

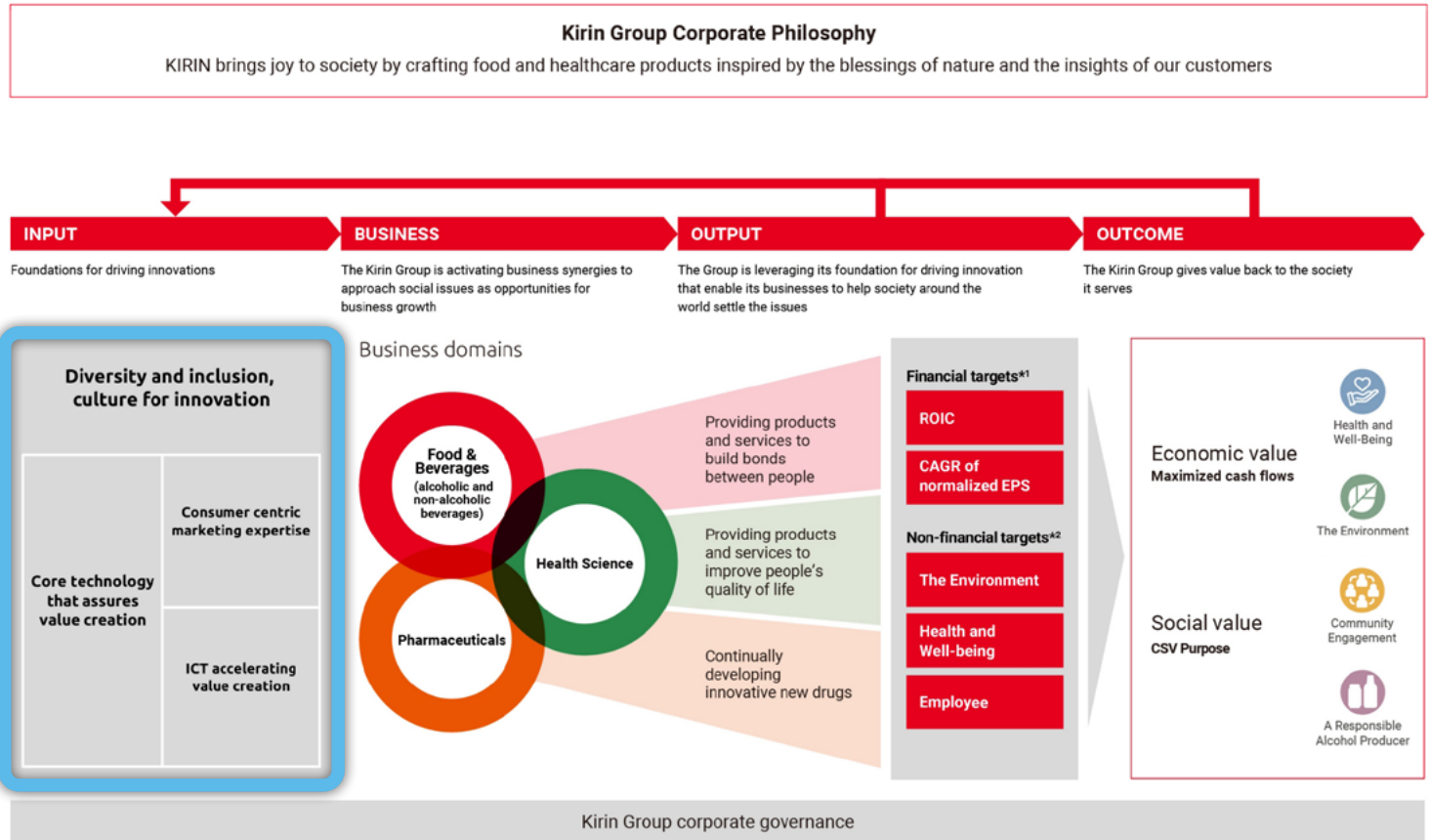
Value Creation Model **INPUT**

Diversity and inclusion,
culture for innovation >

Core technology that
creates accurate value:
A competitive strategy
combining R&D expertise
and IP strategies >

Consumer centric marketing >

ICT accelerating value creation >



Diversity and inclusion, culture for innovation



Junko Tsuboi

Senior Executive Officer, Human Resources & General Affairs
Kirin Holdings Company, Limited

Junko Tsuboi took the position of General Manager in the Corporate Communication Dept. of Kirin Beverage in 2005. From 2010 through 2012, she managed Yokohama Akarenga as the President and CEO. From 2014 she assumed position as General Manager at the Strategic Branding Dept., CSV Division of Kirin Company Ltd.. Since 2019 she has been a Senior Executive Officer and General Manager of the Strategic Branding Dept. of Kirin Holdings. In April 2022, she became in charge of Human Resources & General Affairs of the Kirin Group. (She has also been an Outside Director of FANCL Corporation from 2020 (concurring)).

Achieving sustainable growth and value creation through innovation driven by high expertise and diversity

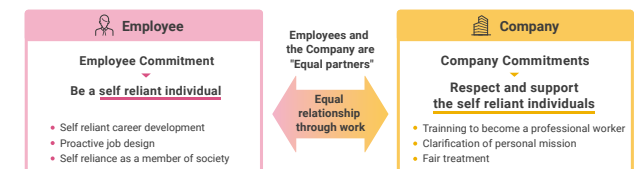
The environment surrounding human capital strategies is changing significantly, both in and out of the company, and the Kirin Group's human capital strategy is also undergoing a major transition. Coupled with the changing living environment and the diversifying individual values, the labor market environment, including working styles, is also changing dramatically. Furthermore, the kind of human capital our Group desires for the implementation of our management strategy is changing due to the transformation of our business portfolio. The need to transform businesses and challenge new domains is true for not only the Health Science domain, which is our growth driver, but also for the existing businesses in the Food & Beverage and Pharmaceutical domains. It is also necessary for all Group members to become agents of change toward ambidextrous management. Once again, by placing importance on human capital as the source of value creation and our competitive advantage and maximizing their value, our Group will strengthen our businesses and realize the Long-Term Management Vision, Kirin Group Vision 2027 (KV2027); our Group's sustainable growth; and value creation.

Kirin Group's Basic Philosophy on Human Capital Management

At the foundation of the Kirin Group's human capital strategy, is our Basic Philosophy on Human Capital Management. While the human capital strategy is undergoing a significant transformation, our Basic Philosophy on Human Capital Management, "Respect for Humanity," will remain the same. Our belief in valuing the infinite possibilities of humans also aligns with Kirin Brewery Company, Limited's brewing philosophy, "Reverence for Life." With boundless potential, each employee can grow through work by challenging themselves to create new value and actively working, and we can provide a continuously expanding environment.

Basic philosophy of human capital = "Respect for humanity"

Create a place where each and every employee can fully develop and grow with **boundless potential**, respecting their efforts and individuality (human nature), and proactively create a place where they can work to their fullest.



The goal of the Kirin Group’s unique human capital strategy: "a company where human capital grows and wins through human capital"

By placing importance on human capital as the source of value creation and our competitive advantage and investing in them, we aim to become a company where human capital grows and wins through human capital.

At the Kirin Group, we believe that our management strategies define the direction we take in terms of our human capital strategies. At the same time, we also believe that our human capital capabilities constitute an important element when it comes to the formulation of management strategies and serve to expand the potential of our management strategies. As a source of competitive advantage, we will go about developing human capital that are characterized by diversity and expertise while at the same time having said talent accumulate a diverse array of business experience through our unique business portfolio (which spans from the Food & Beverages domain to the Health Science domain and Pharmaceuticals domain) and help them improve their expertise when it comes to marketing, R&D, and ICT.

Furthermore, we will go about creating an

environment which fosters an organizational culture that embraces diversity and supports the nurturing of people who are motivated to grow. Efforts to that end will include hiring external human resources and people with disabilities and promoting the active participation of women in the workplace. By doing this, we will increase the motivation of each individual when it comes to taking on challenges and subsequently increase opportunities to spur innovation.

This is how the emergence of innovation through the combination of human capital and the development of human capital in the context of a diverse business portfolio, is something which can be described as a human capital strategy that is unique to the Kirin Group. By improving the value of human capital, we will better our organizational capabilities, strengthen our businesses, and realize our business plan and the sustainable growth and value creation of the Group.

Recognizing human capital strategy issues from the perspective of Group management issues

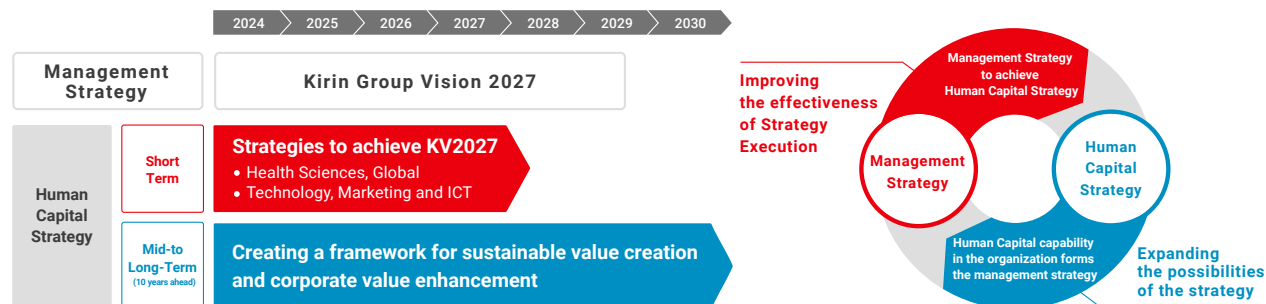
The short-term goals of the human capital strategy are to strengthen organizational capabilities and improve

the effectiveness of strategy execution in line with the transformation of the business portfolio. In the medium-term, we will improve future corporate value by producing specialized and diverse human resources. At this time, we are focused on the five following issues:

- ① Strengthen organizational capabilities in line with the business portfolio transformation (Health Sciences, New Businesses, etc.)
- ② Human capital management focused on expertise and diversity is required when looking ahead in times of an uncertain future
- ③ Create a culture that supports and strengthens human capital who can accomplish and innovate = capability to execute the strategy to achieve the advanced strategies
- ④ Create job satisfaction in response to changes in the labor market and individual values
Strategic evolution through communication with the stakeholders, with an opportunity on attention on human capital
- ⑤ Strategic evolution through communication with the stakeholders, with an opportunity on attention on human capital

Expertise and diversity are the keys to accelerating initiatives to realize sustainable growth and improved value from both the aspects of human capital and the organization

The keys to implementing the human capital strategy are expertise and diversity. In the VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) generation, it is necessary to better the expertise and diversity of both human capital and the organization to accelerate innovation. In doing this, it is important to look at



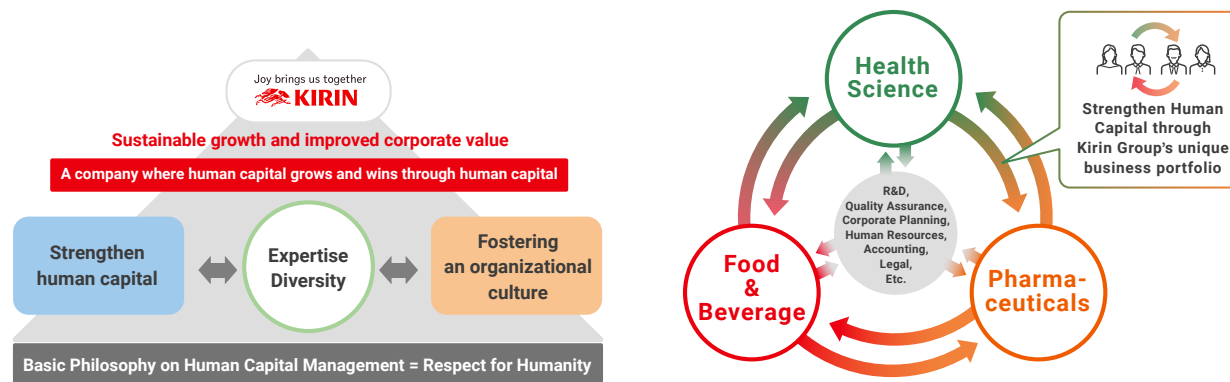
everyone’s motivation to grow and the collaboration and co-creation of diverse human capital.

Regarding human capital, by sympathizing with the Group Corporate Philosophy and Purpose, which are important to the Kirin Group, and promoting Will-driven self-reliant growth, which will lead to their own growth and contribute to the Group, they will invoke their motivation to grow through self-reliant learning and challenging and will raise their expertise. Additionally, by refining diverse perspectives and values through cross-business secondments based on expertise, opportunities to challenge advanced and wide-spread issues, etc., we will enhance our ability to strengthen our human capital as an organization.

Furthermore, we will take advantage of our unique business portfolio, which is expanding globally in a wide range of domains from the Food & Beverages domain to the Health Science and Pharmaceuticals domains, to raise the mobility of diverse human capital with cross-business expertise. We will also provide more opportunities for collaboration and co-creation among diverse human capital to enhance expertise and diversity as an organization that is more than just its individuals and teams. By doing all of the above, we aim to acquire the organizational capabilities and to foster an organizational culture that allows us to continue innovating.

In this way, the story that connects the enhancement of the motivation of individuals, who continue to autonomously learn and challenge themselves, as well as the collaboration and co-creation of diverse human resources to innovation, will be reflected in our future efforts to create challenges unique to the Kirin Group.

Overview of the Kirin Group’s human capital strategy



Important points of the human capital strategy

Strengthening of human capital

In aim of sustainable business growth, the Group will pursue the type of human capital management that facilitates the development of human capital who satisfy our requirements in terms of both expertise and diversity and excel in making decisions, adapting to changes, and creating ideas.

Initiative examples:

- The Group will transition to function-centered talent management so as to develop specialized talent conducive to executing the Group’s strategies (recruitment, development, and assignment).
- The Group will identify human resources who have been successful on a functional basis and build a candidate pool of top management members including young employees. Top management and the People & Culture Department will work together to foster such candidates based on the criteria required.
- The Group will establish an environment that supports employees’ growth based on their self-reliant career development (by increasing opportunities for employees to apply for new positions offered via an in-house recruitment system, initiatives to enhance the support for fostering leadership candidates, etc.) and accelerate our personnel development cycle which helps employees to produce outcomes and growth through business experience to improve the support of leaders and growth started from autonomous career formation.

Fostering an organizational culture

The Group will foster an environment/culture that helps human capital with diverse values and expertise to grow by taking on new challenges as well as attracts such human capital.

Initiative examples:

- In order to transform into an organizational culture that supports and strengthens human capital who can accomplish and innovate, diverse human resources will pool together their wisdom to work toward our goal, and we will transform into an organization that is valued for taking on challenges and the results of those challenges by practicing leadership roles (target achievement and human capital training) at a high level.
- To build an environment where diverse human capital transform their differences into strengths and it feels easy to take on new challenges, the Group will make a step forward from “Diversity & Inclusion” to “Diversity, Equity & Inclusion.”
- With the aim of building an organizational culture where each and every one of our employees can feel they have grown (Career realization, community connections, contributions to the company) by working with the Kirin Group, the Group will intensify our efforts to forge an empathy among our employees to the Group’s Corporate Philosophy and Purpose, as well as a sense of attachment to and pride in the organization.

Example**Invoke motivation to grow and provide opportunities to co-create with diverse human capital**

We are creating opportunities for employees to talk with top management to invoke everyone's motivation to grow in aim of becoming a company where human capital grows and wins through human capital. Additionally, we are making efforts to provide opportunities for our Group's diverse human capital to co-create.

Dialogue to promote the Group Corporate Philosophy

We are promoting communication among employees and executives through sharing messages from the executives and roundtable meetings so Group employees and top management can come together and work as one to realize our Group's vision.

As part of this initiative, we are hosting "Conversations with the Kirin Group's Top Leaders," an online event in which Kirin Holdings Company, Limited's executives discuss and communicate with the employees. By doing this, we have created a place to exchange ideas on Group values, the meaning of diversity in business, CSV management, and more, and these events are attended by numerous employees from various portfolio companies and overseas, with the help of simultaneous interpretation.

On the day of the event, directly answering questions and comments received on zoom in addition to the pre-gathered questions brought the participants closer together. We have also received comments saying they feel closer to management and that the events have

sparked something inside of and motivated them. We will continue to host such events to discuss about what our Group believes is important and our vision.

*The event was held three times in FY2022. Each event is restricted to 1,000 employees and pre-registration is required.

Achieving diversity of the organization and self through cross-boundary learning

We aim to develop individuals' self-reliant careers and diversity of the organization and individual through cross-boundary learning. Without limiting ourselves to the experiences and values of only our company, we will gain new perspectives and values through connections with the community. Furthermore, by bringing in human capital with differing values, our organization will become more diverse.

Specifically, in 2019 we started the Work-abroad program, and in 2020 we lifted the ban on side jobs and started to accept people to work side jobs with us (105 employees currently hold side jobs).*

In 2022 and 2023, we have been participating in the Consortium for Career Ownership and the Future of Work, a mutual side job initiative between companies. Additionally, we are participating in the Consortium for Human Capital Management, established in August 2022, and, with the support of the Ministry of Economy, Trade and Industry, promoting the sustainable value creation of Japanese companies.

*The number of approved side jobs between July 2020 and December 2022 (includes employees from Kirin Holdings; Kirin Brewery; Kirin Beverage Company, Limited; and Mercian Corporation)

"Conversations with the Kirin Group's Top Leaders"
An event aimed to provide a place to communicate with Group employees

An online event in where the Kirin Group's executives discuss the Group's vision

The Work-abroad program, a cross-boundary learning initiative



Providing early training of human capital to support CSV management by dispatching young employees who volunteered themselves to non-profit organizations, etc., for first-hand experience in tackling social issues

Human capital disclosure index

Viewed from Group Management Issues Recognition of Human Capital Strategy Issues

- 1 **Strengthen organizational capabilities** In line with the business portfolio transformation (Health Sciences, New Businesses, etc.)
- 2 **Human capital management focused on expertise and diversity** is required when looking ahead in times of an uncertain future
- 3 Create a culture that supports and strengthens human capital who can accomplish and innovate = **capability to execute the strategy** to achieve the advanced strategies
- 4 **Create job satisfaction** In response to changes in the labor market and Individual values
- 5 **Strategic evolution through communication with the stakeholders**, with an opportunity on attention on human capital

Key Initiatives for Human Capital Strategy

<ul style="list-style-type: none">  Improvement of professional skills required to execute the strategy  Discover and foster group management human capital who will be responsible for future management  Improvement of leader support and promotion of Will-driven self reliant growth and career development 	Human Capital Improvement
<ul style="list-style-type: none">  Evolving into a culture of challenge and commitment  Diversity, Equity & Inclusion that transform the differences into strength  Pride and attachment to the organization, understanding toward the company philosophy and purpose 	Organizational Improvement

Disclosure indicators

Uniqueness	Comparable
<p>Development of human capital with both expertise and diversity (Talent management on a function basis & exchanges between the three businesses)</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold;">Value improvement</p> <ul style="list-style-type: none"> Employee engagement score Female management ratio Percentage of mid-career hires Turnover rate Reinstatement rate after maternity / childcare leave Rate of male employees taking paternity leave Gender wage difference Average length of service
<p>Discover and foster group management human capital (Pool of next-generation talent)</p>	
<p>Create challenges unique to the Kirin Group *Comming soon (Understanding and attachment toward the corporate philosophy and purpose, each and every individual' s motivation to grow through self-reliant learning and challenging)</p>	
<p>Number of individuals taking part in cross-boundary learning (People with side jobs, secondments outside the Group, and cross-industry training participants)</p>	
<p>Indicators of the embodiment of the corporate philosophy and purpose (KIRIN Group Award applicants)</p>	
	<p style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold;">Defense value</p> <ul style="list-style-type: none"> Labor practices Number of complaints resolved around labor practices and human rights Percentage of employees covered by collective bargaining agreements (%) Lost Time Incident Rate (LTIR) Employee fatalities due to accidents at work Attendance rate of human rights training *Plans to strengthen diversity, human rights & safety, and compliance going forward

	Indicator	Supplementary information
Uniqueness	Development of human capital with both expertise and diversity ① Talent management on a function basis (Building a human capital development system) ② Number of participants in the exchanges between the Food & Beverages, Health Science, and Pharmaceuticals domains	① Organize the desired human resource requirements by function and the training process in aim of improving expertise ② Appoint human resources so specialized human resources can gain diverse experiences within the Kirin Group
	Discover and foster group management human capital	Create a database (talent pool) of future Group management human resources to grasp the sufficiency of human resources
	Create challenges unique to the Kirin Group *Starting soon	Set indicators for understanding and attachment toward the Group's Corporate Philosophy and Purpose and each and every individual's motivation to continue to grow through autonomous learning and challenging
	Number of individuals taking part in cross-boundary learning	Set the number of people who can have side jobs and be full-time workers as well as the number of participants allowed to partake in cross-industry training to enhance the organization's and individuals' expertise and diversity
	Indicators of the embodiment of the corporate philosophy and purpose	The number of Kirin Group Award applicants is set as the number of people who embody the Kirin Group's vision

*Human capital figures to be disclosed will be set at a later date

*ESG data reference: <https://www.kirinholdings.com/en/investors/esg/esg/>

*1 Referred to as the "Number of grievances about labor practices or human rights impacts filed, addressed, and resolved through formal grievance mechanisms" in the ESG data

	Indicator	2022 results	Scope and supplementation
Comparability	Employee engagement score (%)	70%	The Kirin Group
	Female management ratio (%)	10.6%	Kirin Holding's original hires
	Percentage of mid-career hires (%)	27.3%	Kirin Holding's original hires
	Gender wage difference (%)	① All employees 70.5% ② Full-time employees 71.2% ③ Non-regular workers 44.9%	Kirin Holding's original hires
	Percentage of male employees taking paternity leave (%)	73%	Kirin Holding's original hires
	Reinstatement rate after maternity/ childcare leave (%)	93.3%	The Kirin Group
	Average length of service (years/employee)	16.2	Domestic Group companies
	Turnover rate (%)	10.6%	Domestic Group companies
	Lost time injury rate (LTIR) (number/million hours)	1.00	The Kirin Group
	Average number of actual hours worked per year	Confirming	The Kirin Group
	Employee fatalities due to accidents at work (people)	0	The Kirin Group
	Number of complaints resolved around Labor Practices and Human Rights*1	98	The Kirin Group
	Attendance rate of human rights training (%)	89.5%	The Kirin Group
Percentage of employees covered by collective bargaining agreements (%)	53.1%	The Kirin Group	

Core technology that creates accurate value: A competitive strategy combining R&D expertise and IP strategies

At the Kirin Group, “Core technology that creates accurate value” is one of our organizational strength that supports our innovation. In the coordination with business, research and development (R&D), and intellectual property (IP), we will make our competitive advantage and contribute to our sustainable growth.

R&D based on fermentation and biotechnology

We at the Kirin Group have developed technological capabilities and expanded our businesses, ranging from the Food and Beverages domain to the Pharmaceuticals domain, with fermentation and biotechnology as our foundation. In the Health Science domain, we have used the brewing technology and knowledge of raw material processing cultivated in the beer brewing business to draw out the health benefits of microorganisms and plants and create new products. We developed *iMuse*, a brand of soft drinks and supplements infused with *Lactococcus lactis* strain Plasma (LC-Plasma),

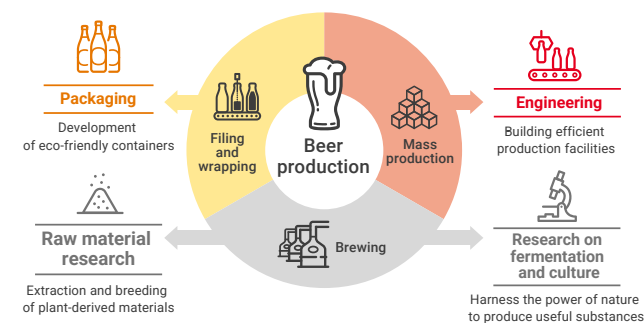
and our focus on the functionality of hops led to the development of *KIRIN KARADA FREE*, an alcohol-free, beer-flavored beverage, and other foods with functional claims. Furthermore, Kyowa Hakko Bio is using fermentation technology that uses the power of microorganisms to mass-produce functional materials, including specialty materials such as Citicoline*1 and human milk oligosaccharide*2 (HMO), and expanding overseas as a B2B business. Kyowa Kirin’s development of their proprietary technologies, such as POTELLIGENT® and human antibody production technologies that produce therapeutic antibodies, has led to creating business through the creation of global products Crysvita and Poteligeo.

We are investing R&D resources in priority domains based on the Group Materiality Matrix (GMM), which outlines key issues that must be addressed in order to exist sustainably and develop together with society. In 2022, the entire Group’s R&D expenses increased approximately 20%, but they increased approximately 30% when comparing only the Food &

Beverages and Health Science domains, compared to 2016 when we were focused on the domestic alcoholic and non-alcoholic beverage businesses. Going forward, we will continue to invest R&D resources in the areas of health science and the environment, two areas in which consumers and society have high expectations for scientific evidence.

*1 A naturally occurring substance in the body that helps maintain cell membranes in brain and nerve cells. It is used around the world to treat brain diseases and in health foods that support cognitive function

*2 *Oligosaccharides* found in human breast milk. There are over 200 varieties in human breast milk, and studies have shown they contribute to immunity, brain function, and more



An R&D system that improves commercialization success

In the Food & Beverages and Health Science domains, basic research and applied research for commercialization are being performed at the Kirin Holdings' Kirin Central Research Institute, Institute for Future Beverages, and Institute for Packaging Innovation. On the other hand, at each operating company's or division's research institute, R&D directly connected to business, such as product development that makes use of the technologies born there, are being performed. Additionally, in the Pharmaceuticals domain, most R&D activities are handled by Kyowa Kirin, who is promoting collaborative efforts with Kirin Holding's Kirin Central Research Institute in an effort to provide value that is not limited to pharmaceuticals.

Regarding the Health Science domain, the Institute of Health Sciences was established in April 2023. Part of the short-term and medium- to long-term developments

that were previously being handled by the Kirin Central Research Institute were combined with the R&D functions of the Health Science Business Department and are now being handled directly by the Health Science Business Division. By newly establishing the institute responsible for the health materials in the process of business development (LC-Plasma, HMOs, Citicoline, etc.), we can perform functional development that is more closely linked to marketing activities, create functional products with more speed, and enhance our ability to implement business strategies. Additionally, the Kirin Central Research Institute will focus on basic research for creating new value for the future. It is precisely because the development of functional materials takes time from the start of R&D to product launch that the Institute of Health Sciences, which coordinates marketing and R&D strategies and works closely with the business, and the forward-looking Kirin Central Research Institute will work together to continuously create new functional products and services.

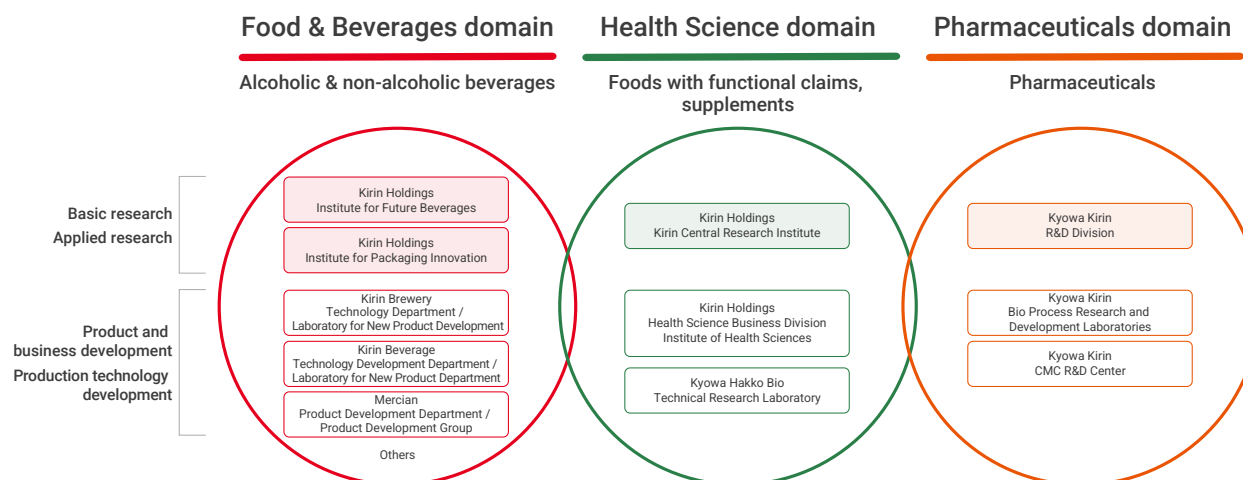
IP strategy compatible with the characteristics of the Group business

In coordination with our Group's R&D activities, we promote IP activities by Kirin Holdings' Intellectual Property Strategy Department in the Food & Beverages domain and by Kirin Holdings' and FANCL Corporation's IP Departments in the Health Science domain, with business and R&D, respectively. IP activities in the Pharmaceuticals domain are promoted by Kyowa Kirin's IP Department.

Each domain requires IP activities that match its business characteristics and markets. In the Food & Beverages domain, we are working to maintain a level of freedom in business and development through multifaceted production of our various IP rights, such as production technology, product composition, and packaging design. In the Health Science domain, we are working to realize market expansion and business growth through acquiring and utilizing intellectual property consisting of primarily patent rights related to health functions of materials, production technology, and product composition. The growth of the LC-Plasma business, which is currently the most developed business of the Health Science domain, could be said to be due to the coordination of the business, R&D, and IP departments.

Human capital supporting the competitive advantage

Our Group achieves sustainable growth by implementing a competitive strategy that combines our R&D capabilities and our ability to commercialize the value



we have created with our IP strategy. The reason for our competitive advantage is our human capital. Particularly when it comes to foundation research, it is important to have highly specialized human capital, and there are 224 employees with doctorates in our Group (as of 2022). In the IP departments, we are improving the Group's IP literacy by promoting the hiring and training of human capital who are specialists in IP while also enhancing company education and a training system to acquire the skills required for promoting IP activities. An example of this is assigning human capital who gained experiences in production and quality assurance at Kyowa Hakko Bio to the Kirin Central Research Institute or other locations. By periodically rotating our people between operating companies and divisions and involving those who understand the business in R&D aimed at commercialization in the research institutes and IP departments, we are creating a system in which it is easier to achieve commercialization in the various domains, ranging from Food & Beverages to Pharmaceuticals.

Going forward, we will continue contributing to the growth of the Group by training and hiring with a focus on expertise and assigning human capital who understand the business.

Example

The strategic process of filing for and obtaining patents related to LC-Plasma

Kirin Holdings' research on lactic acid bacteria started as foundation research in the 2000's. In 2011, we presented findings on the effects of LC-Plasma on plasmacytoid dendritic cells (pDC) at a meeting of the Japanese Society for Virology and filed for a basic patent.*3 Product development began in 2012, but there have so far been three turning points related to IP utilization in the product life cycle of the LC-Plasma business.

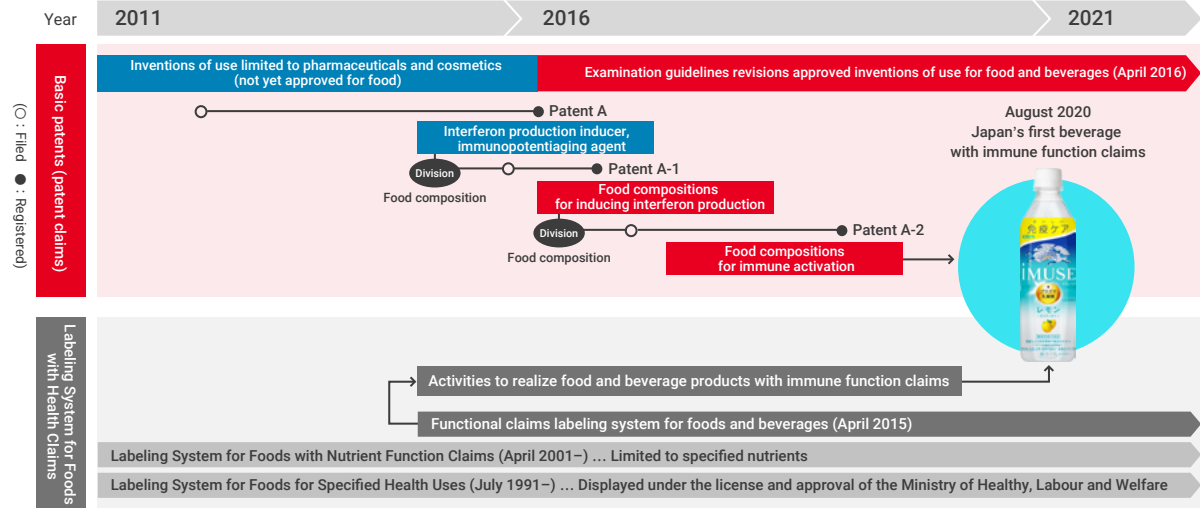
*3 Patents related to technologies, etc. that must be used to implement a particular product or service. Received the Imperial Invention Prize at the FY2023 National Commendation for Invention for a basic patent on LC-Plasma(see p. 37).



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1) Primary phase: Obtaining use patents related to food and beverage uses in conjunction with activities to obtain functional claims

The labeling System for Foods with Functional Claims began in 2015, and inventions of use in food and beverages*4 were approved the following year. We took this change in the environment as an opportunity and took on the challenge of obtaining immune function claims, which required high expertise that includes a deep understanding of research content, familiarity with laws and regulations, and an understanding of trends. As a result of the coordination of the business, quality assurance, R&D, and IP departments, we were able to realize the immune function claims of LC-Plasma, which would become the key to our business' expansion, and we successfully obtained a basic patent.

*4 Due to the revision of the Examination Guidelines for Patent and Utility Model in April 2016, inventions of use that were previously limited to pharmaceuticals and cosmetics, were now approved for food and beverages.

2) Growth phase 1: Obtaining the necessary IP from analysis

In 2020, during a time when people's interest in immune function began to grow, the notification of functional claims for immunity was accepted by the Consumer Affairs Agency and we expanded our LC-Plasma series product lineup. The IP departments, based on our future business plan, shared the IP we should acquire with business and R&D departments. We worked to secure a stable business foundation by collaboratively filing and obtaining the necessary IP in Japan and overseas.

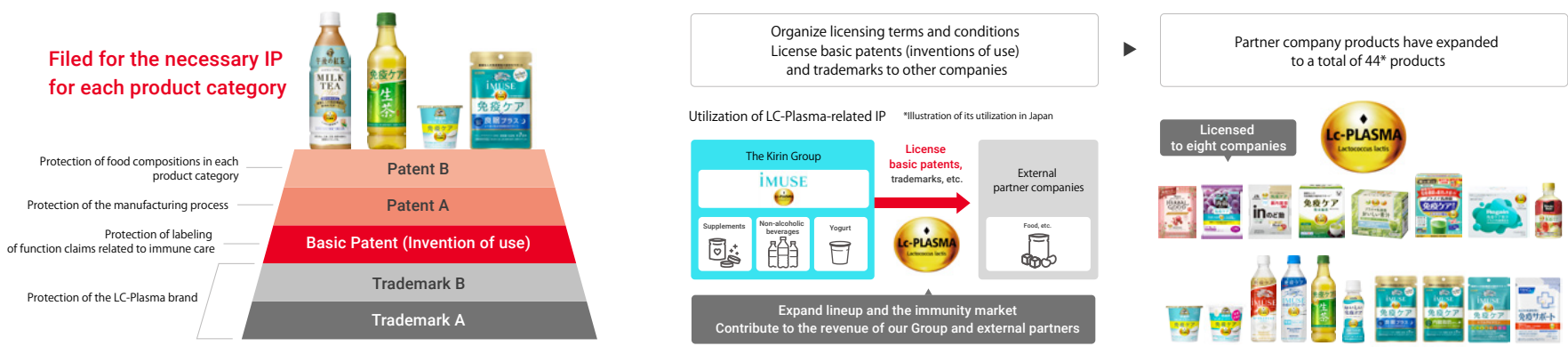
3) Growth phase 2: Promoting an open strategy and expanding the business overseas

Our partner companies in Japan and overseas have been selling LC-Plasma series products, which claim immune care functions, since 2021. Prior to this initiative, we strategically and quickly built a cross-departmental system

and proceeded with a license based on the basic patents. When selling the LC-Plasma bacterial cell overseas, we actively publish research papers on LC-Plasma, protect it with patent rights, and promote its functional aspects in order to differentiate it from similar materials sold by other companies. Furthermore, the business, legal, and IP departments work together to build a cooperative system in concluding contracts with partner companies. As a result, we contribute to not only the promotion of our business but also to market expansion.

Patent analysis of immune-related lactic acid bacteria patents

Using the patent analysis tool PatentSight®, we analyzed the patents related to immune-related lactic acid bacteria technology of other Japanese food and beverage companies. The graph on the left reveals that for 10 years since 2012 Kirin's Patent Asset Index (PAI) and Technology Relevance (TR) have risen every year and closer to the scale of other companies that are ahead of



*The number of products for sale or set to go on sale as of the end of March 2023. At the same point in time, we had also licensed basic patents for 44 products to 8 companies.

us in the development of lactic acid bacteria. Although we entered the lactic acid bacteria field as a latecomer, we believe that the results reflect our accumulation of research activities and steady acquisition and utilization of IP. The graph on the right reveals that our LC-Plasma basic patent's TR is rising sustainably, and that our basic patent currently attracts higher technical attention than the lactic acid bacteria patents of competing products by comparing our TR to those of other companies.

Based on these results, if we continue to invest in IP in preparation for future business crossroads and expand the business model that utilizes IP, the relative value of our patents, one of our intangible assets, will improve and we will be able to reach the position we are aiming for. Finally,

it would be contributed to the realization of a growth scenario of our LC-Plasma business.

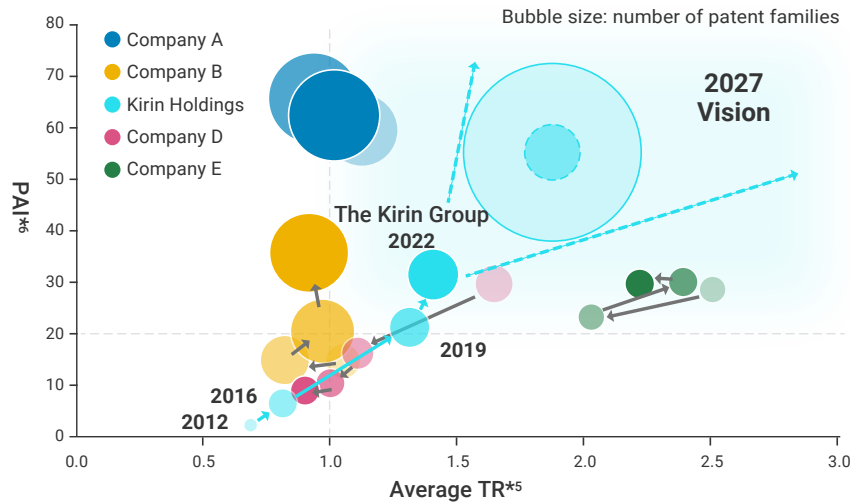
In this way, in the LC-Plasma business, we believe the acquisition of IP based on the basic patents of inventions of use and the handling of the labeling system for foods with functional claims meshed well, allowing us to build a growth model for the Health Science domain. In the 20 years since we started research and development, the business, R&D, and IP departments have come together and accumulated IP rights, like patents and trademarks, as well as the organizational capabilities to promote the business.

Going forward, we will promptly seize opportunities of external environmental changes, utilize our Group locations in Japan and overseas, and make use of our experiences expanding the business to create new business in the Health Science domain under a business model that leverages our IP.

*5 TR (Technology Relevance) is an indicator of the technological value of a patent calculated based on the number of citations received and indicates the level of technical attention from the patent-holding company, competitors, and academic societies.

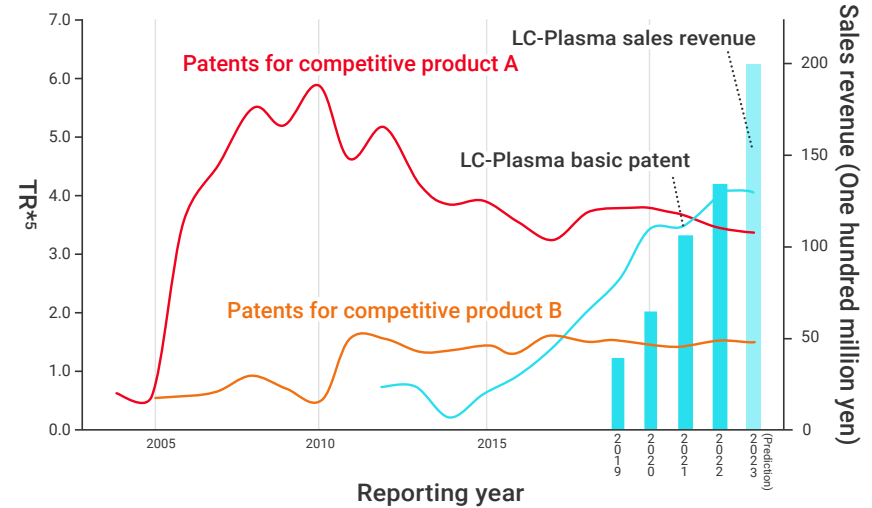
*6 PAI (Patent Asset Index) is the sum of the number of each patent's Technology Relevance and Market Coverage and shows the overall strength of the patent portfolio.

Each company's immune-related lactic acid bacteria patent:
Changes in PA and TR



*Prepared for our company using LexisNexis Japan's patent analysis tool, LexisNexis® PatentSight®

Each company's main lactic acid bacteria patent:
Changes in TR



First time in 59 years as a food company, External awards received in recognition of the success of LC-Plasma

At the FY2023 National Commendation for Invention (hosted by the Japan Institute of Invention and Innovation), Kirin Holdings Company, Limited and Koiwai Dairy Products Co., Ltd. received the Imperial Invention Prize for our invention of food compositions for immunostimulation containing lactic acid bacteria (Japanese patent number 6598824), which was awarded to our employees, the inventors for their efforts in the discovery and commercialization of LC-Plasma. This is the first time this prize has been given to a health food ingredient and the first time in 59 years to a food company. Our representatives of enterprises also received

the Distinguished Service Prize for Employment of Invention.

The National Commendation for Invention is hosted by the Japan Institute of Invention and Innovation (JIII) and is held annually to honor inventions that have made significant achievements and those that are expected to make significant contributions in the future. In particular, the Imperial Invention Prize is given to inventions that have made significant contributions to the promotion of science and technology and the development of Japan's industrial economy. This Prize is also the symbolic award of the National Commendation for Invention, which is given with

a gift from the Imperial Household, and is presented to the person whose invention is recognized as the most outstanding.

Additionally, at the 11th Technology Management & Innovation Awards (hosted by the Japan Techno-Economics Society), which recognize outstanding innovations that will change the world, we received the Minister of Education, Culture, Sports, Science and Technology Award for our discovery, research, and commercialization of LC-Plasma.



*For information on previous prize winners, please visit the of the Japan Institute of Invention and Innovation (JIII) website (Japanese only).

http://www.koueki.jiii.or.jp/hyosho/zenkoku/zenkoku_jusho_pastichiran.html



Consumer centric marketing

Kirin Group has been promoting "consumer-centric marketing expertise" built around its operating companies to enhance its organizational capability in marketing to achieve innovation.

Marketing functions of the Kirin Group

Kirin Group's initiatives to strengthen consumer-centric marketing capabilities are only halfway complete. We have set the following opportunities to further improve the capabilities and are making steady efforts.

- Raise our "ability to understand customers," which is the foundation of CSV management, to an even higher level throughout the Group
- Create marketing capabilities in new business domains
- Develop and utilize human capital across the Group for the future
- Provide support in resolving operating companies' challenges and create collaboration across the Group

Enhance Corporate Value by further evolving consumer-centric marketing



In order to turn these opportunities into growth for the Group, we have established a Marketing Central Team and strengthened its function as a group headquarters. The team horizontally links the marketing departments of Kirin Group companies, enhances the Group's consumer-centric marketing expertise, and is committed to promoting transformation through swift decision-making and business execution based on current circumstances.

Further strengthening and utilizing human capital development across the Group

Human capital development is particularly important in the new Health Science business area. Upon realizing this, in addition to developing specialized programs and competencies to raise our ability to understand consumers, we are actively recruiting outside specialists

to make a stronger marketing organization at a rapid pace. Furthermore, we utilize our knowledge in the healthcare field to improve business performance by promoting personal exchanges and utilization of human resources among Kyowa Hakko Bio, Fancl, and other operating companies engaged in the Health Science business. We will continue to accelerate our growth through forward-looking human resource development and the strategic utilization of those human resources.

Communication that conveys the significance of tackling the Health Science business

As values are changing in response to rapid environmental changes, it is becoming increasingly important for us to ensure that not only our products and services but also visions and attitudes resonate with and are trusted by consumers. We are strengthening communication to establish awareness regarding the significance of our Group’s commitment to the Health Science business, which contributes to the health of people, through various touchpoints, such as advertisements, websites, and social media. We will work to enhance our corporate brand value by making people aware that we are a partner that stands by society and our customers.

We will continue our efforts to “reinforce growth and collaboration of operating companies,” “accelerate marketing capability improvement,” and “further strengthen human capital development across the Group” through strengthening marketing central capabilities.

Example

Evolve marketing capabilities of the Health Science business

From spring 2022, Kirin Holdings established a central function to oversee marketing for the entire Group. We will continue to evolve our marketing organizational capabilities by raising our “ability to understand consumers,” which is the foundation of CSV management, to an even higher level throughout the Group.



Keita Yamamoto
Strategic Marketing Department
Kirin Holdings Company, Limited

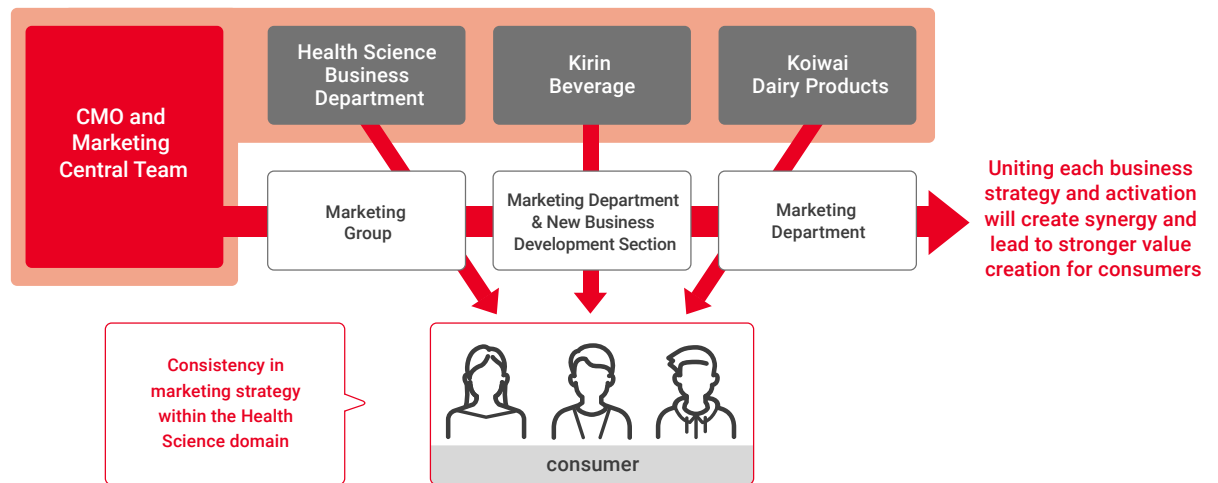
Contribute to a consistent marketing strategy and initiatives for consumers

In the Health Science domain, which is a focus of our Group, we are developing a consistent marketing strategy by providing direct support to each operating company through the Marketing Central Team. We are uniting our efforts to create consumer-centric value across the Group.

This enables the standardization of marketing activities, which often vary from company to company, allowing the Group to work together to address common market issues set from the consumer’s point of view.

Although mass marketing is possible for the existing Food & Beverages domain, which handles beer and soft drinks and whose markets have already matured, in the Health Science business, the immune health market is not sufficiently developed. This is why we need to tap

The Group unites to create value from consumer’s point of view



the potential demand for these products, and to do so, the Group should unite to create value instead of each operating company approaching consumers separately. The Kirin Group has developed and is operating a holistic plan that integrates the entirety of the Group. For the 2022 fall and winter seasons, we have formulated and implemented, for the first time, a marketing plan that comprehensively designs consumer contact points that go beyond the borders of categories and operating companies.

Specifically, we provided consistent marketing activities from advertising and PR to in-store promotions in supermarkets and drug stores by matching the timing and the contents of Kirin Holdings' Health Science Business

Department's communication for increasing public awareness of immune care and marketing communication for products of Kirin Beverage and Koiwai Dairy Products. We also see business opportunities outside of the epidemic season in winter, the peak season for the immune care products industry, and the Group is working together to create consumer needs in other seasons.

Business strategies over a medium- to long-term perspective are essential to create and develop an immune-care market. Looking not just one year but multiple years ahead, we are working to further enhance our product portfolio by expanding our development pipeline.



Holistic plan

Accelerate marketing capability improvement

We are speeding up the growth of operating companies by providing them practical consultations through the Marketing Central Team to help them acquire the expertise needed in the new business domains and to quickly build the organizational capabilities necessary for the businesses' success.

For example, although Kirin Beverage's "Oishii Immune Care" was developed as a product to mainly be sold in the chilled food section, they did not have enough knowledge about the chilled food & beverage category. That's why we helped them acquire the necessary knowledge and organizational capabilities by utilizing information on the chilled food & beverage category and chilled food section in sales strategies, in-store promotions, and better business negotiations through the training programs provided by the Marketing Central Team, thereby developing marketing capabilities that the operating companies should have.





ICT accelerating value creation

The Kirin Group accelerates group-wide digital transformation (DX) by using ICT technology and continuously creates new value with the aim of sustainable growth.

Accelerating group-wide DX and continuously creating new value

“Information and Communication Technology (ICT) accelerating value creation” is an organizational capability to help us realize new innovations in the Long-Term Management Vision Kirin Group Vision 2027

(KV2027), and we are working on business reform in every area throughout our group by revising business processes using digital technology and implementing other activities.

Realizing sustainable growth by continuously promoting DX

In recent years, due to the acceleration of the trend to apply evolving digital ICT technology to business, new technology-based services are continuously being released. The spread of digital technology has dramatically changed people's values, so there is a risk that we will not be able to provide the value that our consumers require if we continue to conduct business processes based on conventional ways of thinking, methods, and technology.

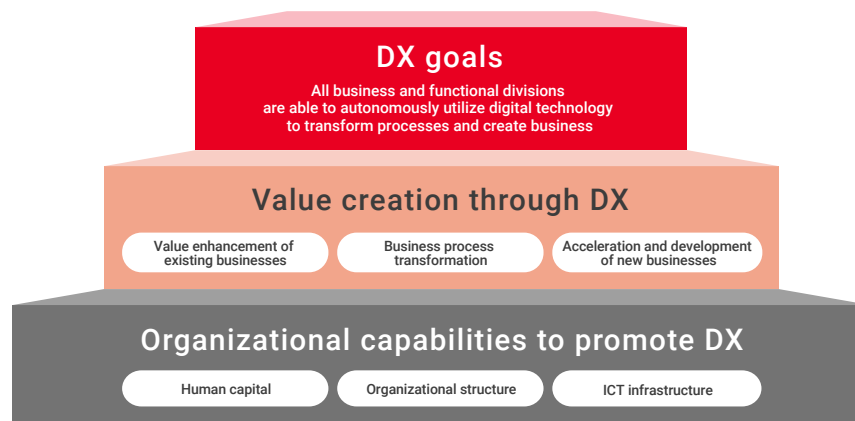
At the same time, consumer touch points have expanded through digital technology. We recognize that through a deep understanding of the changes in the markets and the diversification of market preferences, the possibility of providing consumers with high satisfaction products and services is expanding.

We believe that DX promotion is essential in an

The Kirin Group's DX Strategy

2027 Vision

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



increasingly uncertain world in order to reduce business continuity risks and realize sustainable growth, so the Kirin Group has been promoting the utilization of ICT. To carry out permanent business transformation in a dramatically changing society, we will continue to commit to DX in all businesses and divisions throughout the group.

Organizational capabilities to promote DX

Our group aims to create a work environment that allows front-line employees in businesses and divisions to identify business issues, use digital ICT technology for planning and designing solutions, and autonomously promote DX. For that reason, we are striving to build an organizational structure and secure and develop the talent that will be responsible for leading it, cultivating planning and conceptualization skills to envision what the issues should be, and focusing on proactively promoting DX on the frontlines rather than by digital ICT departments.

As for our organizational structure, in 2021 we established the Group DX Promotion Committee, in which the employees in charge of DX promotion at each operating company and their divisions participate. Through this committee, front-line employees have started playing a lead role in DX promotion, such as by expanding the initiatives of the Kirin Group to each group company and division, in aim of solving issues and sharing information across operating companies. In addition, in 2022 we established sectional committees focusing on our group's important business domains to work on solving issues in each area across the group, including sales, direct to consumer (D2C) business, marketing, and supply chain management (SCM). The

sectional committees will accelerate DX initiatives of each domain by sharing and discussing issues that our group companies have difficulty solving alone, with the participation of the employees in charge of DX initiatives for each domain at the operating companies.

As an initiative to secure human resources, we newly established a digital ICT course for new recruits in April 2021. We continue to hire mid-career employees and new recruits and to secure the necessary professional human resources for DX promotion. Meanwhile, as for internal human resource development, we have been hosting the Kirin DX Dojo, a unique DX human resource development program for our group employees, since July 2021. Group employees can choose from three course levels (white belt, black belt, or expert) and aim to pass a certification exam after finishing the course. This provides a way for employees to develop their skills autonomously and steadily.

As of the end of 2022, the number of white belts was approximately 1,200 and that of black belts was approximately 600. Employees were progressing faster than we had expected. When the course launched in 2022, there was only room for 400 participants, but we received more than double that number of applications, so we increased the program's capacity. Shared awareness that our group's DX promotion is not an initiative in only limited areas of digital ICT divisions is spreading throughout the group.

Going forward, we will grow the number of human resources who can plan and design DX promotion on the front lines, with the cooperation of the above-mentioned mid-career hires and new recruits, and strive to provide support, such as by offering opportunities for program participants to play an active role by using the knowledge they gained from the program.

Value creation through autonomous DX promotion

Our group aims for value creation through “business process transformation,” “value enhancement of existing businesses,” and “acceleration and development of new businesses.”

In regard to business process transformation, we are pursuing productivity improvement throughout the entire value chain, using digital solutions and data across divisions and domains, including the optimization of production and logistics systems through efficient AI-based product development and simulations.

As for the value enhancement of existing businesses, by utilizing consumer data and the latest technology, deepening consumer understanding, and digitizing the development processes and consumer contact points of existing products and services, we are creating new added value.

For the acceleration and development of new businesses, we aim to launch new services using digital technology across the Food & Beverages, Pharmaceuticals, and Health Science domains without being bound by our conventional business model.

Through these initiatives, as an example, front-line employees are currently starting to create ideas for enhancing and streamlining business operations, so the development of organizational structure and human resources for DX promotion is steadily in progress. We hope to gain competitively advantageous organizational capabilities for our group and to create new value through the accumulation of small successes that lead to problem solutions for our employees and organization and through a more proactive promotion of DX. We will work on business transformation in every domain of our group toward the realization of KV2027.

Example**Kirin Brewery started the MJ Project to promote DX in the SCM domain**

In October 2022 Kirin Brewery, with the cooperation of BrainPad Inc., started the three-year MJ (Supply and Demand Process Innovation) Project to accelerate DX in its SCM business operation processes. As the first step, the company launched its material supply and demand management application, which was jointly developed with BrainPad, in December 2022.

**Koji Tanaka**

Planning Section
SCM Department
Kirin Brewery Company, Limited

Due to rapid changes in the market environment, consumer preferences and values are diversifying. In response to this situation, we need to diversify our products and deal with increasing restrictions in production, logistics, and more. In such an environment, we must rapidly respond to changes in the market and build a stronger supply system to ensure the stable delivery of our products to customers in the future. For this reason, in April 2022 our company newly established the SCM Department with the goal of achieving both a stable product supply and cost optimization.

The SCM Department is responsible for preparing production plans and material (cans, paperboard, etc.) procurement plans based on demand forecasts following our previous sales records and the recent market trends. Our supply and demand operations are characterized by

current demand and demand forecasts of the next several months so we can prepare for production and procure the necessary raw materials. However, with the ongoing product diversification in the current sales environment, we not only have difficulty forecasting demand, but we also need to prepare an optimal plan that takes into account the capacity and restrictions of production, storage, and delivery. As a result, the complexity of business operations is increasing and our existing system can't handle all of them, so we are currently handling and adjusting many daily operations manually. The situation is not only increasing workload but also creating a lot of operations that can only be performed by employees with a certain level of experience. Therefore, we concluded that if this went on, we would have difficulty maintaining supply and demand operations and there would be business continuity risks for the future.

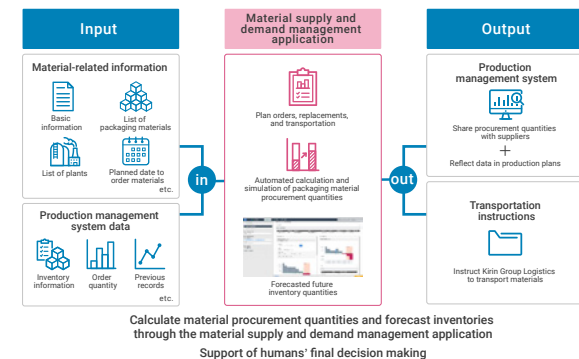
To deal with the situation, we started the MJ (Supply and Demand Process Innovation) Project in October 2022. By expanding the range of automated operations of the existing supply and demand operations system, we are planning to improve the efficiency of operations previously handled manually by employees and aiming to realize more stable, sustainable supply and demand operations. Members of digital ICT divisions are participating in this project, which was launched mainly by front-line employees, to promote and support the project.

Through the promotion of this project, we will establish a solid business operation system that will continue to provide a steady product supply for the future to reduce business continuity risks. At the same time, we also aim to improve the job satisfaction of employees in charge of supply and demand operations by eliminating the individualization of work and promoting labor-saving, breaking away from the situation in which time is spent on

manual operations, and shifting the focus to higher added-value operations.

We started using materio, our self-developed material supply and demand management application, in January 2023. This application can automatically calculate optimal order quantities for materials based on desired inventory levels and scheduled delivery dates, taking into account production timing and lot size. Additionally, the application visualizes inventory changes after order placements and supports the final decision-making process of employees. We anticipate that this will reduce the amount of material supply and demand management operations that was performed by humans by 75% annually, saving a total of over 1,400 hours of work time.

We consider this material supply and demand management application as a small success, and we will reform operations to produce more effective results. In addition to automation through the system, we will also eliminate issues and restrictions of the supply chain, creating greater social and economic value.



*Replacement: Replacing destination plants from suppliers
*Transportation: Transportation and delivery between Kirin Brewery's plants