

What is Kirin?

OUR ACHIEVEMENTS and CHALLENGES to OVERCOME

Kirin's Progress and Future Challenges

We got off to a strong start in the first year of the Kirin Group 2016–2018 Medium-Term Business Plan (2016 MTBP), with results that exceeded the plan's targets.

We made progress with measures to reform the profit structure for businesses with declining profitability, such as our non-alcoholic beverages business in Japan, our business in Brazil, and our Dairy and Drinks business in Australia. In addition, our initiatives to foster growth led by the creation of value have started to show favorable results.

However, in the domestic beer business, the decline in sales volume in the *happo-shu* (low-malt beer) and new genre categories has become an important challenge. Furthermore, profits in the Beer, Spirits, and Wine business in Australia will decline due to the loss of a brand distribution license. We are taking these challenges seriously, and moving forward we will implement countermeasures in an appropriate yet rapid manner.

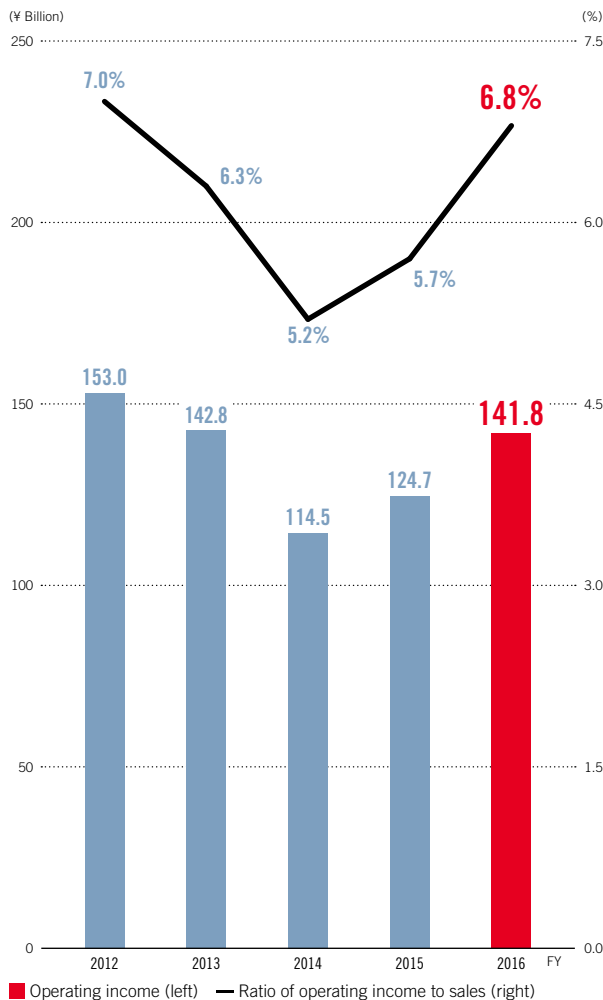
In the future, we will continue to advance structural reforms to increase the profitability of low-profit businesses. Moreover, in the high-profitability beer businesses, we will work to strengthen the profit foundation by further enhancing the appeal of our products and services and expanding our operations.

Raising Our Sights and Aiming for Further Growth

ACHIEVEMENTS

Kirin Group consolidated results

Steady progress is being made improving profits



CHALLENGES

Sustained gains in corporate value: The next challenge on the path to achieving our objectives

1

Further invest, strengthen, and grow profit base in beer businesses

- ▶ Accelerating the creation of customer value that addresses the diversification/individualization of preferences, such as in the expansion of craft beer
- ▶ Further reinforcing our business foundation in Southeast Asia

2

Continuing to implement structural reforms in low-profit businesses

3

Implementing steady launches of major new products and global business initiatives in the Pharmaceuticals and Bio-chemicals Businesses