and Head Office units strive to support technologies that foster better products and services by working together to implement R&D activities.

Taste and
quality

Health

The
environment

➤ New Value Created by the New Research & Development Division

Opening Up a New Market with a Cola Drink Designated as a Food for Specified Health Uses

Kirin Mets COLA is the first cola beverage approved as a food for specified health uses. It has become a major hit product that has created a new market and a new product category.

The successful development of *Kirin Mets COLA* resulted from a crossover initiative that drew on the additives knowledge of the Central Laboratories for Key Technologies, the know-how of the Research Laboratories for Health Science & Food Technologies, and the experience of the Research Laboratories for Beverage Technologies.

Realizing Product Development that Extends Across Operating Companies With a Single Ingredient

Plasma Lactic Acid Bacteria[®], which was discovered through joint research by Kirin Company and Koiwai Dairy Products, is used in products that leverage the Kirin Group's fermentation technologies. The *Nomu Yogurt* sold by Koiwai Dairy Products uses live bacteria, but there are limits to the products that can be developed using only live plasma lactic acid bacteria. We verified that these bacteria are effective even if powdered, and Kirin Beverage developed such products as *Kirin Mamoru Chikara no Mizu*. This is an example of how we have successfully implemented a project that extends across operating companies with a single ingredient.

Creating New Demand with Caffeine-Free Green Tea

Yasashisa Namacha Caffeine Zero (currently, *Kirin Caffeine Zero Namacha*) is the world's first caffeine-free green tea*. Because it does not contain caffeine, it can be used for water replenishment before sleeping, and it can also be enjoyed with peace of mind by children and pregnant women. The successful development of *Yasashisa Namacha Caffeine Zero* resulted from the concentrated efforts of researchers with knowledge in the fields of pharmaceuticals, soft drinks, and health.

* First PET bottle green tea (green tea beverage in a PET bottle with less than 0.001 g of caffeine per 100 ml; SVP Japan Co., Ltd., research; February 2014)

Creating a Cola Drink Designated as a Food for Specified Health Uses



Developing a Caffeine-Free Green Tea



Launching Products that Use Plasma Lactic Acid Bacteria[®]



Seeds and Needs Forum

The Kirin Group holds the Seeds and Needs Forum as an initiative to link needs to seeds created by the Research & Development Division.

The objective of the forum is to foster understanding of R&D results among marketing managers. Seeds, which are the results of R&D initiatives, are shared among forum participants, including overseas Group companies. The forum provides a venue to determine if the seeds can be linked to needs, or if the seeds could be commercialized in the future. In May 2014, the forum was held at the Group Head Office in Nakano (Tokyo), and from that beginning forums were subsequently held in Brazil, Australia, and Vietnam.



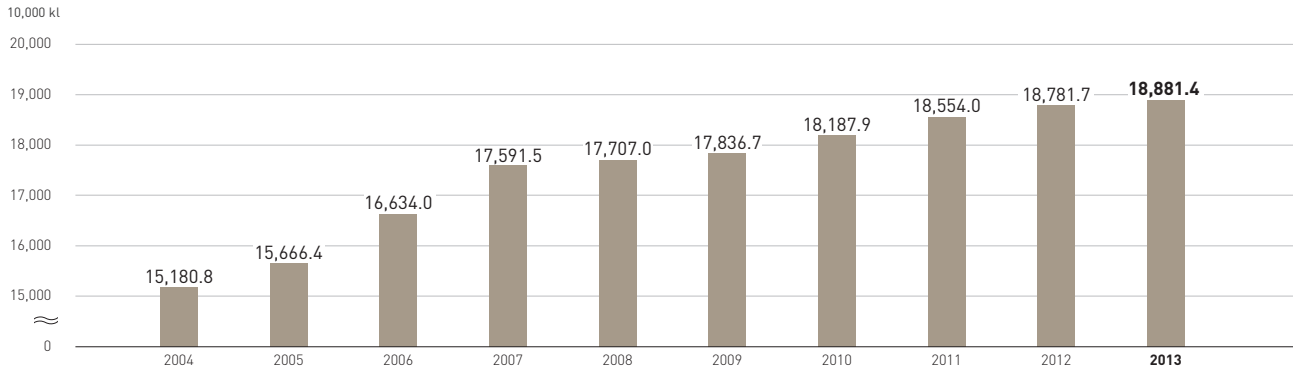
➤ Pharmaceutical R&D

To discover innovative new drugs that address unmet medical needs, we are leveraging leading-edge biotechnologies, centered on original antibody technologies such as *POTELLIGENT*[®] and a technology for the production of fully human antibodies from mice. We are working to speed up R&D and increase the probability of success. Through such means as joint research activities with external research

institutions, we are utilizing open innovation to find drug discovery seeds and develop new technologies. We are also using translational research to predict clinical efficacy at an early stage and link to drug discovery. In addition, we are taking steps to reinforce our global network, such as advancing joint international clinical trials.

Industry Data

Global beer consumption



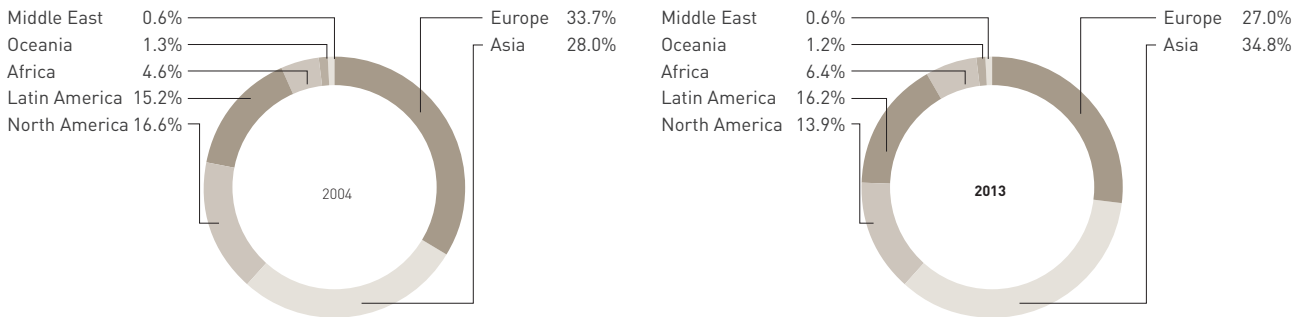
Source: Kirin estimates

Composition of beer consumption by country



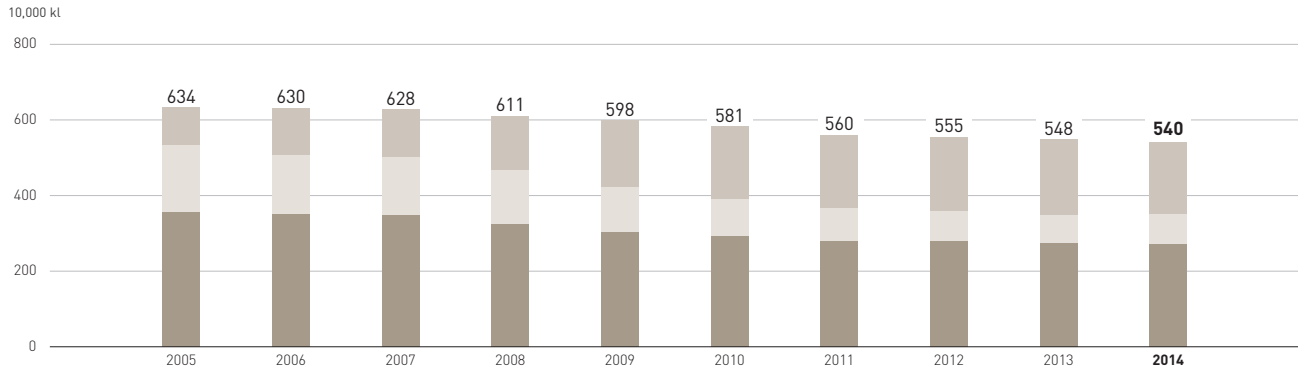
Source: Kirin estimates

Composition of beer consumption by region



Source: Kirin estimates

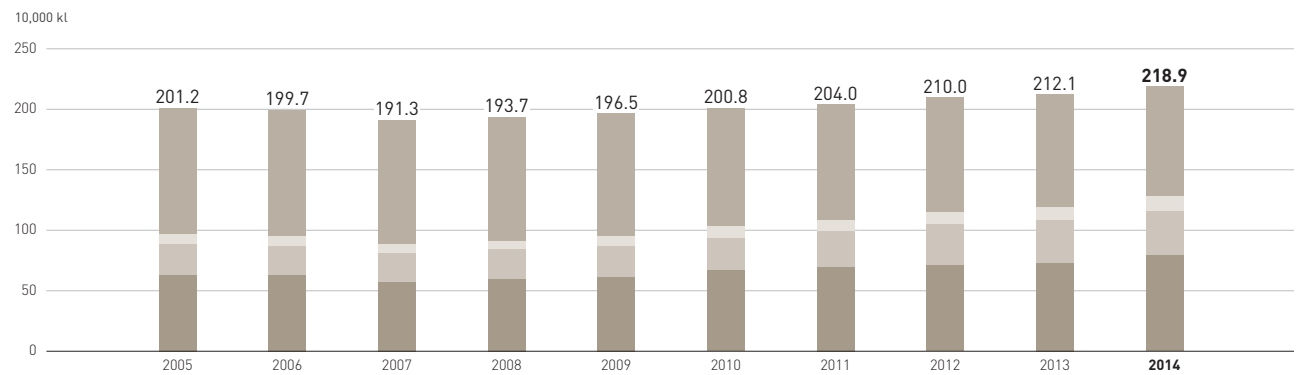
Taxed domestic shipments of beer, happo-shu, and new genre products (total for five major companies)



■ Beer ■ Hoppo-shu ■ New genre

* Taxed shipment figures are the total of five companies, including Asahi, Sapporo, Suntory, and Orion.
Source: Kirin estimates

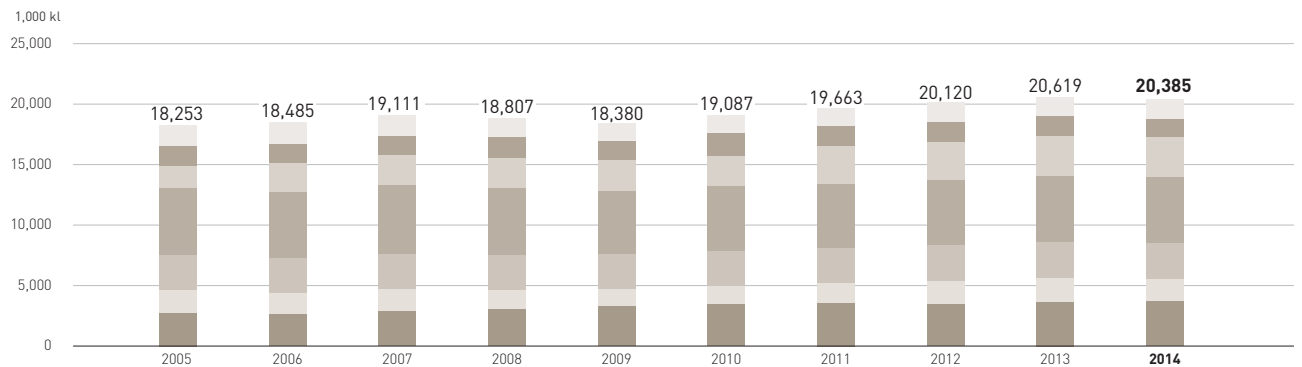
Taxed domestic shipments by category



■ Chu-hai ■ Wine ■ Whiskey ■ Shochu

Source: Kirin estimates

Domestic soft drink production by category



■ Carbonated ■ Juice ■ Coffee ■ Tea ■ Mineral water ■ Sports drink ■ Other

Source: Japan Soft Drink Association. The figures for mineral water include the amount imported from abroad.

Progress with Invisible Assets that Support Value Creation

Through the creation of both social value and economic value, the Kirin Group will continue working to bolster the invisible (non-financial) assets that are the foundation for the realization of gains in corporate value.

Soccer Classroom—“JFA-Kirin Smile Field” Number of events, number of participants (September 2011–end of December 2014)

628 schools, **94,840** participants

In cooperation with the Japan Football Association (JFA), we have held a series of soccer classroom events for elementary school children in Iwate, Miyagi, and Fukushima prefectures, areas affected by the Great East Japan Earthquake. These events help children to experience the fun and satisfaction of sports.

Health and Functional Products (in Japan)

End of December 2014

52 products

By providing products while globally sharing the Kirin Group’s technologies and know-how, we strive to increase awareness of health and well-being.

Number of Employees Overseas (consolidated)

2011 2014
20,211 people > **21,503** people

As a global enterprise, the Kirin Group has employees from a wide range of nationalities. We strive to maintain a corporate culture in which all employees mutually accept each other and diversity is turned into strength.

Percentage of Female Leaders (Japan Integrated Beverages Business)

2012 2014
3.9% > **4.6%**

The Kirin Group is working aggressively to support the empowerment of women, and the percentage of female leaders is growing each year. Our objective is to increase the percentage of female leaders from the current level of 4.6% to 12% by 2021.

Participation in the United Nations Global Compact

The United Nations Global Compact (GC) is a voluntary, global initiative for companies committed to exercising creative leadership for maintaining responsible business practices and sustainability. The GC asks participating businesses to accept, support, and practice 10 universally accepted principles outlined in the areas of human rights, labor, environment, and anti-corruption.

The Kirin Group announced its participation in the GC in September 2005, and has since been working to align its

employee relationships and its business operations ranging from procurement and R&D to manufacturing and marketing with these principles.

Kirin Group employees participate in working groups organized by theme in the GC Japan Network, and discuss common issues with representatives of other member companies.



Network Japan
WE SUPPORT

Water Usage (Kirin Brewery)

1990 2013
10.4 m³ / tons > 4.9 m³ / tons

For the Kirin Group, which is in the beverages business, water resources are extremely important. Accordingly, we are promoting high efficiency in water use while we partner and cooperate with stakeholders to engage in activities to protect local water resources.

R&D Expenses (Groupwide)

2004 2014
¥28.2 billion > ¥57.1 billion

R&D is the starting point of Kirin's craftsmanship. We will continue to create new value by developing new technologies that meet the diversifying needs of consumers.

Cumulative Number of Graduates from Kirin's Women's College (Japan Integrated Beverages Business) (2009-)

172 people

Kirin's Women's College is a selective training program with the objectives of developing women leaders and female employees with high levels of business literacy.

Human Rights and Compliance Training (in Japan)

2014
21,654 people

To promote respect for human rights and compliance, every year we implement human rights and compliance training for all employees in Japan.

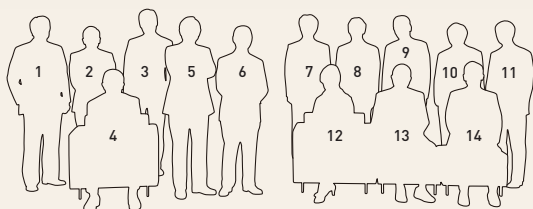


The Kirin Group signed the GC and carries out its social responsibility through its corporate activities worldwide. Of the Group's six key themes in KV2021, three—the environment, human rights and labor practices, and fair operating practices—are based on the GC's 10 principles outlined in the areas of human rights, labor, environment, and anti-corruption. These three themes plus the theme of offering safe and reliable products, which is a must-have for a company in the food business and has profound social implications, constitute the promises of the Kirin Group in carrying through its social responsibilities. All Group companies, wherever they are in the world, must share and pursue these four key themes, while each is encouraged to exercise autonomy in pursuing its business goals in a manner appropriate to local agendas.

Kirin Holdings Company, Limited
President & CEO

Directors and Audit & Supervisory Board Members

(As of April 1, 2015)



1. **Shigemitsu Miki**
Director of the Board

2. **Shoshi Arakawa**
Director of the Board

3. **Toshiya Miyoshi**
Director of the Board,
Senior Executive Officer

4. **Keisuke Nishimura**
Representative Director of the
Board, Senior Executive Officer

5. **Yoshinori Isozaki**
President & CEO

6. **Senji Miyake**
Chairman of the Board



7. Akihiro Ito
 Director of the Board,
 Senior Executive Officer
 & CFO

8. Jyunichi Nonaka
 Director of the Board,
 Senior Executive Officer

9. Masahito Suzuki
 Standing Audit & Supervisory
 Board Member

10. Motoyasu Ishihara
 Standing Audit & Supervisory
 Board Member

11. Masakatsu Mori
 Audit & Supervisory Board
 Member

12. Kimie Iwata
 Audit & Supervisory
 Board Member

13. Toshio Arima
 Director of the Board

14. Fukutaka Hashimoto
 Audit & Supervisory Board
 Member

Corporate Governance

The Kirin Group recognizes the improvement of corporate governance as one of its important management objectives. We are taking action to strengthen corporate governance across the entire Group to continue to earn the trust of internal and external stakeholders, as well as to practice fair and efficient management.

Fundamental Approach to Corporate Governance

The Kirin Group introduced a pure holding company structure in July 2007, and is currently building an organizational structure that is conducive to the promotion of the Group's growth strategy and to the achievement of autonomous growth in its businesses, such as the domestic and overseas integrated beverages businesses and the pharmaceuticals and bio-chemicals business. In March 2015, we will shift to a more-unified organizational structure for Kirin Holdings, which handles the allocation of management resources for the entire Group, and Kirin Company, which leads the Japan Integrated Beverages Business. Under the new system, we will achieve flexible, appropriate decision-making in regard to the Group's strategic resource allocation. We will also work with a sense of speed to return the Japan Integrated Beverages Business to a growth track, which is our highest-priority challenge. In these ways, the new system will help us to realize KV2021.

Regarding the corporate governance structure, Kirin Holdings has clearly defined the roles and responsibilities of the regional headquarters, the operating companies, and the

Group Head Office (holding company). We have established structures to raise the levels of autonomy and maneuverability at the regional headquarters and operating companies and to encourage the generation of Group premiums under the leadership of the holding company. In these ways, we are working to maximize the corporate value of the Group by enhancing and expediting decision-making and by making management more transparent and sound.

Overview of Corporate Governance Structure

Organizational Form	Company with company auditors
Number of directors	9
Of which, number of non-executive Directors	3
Number of Audit & Supervisory Board Members	5
Of which, number of external Audit & Supervisory Board Members	3
Term of office of Directors	1 year
Number of independent officers	5
Independent Accounting Auditor	KPMG AZSA LLC
Introduction of executive officer system	Yes

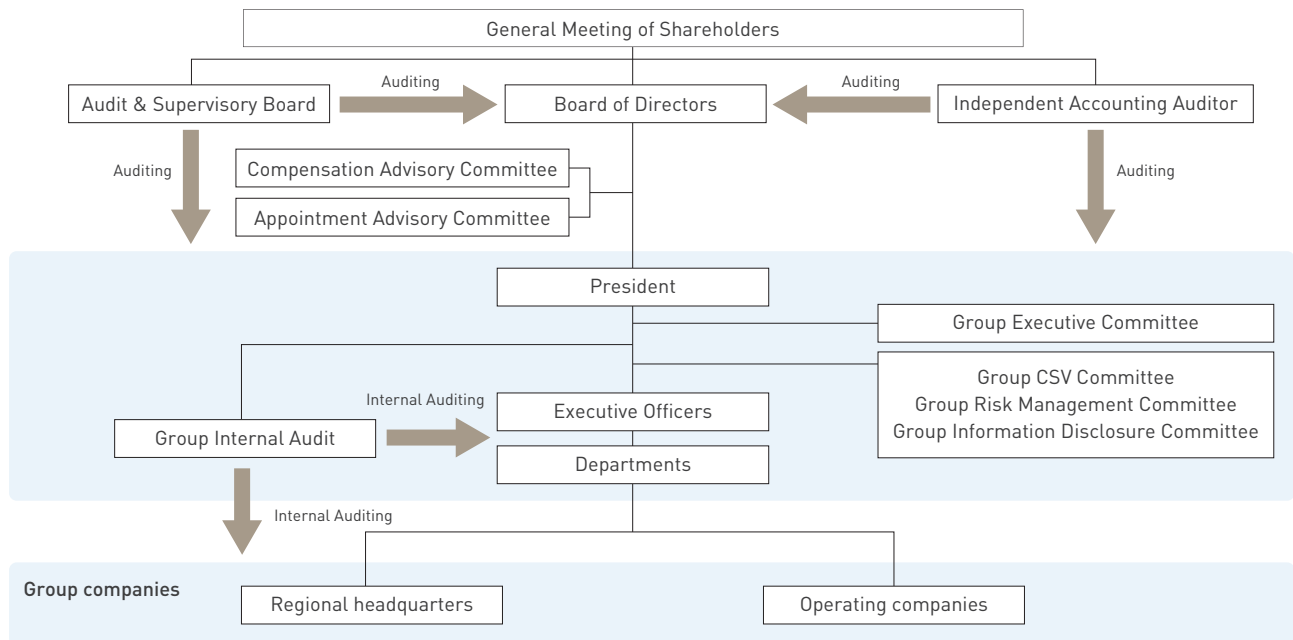
Implementation of Measures Relating to Corporate Governance

Kirin Holdings has introduced the current system with the conviction that it can maintain a highly transparent governance system for our internal and external investors by ensuring a close working relationship between the Board of Directors, which includes several non-executive Directors, and the Audit & Supervisory Board, which includes several external Audit & Supervisory Board Members, and by striving to strengthen the management supervision function while effectively utilizing the Audit & Supervisory Board Members. Furthermore, Kirin Holdings strives to achieve highly transparent, efficient Group operations. To that end, in addition to the Board of Directors and the Audit & Supervisory Board, which form the basis of corporate governance, the Company has established the Compensation Advisory Committee and the Appointment Advisory Committee, which include

non-executive Directors, and committees that address the nature of decision-making and execution content.

Kirin Holdings and Kirin Company have introduced a new executive officer system from March 2015. Kirin Holdings' executive officers will participate in the formulation of Groupwide strategies and will have responsibility for the execution of business and Group functions. On the other hand, Kirin Company executive officers will participate in the formulation of strategies for the Japan Integrated Beverages Business and will have responsibility for execution of functions as well as businesses controlled by Kirin Company. An executive structure that can carry out consistent and dynamic management at both companies will be established, and by having directors serve concurrently as executive officers, we will tightly link decision-making and execution and advance initiatives to restore the Japan Integrated Beverages Business to a growth track.

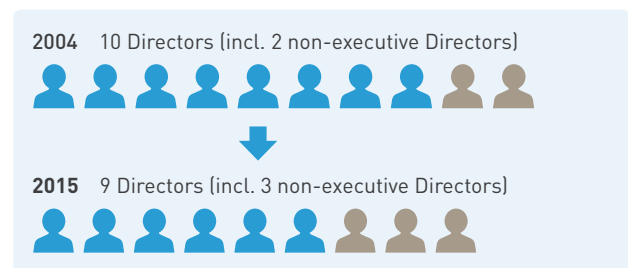
Corporate Governance Structure



The Board of Directors and Its Members

Kirin Holdings has nine Directors, of whom three are non-executive Directors. The Board of Directors makes decisions on the execution of important business matters and legal issues at Kirin Holdings. In addition, it also has responsibility for matters including the supervision of the performance of duties by the Directors and the construction of an appropriate internal control system for the entire Group. Furthermore, it strives to maximize the corporate value of the Group by deciding upon and approving the medium-term business plans and annual business plans for the Group overall and for key Group companies and by conducting regular monitoring based upon factors such as changes to the business climate. Kirin Holdings has appointed non-executive Directors in order to conduct the

above decision-making and management supervision at an appropriate, high 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.



Progress with Invisible Assets that Support Value Creation

Appointment of Non-Executive Directors and External Audit & Supervisory Board Members

Kirin Holdings emphasizes independence in the selection of non-executive Directors and external Audit & Supervisory Board Members (hereafter collectively referred to as “External Officers”), and in order to objectively assess the independence of these External Officers, Kirin Holdings has adopted its own standard criteria, drawing on the guidelines for ensuring independence of independent officers provided by the Tokyo Stock Exchange, Inc.

Currently, three non-executive Directors have been elected, a number which we believe is sufficient to allow the effective functioning of the Board of Directors as well as the

Compensation Advisory Committee and the Appointment Advisory Committee, which are essential parts of Kirin Holdings’ corporate governance system.

The external Audit & Supervisory Board Members, through their experience as external directors or auditors for several companies and their expertise in areas such as finance, accounting, and law, contribute to the strengthening of the function of the Audit & Supervisory Board, which is used by Kirin Holdings as a corporate governance system. Currently, three external Audit & Supervisory Board Members have been elected, and there are two Standing Audit & Supervisory Board Members. Accordingly, there are a total of five Audit & Supervisory Board Members, a number which we believe is sufficient for auditing of the performance of duties by the Directors.

Reasons for Nomination of Non-Executive Directors

Shigemitsu Miki	Mr. Shigemitsu Miki was nominated as a non-executive Director because of the expectation that, from his considerable experience and insight acquired over many years as an executive in banking, he will provide valuable suggestions and opinions regarding the management of the Company.
Toshio Arima (Independent)	Mr. Toshio Arima was nominated as a non-executive Director because of the expectation that, from his considerable experience and insight acquired over many years as an executive in manufacturing and sales, he will provide valuable suggestions and opinions regarding the management of the Company.
Shoshi Arakawa (Independent)	Mr. Shoshi Arakawa was nominated as a non-executive Director because of the expectation that, from his considerable experience and insight acquired in Japan and overseas over many years as an executive in manufacturing and sales, he will provide valuable suggestions and opinions regarding the management of the Company.

Reasons for Nomination of External Audit & Supervisory Board Members

Kimie Iwata (Independent)	Ms. Kimie Iwata was nominated as an external Audit & Supervisory Board Member because of the expectation that she will execute the duties of this office appropriately based on her extensive knowledge and deep insight into corporate management, in addition to her long years of experience in the public administration field.
Fukutaka Hashimoto (Independent)	Mr. Fukutaka Hashimoto was nominated as an external Audit & Supervisory Board Member because of the expectation that he will execute the duties of this office appropriately based on his high level of specialist knowledge and considerable experience as an attorney-at-law in corporate legal affairs.
Masakatsu Mori (Independent)	Mr. Masakatsu Mori was nominated as an external Audit & Supervisory Board Member because of the expectation that he will execute the duties of this office appropriately based on his extensive knowledge and deep insight into corporate management owing to his considerable experience as the chairman of a consulting company for many years and his work as president of a university.

Remuneration of Officers

Remuneration for officers consists of monthly remuneration, which is fixed remuneration, and performance-related remuneration, which is linked to consolidated business performance and other factors. Performance-related remuneration consists of a bonus paid in accordance with consolidated business performance and other factors each year, and share-purchase remuneration paid as a portion of basic remuneration. Performance-related remuneration is structured to motivate achievement of consolidated business performance on a single-year basis and management that reflects awareness of the outlook for the medium- to long-term stock price. Remuneration for Audit & Supervisory

Board Members and External Officers consists of their monthly remuneration and bonus only.

The bonus paid to Directors (excl. non-executive Directors) is linked to four consolidated performance indicators—normalized EBITDA, consolidated ROE (prior to amortization of goodwill), consolidated EVA, and consolidated net sales excluding liquor taxes—and individual performance evaluations. The amount of remuneration is designed so that the proportion of performance-related remuneration (bonus and share-purchase remuneration) to the total amount of remuneration ranges from 40% to 50% at times of normal consolidated business performance.

Officer classification	Remuneration totals (million yen)	Remuneration type totals (million yen) and receiving officers (in numbers)			
		Basic remuneration		Bonus	
		Total	Receiving officers	Total	Receiving officers
Directors (excl. non-executive Directors)	334	249	7	84	5
Audit & Supervisory Board Members (excl. external Audit & Supervisory Board Members)	76	69	3	6	2
External Officers	Non-executive Directors	25	23	2	2
	External Audit & Supervisory Board Members	38	35	4	3
Total	474	378	16	96	12

- Notes: 1. Employee salaries are not paid to the Directors and the Audit & Supervisory Board Members.
2. As approved at the 164th Annual Meeting of Shareholders (March 28, 2003), the limit for the monthly basic remuneration for Directors (incl. non-executive Directors) is ¥50 million.
3. As approved at the 167th Annual Meeting of Shareholders (March 30, 2006), the limit for the monthly basic remuneration for Audit & Supervisory Board Members (incl. external Audit & Supervisory Board Members) is ¥9 million.
4. The above bonus is as approved at the Annual Meeting of Shareholders held on March 27, 2015.
5. Officers receiving the basic remuneration include one Director who resigned on February 28, 2014; one Director who resigned on March 27, 2014; one Audit & Supervisory Board Member who reached the end of the term of office and resigned on March 27, 2015; and one Audit & Supervisory Board Member who resigned on March 27, 2015.

Status of Maintenance of Internal Control System

The Board of Directors has established basic policies for the system to ensure appropriate operations (internal control system). In accordance with this internal control system, the Directors are working to establish a more appropriate and efficient structure.

In regard to compliance, the Directors establish the basic policy and are continually promoting the policy by maintaining regulations and an organization to execute the policy and integrating them with the activities of various organizational units. In addition, the Directors carry out educational programs related to compliance, and Group Internal Audit

has established a system to implement internal auditing of the status of these systems. The Directors have established an internal control reporting system to ensure the reliability of financial reports, and operations and evaluations are conducted effectively and efficiently.

In Japan, in preparation for an amendment of the Companies Act, which takes effect on May 1, 2015, the Company plans to implement a resolution to revise the internal control system in line with the amended act. The current basic policy for the internal control system is available at the following link.

Web <http://www.kirinholdings.co.jp/english/ir/policy/pdf/governance20140331e.pdf>

Status of Maintenance of Risk Management System

The Directors define the Kirin Group's basic risk management policy and promote the policy by providing the system and regulations for its effective implementation and by taking steps to see that it is incorporated into each organizational

unit's activities. In addition, we implement risk management training, clearly define the procedures for risk disclosure and for responses in times of crisis, and ensure that these are widely known. The setup and operation of these systems are audited by Group Internal Audit.

Group Environmental Management System

Our environmental strategy is underpinned by our environmental management system, which has been crystallized in the Principle for Kirin Group Global Environmental Management (KGEMP). The position of overall environmental director for the Group is filled by a senior executive officer at Kirin Holdings, and an environmental manager has been assigned to the environmental management division of each Group company. Our initiatives to strengthen governance include managing the progress toward the environmental targets in our management plans in line with our

environmental policy, environmental risk and compliance management, education and training, and internal auditing.

We have positioned environmental risk as a component addressed by integrated risk management. In the event that environmental risks may arise, under the leadership of the executive officer in charge of risk, relevant departments will work together without delay to share information, implement countermeasures, and prevent recurrence, and will also involve other departments before similar events happen elsewhere. In these ways, we will work to verify and address the problem.

Directors, Audit & Supervisory Board Members, and Executive Officers

[As of April 1, 2015]

Directors



Senji Miyake
Chairman of the Board

1970 Joined Kirin Brewery Company, Limited
2002 Director and General Manager of Tokai Regional Sales & Marketing Div.
2003 Executive Officer and General Manager of Tokai Regional Sales & Marketing Div.
2004 Senior Executive Officer and General Manager of the Metropolitan Regional Sales & Marketing Div.
2005 Senior Executive Officer and General Manager of the Metropolitan Regional Sales & Marketing Div.
2006 Senior Executive Officer and President of Beer, Wine, and Spirits Div.
2007 Representative Director and President of Kirin Brewery Company, Limited
2009 Representative Director and Executive Vice President of the Company
2010 Representative Director and President & CEO
2015 Chairman of the Board (Present Position)



Yoshinori Isozaki
President & CEO

1977 Joined Kirin Brewery Company, Limited
2004 Director of San Miguel Corporation
2007 General Manager of Corporate Planning Dept.
2008 Executive Officer and General Manager of Corporate Planning Dept.
2009 Senior Executive Officer and General Manager of Corporate Planning Dept.
2010 Managing Director (retired in March 2012)
2012 Representative Director and President & CEO of Kirin Brewery Company, Limited (retired in January 2015)
2013 Representative Director and President & CEO of Kirin Company, Limited (Present Position)
2015 President & CEO of the Company (Present Position)



Keisuke Nishimura
Representative Director of the Board, Senior Executive Officer

1980 Joined Kirin Brewery Company, Limited
2009 Director and Executive Vice President of San Miguel Brewery Inc.
2011 Director of San Miguel Brewery Inc. (Present Position), Executive Officer and General Manager of Strategy Planning Dept. of the Company
2012 Director of the Company, Director of China Resources Kirin Beverages (Greater China) Company, Limited (Present Position)
2014 Managing Director of the Company
2015 Representative Director of the Board, Senior Executive Officer (Present Position)



Akihiro Ito
Director of the Board, Senior Executive Officer & CFO

1983 Joined Kirin Brewery Company, Limited
2013 Executive Officer of the Company and Director of Group Finance of the Company
2014 Director, Director of Kirin Company, Limited, Director of Lion Pty Ltd (Present Position)
2015 Outside Director of Kyowa Hakkō Kirin Co., Ltd. (Present Position), Director of the Company and Senior Executive Officer of the Company (Present Position), Senior Executive Officer of Kirin Company, Limited (Present Position)



Jyunichi Nonaka
Director of the Board, Senior Executive Officer

1978 Joined Kirin Brewery Company, Limited
2010 Executive Officer and General Manager of Technology Development Dept. of Production Div. of Kirin Brewery Company, Limited
2011 Executive Officer and General Manager of Yokohama Plant of Production Div. of Kirin Brewery Company, Limited
2013 Senior Executive Officer and General Manager of Research & Development Div. of Kirin Company, Limited (Present Position)
2015 Director of the Company and Senior Executive Officer of the Company (Present Position), Director of Lion Pty Ltd (Present Position)



Toshiya Miyoshi
Director of the Board, Senior Executive Officer

1982 Joined Kirin Brewery Company, Limited
2013 Executive Officer and Director of Group Personnel & General Affairs; Executive Officer and General Manager of Personnel Dept. of Kirin Company, Limited
2014 Senior Executive Officer and Director of Group Personnel & General Affairs; Senior Executive Officer and General Manager of Personnel Dept. of Kirin Company, Limited
2015 Director of the Company and Senior Executive Officer of the Company (Present Position), Senior Executive Officer of Kirin Company, Limited (Present Position), Director of San Miguel Brewery Inc. (Present Position)



Shigemitsu Miki

Director of the Board*¹

1958 Joined The Mitsubishi Bank, Limited
 2006 Chairman and Representative Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
 2008 Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
 2010 Non-Executive Director of the Company (Present Position), Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Present Position)



Toshio Arima

Director of the Board*¹

1967 Joined Fuji Xerox Co., Ltd.
 2002 President and Representative Director of Fuji Xerox Co., Ltd.
 2006 Director of FUJIFILM Holdings Corporation
 2011 Outside Director of the Company (Present Position)
 2012 Executive Advisor of Fuji Xerox Co., Ltd. (Present Position)



Shoshi Arakawa

Director of the Board *¹

1968 Joined Bridgestone Corporation
 2006 CEO and President, Representative Board Member of Bridgestone Corporation
 2012 Chairman of the Board of Bridgestone Corporation
 2013 Advisor of Bridgestone Corporation (Present Position)
 2015 Non-Executive Director of the Company (Present Position)

*1. Outside director as stipulated in the Corporate Law 2-15

Audit & Supervisory Board Members



Masahito Suzuki

Standing Audit & Supervisory Board Member

1980 Joined the Company
 2012 Director of the Company, Director of Lion Pty Ltd
 2013 Director of Kirin Company, Limited
 2014 Standing Audit & Supervisory Board Member of the Company (Present Position), Audit & Supervisory Board Member of Kirin Company, Limited (Present Position)



Motoyasu Ishihara

Standing Audit & Supervisory Board Member

1981 Joined Kirin-Seagram Co., Ltd. [Current Kirin Distillery Co., Ltd.]
 2015 Outside Corporate Auditor of Kyowa Hakko Kirin Co., Ltd. (Present Position), Standing Audit & Supervisory Board Member of the Company (Present Position)



Kimie Iwata

Audit & Supervisory Board Member *²

1971 Entered the Ministry of Labour
 2004 Director and Corporate Officer of Shiseido Company, Limited
 2008 President and Executive Vice Director of Shiseido Company, Limited
 2012 External Audit & Supervisory Board Member (Present Position), Advisor of Shiseido Company, Limited (Present Position)



Fukutaka Hashimoto

Audit & Supervisory Board Member *²

1979 Registered attorney-at-law at Tokyo Hatchobori Law Office
 2014 External Audit & Supervisory Board Member of the Company (Present Position)



Masakatsu Mori

Audit & Supervisory Board Member *²

1969 Joined Arthur Andersen, LLP
 1995 Japan Representative of Andersen Consulting [Current Accenture Japan Ltd.]
 2013 Vice Chairman of International University of Japan (Present Position)
 2015 External Audit & Supervisory Board Member of the Company (Present Position)

*2. Outside company auditor as stipulated in the Corporate Law 2-16

Executive Officers



Hiroshi Ogawa

Senior Executive Officer

Director of the Board, Senior Executive Vice President of Kirin Company, Limited



Seiichi Hashimoto

Senior Executive Officer

Director of the Board, Senior Executive Officer, President of CSV Division of Kirin Company, Limited



Yasuyuki Ishii

Senior Executive Officer

Director of the Board, Senior Executive Officer of Kirin Company, Limited and President of Production Division of Kirin Beverage Company, Limited



Ryosuke Mizouchi

Senior Executive Officer

Director of Investment Strategy of the Company, Director of Brasil Kirin Holdings S.A.



Takeshi Minakata

Senior Executive Officer

Director of Corporate Strategy of the Company, Senior Executive Officer and General Manager of Management Planning Department of Kirin Company, Limited

Messages from External Officers

Non-Executive Directors



Shigemitsu Miki

Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.

The Kirin Group is working earnestly to realize an array of business philosophies and basic strategies, such as “working in the fields of ‘food and well-being’ to expand new opportunities for delight” and “contributing to the health, happiness, and comfort of people around the world.”

At Board meetings, the members engage in active discussion and make fundamental decisions about management issues. We exchange opinions about a wide range of topics, including medium- and long-term strategies for domestic and overseas markets, the governance structure, compliance, and CSV initiatives. I will strive to draw on my experience to make observations and perform my duties to the best of my ability as a non-executive Director.

The Company’s recent results have been less than satisfactory, but there are signs of change. Working together with the Group’s officers and employees, I will work to address the Company’s challenges going forward.



Toshio Arima

Executive Advisor of Fuji Xerox Co., Ltd.

There is an emerging trend toward the use of integrated reports as a new indicator for corporate management. Although the form of these reports is not yet standardized in Japan, their aim is to provide a wide range of stakeholders with information about a company’s commitment to sustainable corporate growth and strategies for achieving it.

Kirin Holdings has promoted CSV initiatives from an early stage and is working to create new social value. By taking on challenges in this way, the Company will establish new business models that support the Kirin brand and substantially enhance the value of the brand itself, thereby leading to sustainable management. As a non-executive Director, I will strive to assist in the advancement of these initiatives going forward.



Shoshi Arakawa

Advisor of Bridgestone Corporation

Targeting further overseas expansion, the Kirin Group is moving ahead with the development of business foundations in key markets around the world. The Group’s basic strategy and future course are outlined in KV2021. The Group possesses a diverse range of management resources that vary in depth among companies and operating regions. In the future, I look forward to the Group generating even more-substantial synergies and achieving greater gains in consolidated results by enhancing the framework for mutually sharing and utilizing these resources and thereby increasing the speed of business execution.

The Company has introduced a new management system. As a newly appointed Director, I will strive to contribute to Group management that generates sustainable growth through the establishment of a strong foundation for domestic business, the core of the Group’s operations, and through successful globalization initiatives.

External Audit & Supervisory Board Members



Kimie Iwata

Advisor, SHISEIDO CO., Ltd.

A distinctive feature of Kirin Holdings' governance is the active discussions at Board meetings. This is a result of the Company's full distribution of materials in advance of the meetings and of the manner in which the Company's executives, from the president down, welcome and listen closely to the observations of the External Board members.

Another feature is the continual reevaluation of governance in line with management issues. The Company will implement a number of reforms in fiscal 2015. For example, Kirin Holdings and Kirin Company will shift to a more-unified structure, and an executive officer will be assigned to oversee operations in Brazil. Under the leadership of the new president, Yoshinori Isozaki, I believe that these types of reforms will generate positive effects in the revitalization of the Japan Integrated Beverages Business and the recovery of business in Brazil.

The Kirin Group is also striving to support the careers of its female employees. The Group has established quantitative targets for the number of female leaders and is working enthusiastically to promote women within the organization, and many women are actively pursuing career opportunities. I believe that the empowerment of female employees will lead to revitalization and growth for Kirin, and I look forward to the exciting developments that the future will bring.



Fukutaka Hashimoto

Registered attorney-at-law at
Tokyo Hatchobori Law Office

Active discussions at Board meetings are a key to successful corporate governance. It has now been a year since I was appointed, and at the Board meetings throughout that period, members have energetically offered opinions and engaged in discussions without distinctions between "internal" and "external stakeholders," or between Directors and Audit & Supervisory Board Members. The Company's current management environment presents many challenges, but through active deliberations a variety of reform initiatives are being implemented, and in the future I expect to see steady progress. Through a tradition of excellent manufacturing, the Company has cultivated a sincere corporate culture, and I would like to see the Company maintain that culture as the cornerstone of its operations. In addition to the further enhancement of compliance, I believe that the Company's future challenges will include the determination of how to build a dynamic "Kirin" that takes steps to respond more proactively to the increasingly diverse and complex needs of society and has the ability to communicate those steps to stockholders. I will do my utmost to assist in these endeavors.



Masakatsu Mori

Vice Chairman of International
University of Japan

The Company has a bright history extending back more than 100 years and has high-quality corporate value, and I am grateful and proud that I was asked to serve as an external Audit & Supervisory Board Member from fiscal 2015.

To frame my thoughts in terms of Darwinism, I would say that "the companies that continue to prosper are not those that are clever and have financial strength, but rather those that can continually adapt to changes in their management environment" and "companies that implement internal change at a pace slower than external change will decline, while those that can do the opposite will prosper."

Now that I have been appointed as an external Audit & Supervisory Board Member, I will strive to quickly understand the short- and medium-term management issues that the Company must address to achieve KV2021, and the relative priorities of those issues. I will do my utmost to contribute to the creation of corporate value from a long-term perspective.

Promoting Understanding of the Corporate Philosophy

Kirin Group's Corporate Philosophy

The Kirin Group—Focused on people, nature and craftsmanship to redefine the joy of food and well-being

2021 Vision

- Help people foster stronger bonds by offering customer-oriented and quality-oriented value
- Build a corporate group where a diversity of people enjoy working and businesses grow with local communities, protecting the environment
- Develop businesses globally in the field of food and health, with each region pursuing self-sustained growth in a locally optimized way

"One Kirin" Values

"Passion and Integrity"

The Kirin Group pursues business activities based on its long-term business plan—Kirin Group Vision 2021 (KV2021). KV2021 was introduced in October 2012 as the Kirin Group's new long-term road map, reflecting business expansion worldwide and changes to the operating environment experienced under the Kirin Group Vision 2015 (KV2015), our previous long-term business plan, formulated in 2006.

Under KV2021, we have defined "One Kirin" Values, which are the values shared throughout the Group. Guided by these values, the diverse employees of the Kirin Group in Japan and around the world reach beyond the borders of their businesses and regions to work together as one.

Activities to Promote Understanding of the Corporate Philosophy

To ensure the adoption of the corporate philosophy and KV2021 throughout the Group, we are implementing town hall meetings that provide opportunities for direct dialog between the president and employees. In 2014, about 1,200 leaders in Japan and overseas had the opportunity to have direct



conversations with the president on the theme of "management that turns diversity into strength."

In addition, when the Kirin Group moved to a pure holding company structure on July 1, 2007, the 100th anniversary of the Company's founding, we declared this day to be the Kirin Group Day. For all employees around the world, we opened a shared global web site in 2014. Through this site, we worked to deepen the understanding of "One Kirin" Values.



Cultivating a Constructive Corporate Culture Marked by Group Unity

As one part of our initiatives to cultivate Group unity and a constructive corporate culture, we periodically hold Kirin Group Presidents Meetings in Japan and overseas, with the participation of the presidents of Group companies. At these meetings, directors of Kirin Holdings and presidents of Group companies sit at the same table, where they strengthen engagement and hold spirited discussions about the issues faced by the various operating companies. A range of active

discussions were held in 2014, and the participants included non-executive Directors and external Audit & Supervisory Board Members from Kirin Holdings.



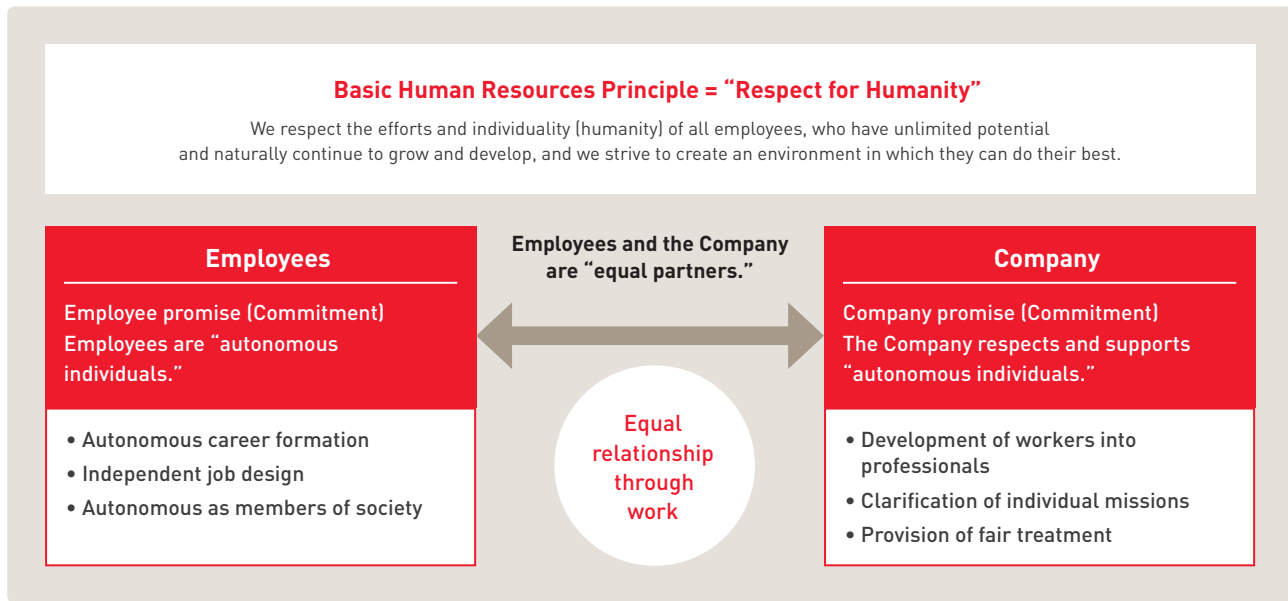
Establishing a Sense of Unity at the Nakano Group Head Office

In May 2013, 14 domestic Group companies, including Kirin Holdings, moved to the Nakano Head Office (16 companies as of the end of March 2015). At the new head office, to promote collaboration that transcends the barriers between companies, we eliminated business divisions on the office floor, which is about the size of a soccer field, and introduced a layout organized by function, such as sales and production, rather than by company. In addition, we established shared spaces called "Tsudoi" (get-together) that can be used by

anyone at any time. We also periodically hold "Comi-Dori" (after-work drink) events to strengthen bonds among fellow employees. In these ways, we have taken steps to create a working environment that generates innovation from diversity.



The Kirin Group’s Approach to Human Resources



Our human resources are the most valuable management resource that support the growth of the Kirin Group. In the belief that employees and the Company are equal partners brought together by common business goals, the Kirin Group pledges respect for humanity as its basic human resources principle.

We work under KV2021 to create an organizational culture in which all employees of Group companies, including

those overseas, work together with respect for each other and achieve professional growth in the workplace.

As for human rights, the Kirin Group is dedicated to being a global business that respects the human rights of all stakeholders.



Activities to Promote Human Rights

We ensure that human rights are upheld not just for Kirin Group employees, but at all stages across the value chain.

The Kirin Group has participated in the United Nations Global Compact since 2005. The Group complies with and thoroughly applies the principles stated in the “Kirin Group Compliance Guidelines” and the “Kirin Group Supplier CSR Guidelines.”

To promote human rights, we provide training to all employees in Japan on human rights and compliance every year. We also offer executive training sessions on human rights for senior executives—presidents and general managers of Group companies—each year. We use a risk management system to identify human rights risks in our overseas Group companies and to monitor how those risks are handled.

Developing Human Resources

At the Kirin Group, in the belief that enhancing the skills of human resources, who are sources of value creation, is important for strengthening the capabilities of the Group, we focus on developing human resources based on our basic human resources principle of respecting humanity.

Starting with promoting the basic business skills required of a responsible member of society, we aim to develop professionals who can contribute to enhancing the overall strength of our organization, and to that end, we offer projects, OJT, and other training in each division. We believe that this approach leads to the creation of value for our customers as well as to the creation of a new beverage culture. In these endeavors, we have identified four high-priority challenges that we consider to be of special strategic importance, and we are taking steps to address these challenges over the medium term.

Embracing Diversity and Inclusion

Currently, about 40,000 people are employed by the Kirin Group at work sites around the world. With globalization making rapid progress, it is important to create a corporate culture in which diverse employees, who have a variety of ethnicities, nationalities, traditions, cultures, and corporate cultures, work together with respect for each other.

Within the Kirin Group, we promote diversity as part of our management strategy. We aim to create an organization that generates innovation from diversity by maintaining a working environment that welcomes enthusiastic, diverse employees, without regard to gender, disability, age, or nationality.

In accordance with “One Kirin” Values and “Passion and Integrity,” we will focus our strengths and be a corporate group that provides value to people and communities.

High-Priority Challenges

1. Strengthening awareness and implementation of human resources development

The Group will cultivate awareness of human resources development issues for members of all work sites, maintain an appropriate working environment, advance implementation, and sustain a level of capabilities that give the Group a competitive edge.

2. Developing Younger Employees

Younger employees will contribute to the growth of the Group by demonstrating their capabilities as professionals who generate results and by independently taking action at the work site.

3. Developing Group Managers

The Group will strive to realize an organization that systematically and continually develops the human resources who will support the management of the Group in the future and who will lead management strategy and business development.

4. Strengthening Career Development

At each career stage, including early-career, mid-career, and late-career, all employees will independently outline their career visions and work toward the realization of those visions.

Promoting Globalization

To strengthen collaboration on a global basis, we instituted the Human Resources Exchange Program. Under this program, employees from overseas Group companies visit domestic Group companies for a wide range of information exchange activities, such as observing manufacturing facilities, attending marketing lectures, and receiving presentations on new products.



Promoting Opportunities for Women

Centered on the Kirin Women’s Network, we have established the systems and frameworks needed to ensure that women have active employment opportunities, including at the times of such life events as marriage and childbirth. In addition, to support their motivation and a focus on continued self-growth, we are offering female employees career support, leader development training, and other initiatives.





“One Kirin”

“Passion and





Values

Integrity”



Consolidated Balance Sheets

Kirin Holdings Company, Limited and Consolidated Subsidiaries
As of December 31, 2014 and 2013

ASSETS	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Current assets			
Cash and time deposits	¥ 49,450	¥ 113,759	\$ 410,203
Notes and accounts receivable, trade	408,709	396,113	3,390,369
Merchandise and finished goods	161,391	136,494	1,338,788
Work in process	35,670	34,488	295,893
Raw materials and supplies	49,203	54,063	408,154
Deferred tax assets	29,854	27,432	247,648
Other	71,170	56,297	590,377
Allowance for doubtful accounts	(3,620)	(3,860)	(30,029)
Total current assets	801,830	814,788	6,651,430
Non-current assets			
Property, plant and equipment (Net of accumulated depreciation and accumulated loss on impairment)			
Buildings and structures	229,511	223,104	1,903,865
Machinery, equipment and vehicles	251,530	240,804	2,086,520
Land	185,516	186,820	1,538,913
Construction in progress	92,008	74,805	763,235
Other	39,830	38,844	330,402
Total	798,398	764,378	6,622,961
Intangible assets			
Goodwill	642,470	649,519	5,329,489
Other	206,886	187,417	1,716,184
Total	849,356	836,936	7,045,673
Investments and other assets			
Investment securities	403,467	376,155	3,346,885
Net defined benefit asset	6,830	—	56,656
Deferred tax assets	49,380	44,585	409,622
Other	61,848	64,902	513,048
Allowance for doubtful accounts	(5,243)	(5,291)	(43,492)
Total	516,283	480,351	4,282,729
Total non-current assets	2,164,038	2,081,667	17,951,372
Total assets	¥2,965,868	¥2,896,456	\$24,602,803

U.S. dollar amounts above and elsewhere in this report are converted from yen, for convenience only, using the prevailing exchange rate at December 31, 2014, which was ¥120.55 to U.S. \$1.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Current liabilities			
Notes and accounts payable, trade	¥ 160,106	¥ 155,863	\$ 1,328,129
Short-term loans payable and long-term debt with current maturities	99,096	118,410	822,032
Commercial paper	83,994	—	696,756
Bonds due within one year	51,832	30,000	429,962
Liquor taxes payable	83,400	82,718	691,829
Income taxes payable	12,154	28,429	100,821
Allowance for employees' bonuses	5,322	5,571	44,147
Allowance for bonuses for directors and company auditors	199	266	1,650
Accrued expenses	132,235	114,774	1,096,930
Other	156,329	123,864	1,296,798
Total current liabilities	784,671	659,898	6,509,091
Non-current liabilities			
Bonds	209,988	259,454	1,741,916
Long-term debt	359,012	383,213	2,978,116
Deferred tax liabilities	74,865	71,340	621,028
Deferred tax liability due to land revaluation	1,286	1,286	10,667
Employees' pension and retirement benefits	—	62,461	—
Retirement benefits for directors and company auditors	256	260	2,123
Reserve for repairs and maintenance of vending machines	3,550	4,238	29,448
Reserve for environmental measures	1,019	1,407	8,452
Reserve for loss on litigation	25,116	30,711	208,345
Allowance for loss on plants reorganization	3,304	3,390	27,407
Net defined benefit liability	60,483	—	501,725
Deposits received	61,212	62,033	507,772
Other	45,388	56,032	376,507
Total non-current liabilities	845,485	935,831	7,013,562
Total liabilities	1,630,157	1,595,729	13,522,662
Net assets			
Shareholders' equity			
Common stock			
Authorized – 1,732,026,000 shares in 2014 and 2013			
Issued – 965,000,000 shares in 2014 and 2013	102,045	102,045	846,495
Capital surplus	81,417	81,417	675,379
Retained earnings	848,381	850,511	7,037,586
Treasury stock, at cost			
52,452,089 shares in 2014 and 35,659,435 shares in 2013	(74,797)	(53,903)	(620,464)
Total shareholders' equity	957,047	980,071	7,939,004
Accumulated other comprehensive income			
Net unrealized gains on securities	49,556	44,506	411,082
Deferred gains or losses on hedges	827	128	6,860
Land revaluation difference	(2,140)	(2,581)	(17,751)
Foreign currency translation adjustments	110,259	53,737	914,632
Remeasurements of defined benefit plans	(13,716)	—	(113,778)
Total accumulated other comprehensive income	144,786	95,790	1,201,045
Subscription rights to shares	332	306	2,754
Minority interests	233,544	224,558	1,937,320
Total net assets	1,335,711	1,300,726	11,080,141
Total liabilities and net assets	¥2,965,868	¥2,896,456	\$24,602,803

Consolidated Statements of Income

Kirin Holdings Company, Limited and Consolidated Subsidiaries
For the years ended December 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Sales	¥2,195,795	¥2,254,585	\$18,214,807
Less liquor taxes	301,365	310,798	2,499,917
Net sales	1,894,429	1,943,786	15,714,881
Cost of sales	950,949	976,791	7,888,419
Gross profit	943,480	966,995	7,826,462
Selling, general and administrative expenses	828,930	824,177	6,876,233
Operating income	114,549	142,818	950,219
Non-operating income			
Interest income	3,881	4,429	32,194
Dividend income	2,532	2,634	21,003
Equity in earnings of affiliates	2,925	1,643	24,263
Other	6,406	7,848	53,139
Total	15,746	16,555	130,618
Non-operating expenses			
Interest expense	24,378	21,351	202,223
Other	11,707	5,887	97,113
Total	36,085	27,239	299,336
Ordinary income	94,211	132,134	781,509
Special income			
Gain on sale of property, plant and equipment and intangible assets	7,333	22,729	60,829
Gain on sale of investment securities	179	46,959	1,484
Gain on sale of shares of subsidiaries and affiliates	—	1,793	—
Other	1,155	1,744	9,581
Total	8,668	73,227	71,903
Special expenses			
Loss on disposal of property, plant and equipment and intangible assets	3,260	3,259	27,042
Loss on sale of property, plant and equipment and intangible assets	728	2,677	6,038
Loss on impairment	2,638	14,017	21,883
Loss on devaluation of investment securities	3	2	24
Loss on sale of investment securities	1,656	187	13,737
Business restructuring expense	12,048	9,689	99,941
Loss on applying special taxation measures of foreign subsidiaries	—	8,422	—
Provision for loss on plants reorganization	—	3,390	—
Other	4,664	6,508	38,689
Total	25,000	48,155	207,382
Income before income taxes and minority interests	77,879	157,206	646,030
Income taxes—current	40,240	59,265	333,803
Income taxes—deferred	(7,220)	(6,007)	(59,892)
Total	33,019	53,257	273,902
Income before minority interests	44,859	103,948	372,119
Minority interests	12,466	18,292	103,409
Net income	¥ 32,392	¥ 85,656	\$ 268,701

	Yen		U.S. dollars
	2014	2013	2014
Net income per share			
Basic	¥35.27	¥90.76	\$0.29
Diluted	35.24	90.73	0.29
Cash dividends per share applicable to the year	¥38.00	¥36.00	\$0.31

U.S. dollar amounts above and elsewhere in this report are converted from yen, for convenience only, using the prevailing exchange rate at December 31, 2014, which was ¥120.55 to U.S. \$1.

Consolidated Statements of Comprehensive Income

Kirin Holdings Company, Limited and Consolidated Subsidiaries
For the years ended December 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Income before minority interests	¥ 44,859	¥103,948	\$372,119
Other comprehensive income			
Net unrealized gains on securities	5,682	(12,869)	47,133
Deferred gains or losses on hedges	698	9,427	5,790
Foreign currency translation adjustments	47,418	114,567	393,347
Share of other comprehensive income of entities accounted for by the equity method	13,704	22,820	113,678
Total other comprehensive income	67,504	133,945	559,966
Comprehensive income	¥112,364	¥237,894	\$932,094
Comprehensive income attributable to:			
Owners of the parent	¥ 94,548	¥209,231	\$784,305
Minority interests	17,815	28,662	147,781

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Consolidated Statements of Changes in Net Assets

Kirin Holdings Company, Limited and Consolidated Subsidiaries
For the years ended December 31, 2014 and 2013

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2013	¥102,045	¥81,415	¥796,737	¥ (3,509)	¥976,689
Changes of items during the period					
Dividends from surplus	—	—	(31,921)	—	(31,921)
Net income	—	—	85,656	—	85,656
Acquisition of treasury stock	—	—	—	(50,417)	(50,417)
Disposal of treasury stock	—	1	—	23	25
Reversal of land revaluation difference	—	—	38	—	38
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	1	53,773	(50,394)	3,381
Balance as of January 1, 2014	¥102,045	¥81,417	¥850,511	¥(53,903)	¥980,071
Changes of items during the period					
Dividends from surplus	—	—	(34,081)	—	(34,081)
Net income	—	—	32,392	—	32,392
Acquisition of treasury stock	—	—	—	(20,898)	(20,898)
Disposal of treasury stock	—	(0)	—	4	4
Reversal of land revaluation difference	—	—	(441)	—	(441)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	(0)	(2,129)	(20,894)	(23,024)
Balance as of December 31, 2014	¥102,045	¥81,417	¥848,381	¥(74,797)	¥957,047

	Thousands of U.S. dollars				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2014	\$846,495	\$675,379	\$7,055,255	\$(447,142)	\$8,129,995
Changes of items during the period					
Dividends from surplus	—	—	(282,712)	—	(282,712)
Net income	—	—	268,701	—	268,701
Acquisition of treasury stock	—	—	—	(173,355)	(173,355)
Disposal of treasury stock	—	(0)	—	33	33
Reversal of land revaluation difference	—	—	(3,658)	—	(3,658)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	(0)	(17,660)	(173,322)	(190,991)
Balance as of December 31, 2014	\$846,495	\$675,379	\$7,037,586	\$(620,464)	\$7,939,004

U.S. dollar amounts above and elsewhere in this report are converted from yen, for convenience only, using the prevailing exchange rate at December 31, 2014, which was ¥120.55 to U.S. \$1.

Millions of yen

	Accumulated other comprehensive income								Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	
Balance as of January 1, 2013	¥ 59,113	¥(9,298)	¥(2,543)	¥ (75,017)	¥ —	¥ (27,746)	¥203	¥204,754	¥1,153,901
Changes of items during the period									
Dividends from surplus	—	—	—	—	—	—	—	—	(31,921)
Net income	—	—	—	—	—	—	—	—	85,656
Acquisition of treasury stock	—	—	—	—	—	—	—	—	(50,417)
Disposal of treasury stock	—	—	—	—	—	—	—	—	25
Reversal of land revaluation difference	—	—	—	—	—	—	—	—	38
Net changes of items other than shareholders' equity	(14,607)	9,427	(38)	128,755	—	123,536	103	19,804	143,444
Total changes of items during the period	(14,607)	9,427	(38)	128,755	—	123,536	103	19,804	146,825
Balance as of January 1, 2014	¥ 44,506	¥ 128	¥(2,581)	¥ 53,737	¥ —	¥ 95,790	¥306	¥224,558	¥1,300,726
Changes of items during the period									
Dividends from surplus	—	—	—	—	—	—	—	—	(34,081)
Net income	—	—	—	—	—	—	—	—	32,392
Acquisition of treasury stock	—	—	—	—	—	—	—	—	(20,898)
Disposal of treasury stock	—	—	—	—	—	—	—	—	4
Reversal of land revaluation difference	—	—	—	—	—	—	—	—	(441)
Net changes of items other than shareholders' equity	5,050	698	441	56,522	(13,716)	48,996	26	8,985	58,008
Total changes of items during the period	5,050	698	441	56,522	(13,716)	48,996	26	8,985	34,984
Balance as of December 31, 2014	¥ 49,556	¥ 827	¥(2,140)	¥110,259	¥(13,716)	¥144,786	¥332	¥233,544	¥1,335,711

Thousands of U.S. dollars

	Accumulated other comprehensive income								Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Land revaluation difference	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	
Balance as of January 1, 2014	\$369,191	\$1,061	\$(21,410)	\$445,765	\$ —	\$ 794,608	\$2,538	\$1,862,778	\$10,789,929
Changes of items during the period									
Dividends from surplus	—	—	—	—	—	—	—	—	(282,712)
Net income	—	—	—	—	—	—	—	—	268,701
Acquisition of treasury stock	—	—	—	—	—	—	—	—	(173,355)
Disposal of treasury stock	—	—	—	—	—	—	—	—	33
Reversal of land revaluation difference	—	—	—	—	—	—	—	—	(3,658)
Net changes of items other than shareholders' equity	41,891	5,790	3,658	468,867	(113,778)	406,437	215	74,533	481,194
Total changes of items during the period	41,891	5,790	3,658	468,867	(113,778)	406,437	215	74,533	290,203
Balance as of December 31, 2014	\$411,082	\$6,860	\$(17,751)	\$914,632	\$(113,778)	\$1,201,045	\$2,754	\$1,937,320	\$11,080,141

Consolidated Statements of Cash Flows

Kirin Holdings Company, Limited and Consolidated Subsidiaries
For the years ended December 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 77,879	¥ 157,206	\$ 646,030
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	98,914	101,126	820,522
Loss on impairment	2,638	14,017	21,883
Amortization of goodwill	49,686	47,910	412,160
Contribution to retirement benefit trust	(19,000)	—	(157,610)
Interest and dividend income	(6,413)	(7,064)	(53,197)
Equity in losses (earnings) of affiliates	(2,925)	(1,643)	(24,263)
Interest expense	24,378	21,351	202,223
Net foreign currency translation loss (gain)	(1,165)	(1,641)	(9,664)
Gain on sale of property, plant and equipment and intangible assets	(7,333)	(22,729)	(60,829)
Loss on disposal and sale of property, plant and equipment and intangible assets	2,917	5,230	24,197
Gain on sale of investment securities	(179)	(46,959)	(1,484)
Gain on sale of shares of subsidiaries and affiliates	—	(1,793)	—
Decrease (increase) in notes and accounts receivable, trade	(10,886)	7,916	(90,302)
Decrease (increase) in inventories	(14,261)	(12,573)	(118,299)
Increase (decrease) in notes and accounts payable, trade	(270)	5,482	(2,239)
Increase (decrease) in liquor taxes payable	580	(3,833)	4,811
Increase (decrease) in consumption taxes payable	4,644	(5,694)	38,523
Increase (decrease) in deposits received	7,484	4,153	62,082
Other	12,003	6,816	99,568
Sub-total	218,690	267,278	1,814,102
Interest and dividends received	14,627	15,239	121,335
Interest paid	(14,945)	(15,801)	(123,973)
Income taxes paid	(63,125)	(61,199)	(523,641)
Net cash provided by operating activities	155,247	205,517	1,287,822
Cash flows from investing activities			
Payment for purchases of property, plant and equipment and intangible assets	(120,480)	(117,393)	(999,419)
Proceeds from sale of property, plant and equipment and intangible assets	12,999	47,476	107,830
Payment for acquisition of marketable securities and investment securities	(26,670)	(4,424)	(221,236)
Proceeds from sale and redemption of marketable securities and investment securities	1,746	155,162	14,483
Payment for purchases of shares of subsidiaries	(5)	(25,423)	(41)
Payment for acquisition of shares of newly consolidated subsidiaries	(14,510)	(751)	(120,364)
Proceeds from sale of shares of subsidiaries excluded from the scope of consolidation	364	24,370	3,019
Other	7,159	6,510	59,386
Net cash provided by (used in) investing activities	(139,397)	85,526	(1,156,341)
Cash flows from financing activities			
Increase (decrease) in short-term loans payable	(7,847)	5,851	(65,093)
Increase (decrease) in commercial paper	83,994	(77,994)	696,756
Proceeds from long-term debt	67,313	12,197	558,382
Repayment of long-term debt	(132,595)	(40,587)	(1,099,917)
Payment for redemption of bonds	(30,000)	(80,000)	(248,859)
Payment for acquisition of treasury stock	(19,778)	(50,417)	(164,064)
Cash dividends paid	(34,081)	(31,921)	(282,712)
Cash dividends paid to minority shareholders	(6,555)	(6,907)	(54,375)
Other	(1,150)	(2,576)	(9,539)
Net cash used in financing activities	(80,701)	(272,357)	(669,440)
Effect of exchange rate changes on cash and cash equivalents	109	8,743	904
Net increase (decrease) in cash and cash equivalents	(64,741)	27,430	(537,046)
Cash and cash equivalents at beginning of year	105,472	78,041	874,923
Cash and cash equivalents at end of year	¥ 40,730	¥ 105,472	\$ 337,868

U.S. dollar amounts above and elsewhere in this report are converted from yen, for convenience only, using the prevailing exchange rate at December 31, 2014, which was ¥120.55 to U.S. \$1.

Investor Information

(As of December 31, 2014)

Kirin Holdings Company, Limited

Head Office

NAKANO CENTRAL PARK SOUTH,
10-2, Nakano 4-chome, Nakano-ku,
Tokyo 164-0001, Japan

Date of Incorporation

February 23, 1907

Note: On July 1, 2007, accompanying the shift to a pure holding company structure, Kirin Holdings Company, Limited changed its name from Kirin Brewery Company, Limited.

Paid-In Capital

¥102,045,793,357

Authorized Shares

1,732,026,000

Outstanding Shares

965,000,000

* Due to the cancellation of 51,000 thousand shares of treasury stock on February 27, 2015, the current number of outstanding shares is 914,000 thousand.

Number of Shareholders

145,836

Number of Employees (consolidated)

39,894

General Meeting of Shareholders

March 27, 2015

Stock Listings

Tokyo, Nagoya, Fukuoka, Sapporo

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation,
Corporate Agency Division,
10-11 Higashi-suna 7-chome, Koto-ku,
Tokyo 137-8081, Japan
Tel: +81-3-6701-5000 (business days from 9:00 to 17:00)

Depository

JPMorgan Chase Bank, N.A.,
JPMorgan Service Center,
P.O. Box 64504. St. Paul, MN 55164-0504, U.S.A.
Tel: +1-800-990-1135 (toll-free)

Major Shareholders

Name of shareholder	Number of shares held (thousand shares)	Percentage of total shares outstanding
The Master Trust Bank of Japan, Ltd. (Trust account)	43,282	4.48
Meiji Yasuda Life Insurance Company	32,996	3.41
Japan Trustee Services Bank, Ltd. (Trust account)	32,446	3.36
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,251	1.99
Japan Trustee Services Bank, Ltd. (Trust account 4)	15,977	1.65
MELLON BANK, N.A. as agent for its client MELLON OMNIBUS US PENSION	14,869	1.54
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	14,397	1.49
STATE STREET BANK AND TRUST COMPANY 505225	13,861	1.43
STATE STREET BANK AND TRUST COMPANY 505041	11,376	1.17
THE BANK OF NEW YORK MELLON SA/NV 10	11,056	1.14

* As of December 31, 2014, in addition to the shares held as indicated above, the Company held 52,452 thousand shares of treasury stock. On February 27, 2015, 51,000 thousand shares of treasury stock were cancelled.

Trends in share price / Trading volume



Group Companies

(As of December 31, 2014)

The Kirin Group is headed by Kirin Holdings Company, Limited, a pure holding company, which has 216 consolidated subsidiaries and 16 affiliated companies accounted for using the equity method.

Company name	Location	Business segment	Percentage of holding
Consolidated subsidiaries			
Kirin Company, Limited	Tokyo, Japan	Japan Integrated Beverages	100.0
Kirin Brewery Company, Limited	Tokyo, Japan	Japan Integrated Beverages	100.0
Kirin Beer Marketing Company, Ltd.	Tokyo, Japan	Japan Integrated Beverages	100.0
Mercian Corporation	Tokyo, Japan	Japan Integrated Beverages	100.0
Kirin Beverage Company, Ltd.	Tokyo, Japan	Japan Integrated Beverages	100.0
Eishogen Co., Ltd.	Tokyo, Japan	Japan Integrated Beverages	99.9
Kirin Distillery Co., Ltd.	Shizuoka, Japan	Japan Integrated Beverages	100.0
Kirin City Co., Ltd.	Tokyo, Japan	Japan Integrated Beverages	100.0
1 Kirin (China) Investment Co., Ltd.	Shanghai, China	Japan Integrated Beverages	100.0
Kirin Brewery (Zhuhai) Co., Ltd.	Guangdong, China	Japan Integrated Beverages	100.0
2 Taiwan Kirin Co., Ltd.	Taipei, Taiwan	Japan Integrated Beverages	100.0
3 Kirin Europe GmbH	Dusseldorf, Germany	Japan Integrated Beverages	100.0
4 Kirin Brewery of America, LLC	California, U.S.A.	Japan Integrated Beverages	100.0
5 Four Roses Distillery, LLC	Kentucky, U.S.A.	Japan Integrated Beverages	100.0
6 Lion Pty Ltd	New South Wales, Australia	Oceania Integrated Beverages	100.0
Lion Nathan Pty Limited	New South Wales, Australia	Oceania Integrated Beverages	100.0
Lion-Dairy & Drinks Pty Ltd	Victoria, Australia	Oceania Integrated Beverages	100.0
Kirin Foods Australia Holdings Pty Ltd	New South Wales, Australia	Oceania Integrated Beverages	100.0
Berri Limited	Victoria, Australia	Oceania Integrated Beverages	100.0
Castlemaine Perkins Pty Limited	Queensland, Australia	Oceania Integrated Beverages	100.0
Lion-Beer, Spirits & Wine Pty Limited	New South Wales, Australia	Oceania Integrated Beverages	100.0
Lion Nathan Enterprises Pty Limited	New South Wales, Australia	Oceania Integrated Beverages	100.0
LD Nathan & Co Limited	Auckland, New Zealand	Oceania Integrated Beverages	100.0
Lion-Beer, Spirits & Wine (NZ) Limited	Auckland, New Zealand	Oceania Integrated Beverages	100.0
Great Northern Developments Limited	Auckland, New Zealand	Oceania Integrated Beverages	100.0
7 Brasil Kirin Holdings S.A.	Sao Paulo, Brazil	Other Overseas Integrated Beverages	100.0
Brasil Kirin Participacoes e Representacoes Ltda.	Sao Paulo, Brazil	Other Overseas Integrated Beverages	100.0
Brasil Kirin Industria de Bebidas Ltda.	Sao Paulo, Brazil	Other Overseas Integrated Beverages	100.0
Brasil Kirin Bebidas Ltda.	Rio de Janeiro, Brazil	Other Overseas Integrated Beverages	100.0



Company name	Location	Business segment	Percentage of holding
8 Kirin Holdings Singapore Pte. Ltd.	Singapore	Other Overseas Integrated Beverages	100.0
9 Interfood Shareholding Company	Dong Nai, Vietnam	Other Overseas Integrated Beverages	94.7
The Coca-Cola Bottling Company of Northern New England, Inc.	New Hampshire, U.S.A.	Other Overseas Integrated Beverages	100.0
Industria Agricola Tozan Ltda.	Sao Paulo, Brazil	Other Overseas Integrated Beverages	88.4
Kyowa Hakko Kirin Co., Ltd.	Tokyo, Japan	Pharmaceuticals and Bio-chemicals	53.2
Kyowa Hakko Bio Co., Ltd.	Tokyo, Japan	Pharmaceuticals and Bio-chemicals	100.0
Koiwai Dairy Products Company, Limited	Tokyo, Japan	Others	99.9
Yokohama Arena Company, Limited	Kanagawa, Japan	Others	58.8
Another 179 companies	—	—	—
Equity-method affiliates			
YO-HO BREWING COMPANY	Nagano, Japan	Japan Integrated Beverages	33.3
Heineken Kirin K.K.	Tokyo, Japan	Japan Integrated Beverages	49.0
Kirin-Tropicana Inc.	Tokyo, Japan	Japan Integrated Beverages	50.0
10 San Miguel Brewery Inc.	Metro Manila, Philippines	Other Overseas Integrated Beverages	48.6
11 China Resources Kirin Beverages (Greater China) Company, Limited	British Virgin Islands	Other Overseas Integrated Beverages	40.0
Kirin-Amgen, Inc.	California, U.S.A.	Pharmaceuticals and Bio-chemicals	50.0
Another 10 companies	—	—	—

KIRIN

For further information, please refer to the following:

IR <http://www.kirinholdings.co.jp/english/ir/index.html>

CSV <http://www.kirinholdings.co.jp/english/csv/index.html>

