



KIRIN

Joy brings us together

FANCL

正直品質。

The Capital and Business Alliance between Kirin Holdings and FANCL

~Toward sustainable growth with resolution of social issues~

August 6 2019

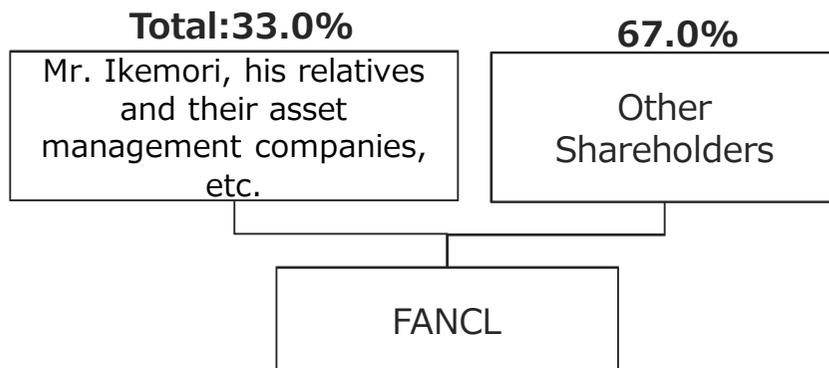
Kirin Holdings Company, Limited

FANCL Corporation

- Kirin Holdings (Kirin) and FANCL have signed the Capital and Business Alliance Agreement
- Kirin acquires shares in FANCL from Mr. Ikemori, the founder of FANCL, his relatives and their asset management companies, etc.
- The transaction amount for this share transfer will be JPY 129.3 billion, and Kirin's voting rights will be 33.0%
- The expected date of share transfer is September 6 2019 (planned)
- FANCL will be an equity-method affiliated company of Kirin

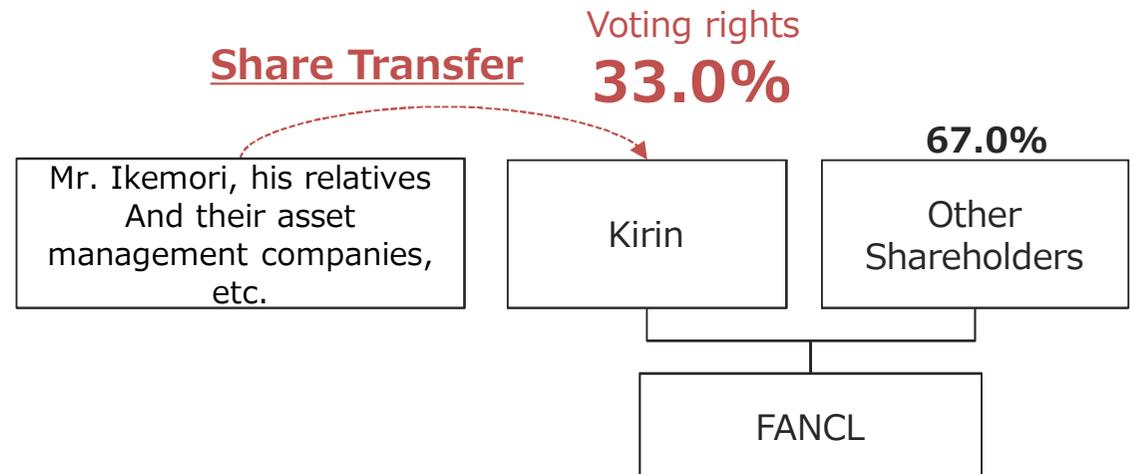
Before transaction

The transferred shares are owned by Mr. Ikemori, his relatives and their asset management companies, etc. respectively



After transaction

Kirin acquires their shares from each shareholder through off-auction trading respectively



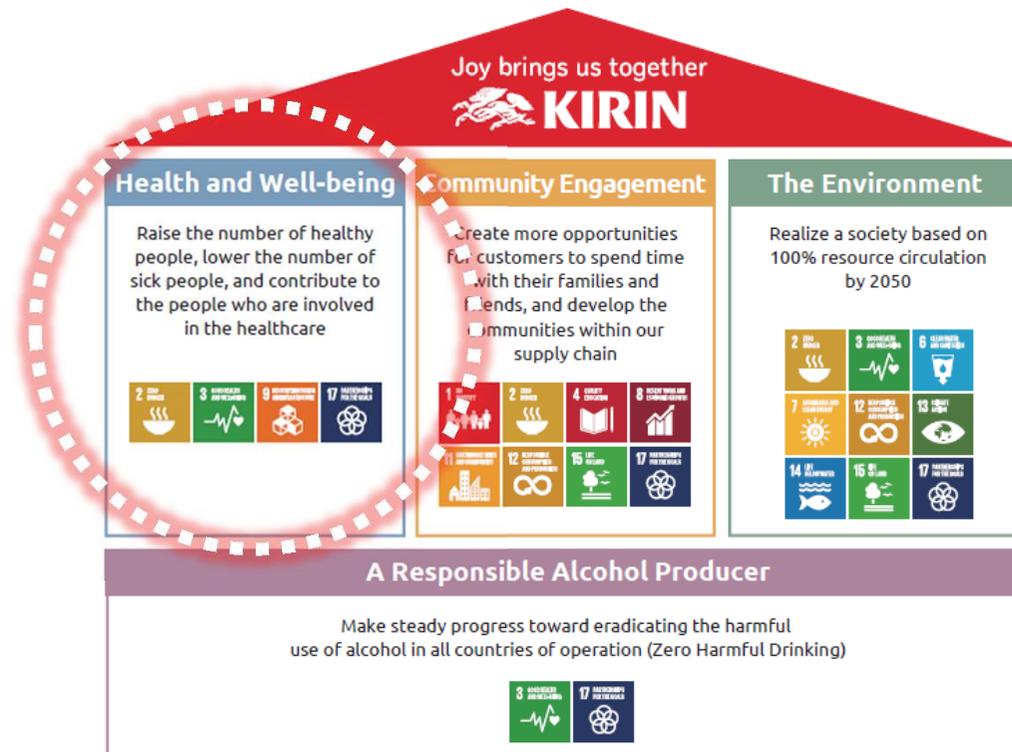
* Figures in the chart are all percentage of voting rights. 1 round off to two decimal places.

- Long-term Management Vision (KV2027)

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

- CSV purpose

Kirin group will achieve its sustainable growth by providing solutions for enhancement of customers’ quality of life and promotion of preventive healthcare which is the key CSV issues related with “Health and Well-being”



- Kirin has resolved social issues related with "Health and Well-being" for long periods with its unique business portfolio



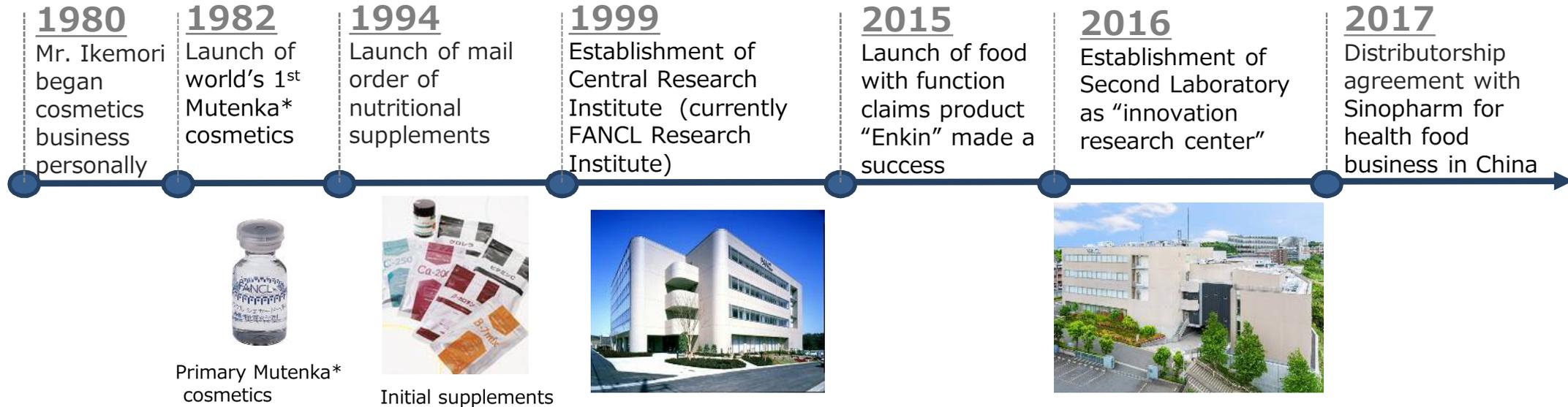
● 2019-2021 Medium-Term Business Plan

Establish and foster "New businesses bridging Pharmaceuticals and Food & Beverages"

- Kirin positions Kyowa Hakko Bio at the core of "New businesses bridging Pharmaceuticals and Food & Beverages" with group reorganization



- FANCL resolved social negative issues in beauty and health domain



Primary Mutenka* cosmetics

Initial supplements

「VISION2030」

-Make the world healthier and more beautiful-

Towards 2030, the FANCL group aims to launch business ventures in a range of areas. In each business domain we aim to support customer lifestyles full of beauty and health, not only in Japan but on a global scale, as a corporate group that customers can trust and rely upon



Purpose

- "Health and Well-being "
- Improving Quality of Life
- Disease prevention



- Supporting customer lifestyles full of beauty and health
- Healthy life expectancy

Business domain

- "Food & Beverages"
- "Pharmaceuticals"
- "New businesses bridging the Pharmaceuticals and Food & Beverages"



- "Beauty" and "Health"

Strength

- **Brands** (*Gogo-no-Kocha, Nama-cha, etc.*)
- **R & D** (fermentation, cultivation, production of non-alcoholic beverage)
- **Materials** (amino acids, immune system, brain function, etc.)
- **Channel** (vending machine)



- **Brands** (*Fancl, Attenir, etc.*)
- **R & D** (Mutenka technology, formulation and processing technology)
- **Use of materials** (supplements for healthy lifestyle)
- **Channel** (direct sales through stores and online)

Toward Sustainable Growth with Resolution of Social Issues

● FANCL has grown as a R&D-driven manufacturer having direct sales department

Strength of FANCL

R&D capabilities

- Mutenka cosmetics with high-quality raw materials, manufacturing and packaging
- R&D capabilities with history of more than 25 years as a pioneer in supplements market having the top market share in supplement market of the foods with function claims.

Strength of FANCL

Sales channels

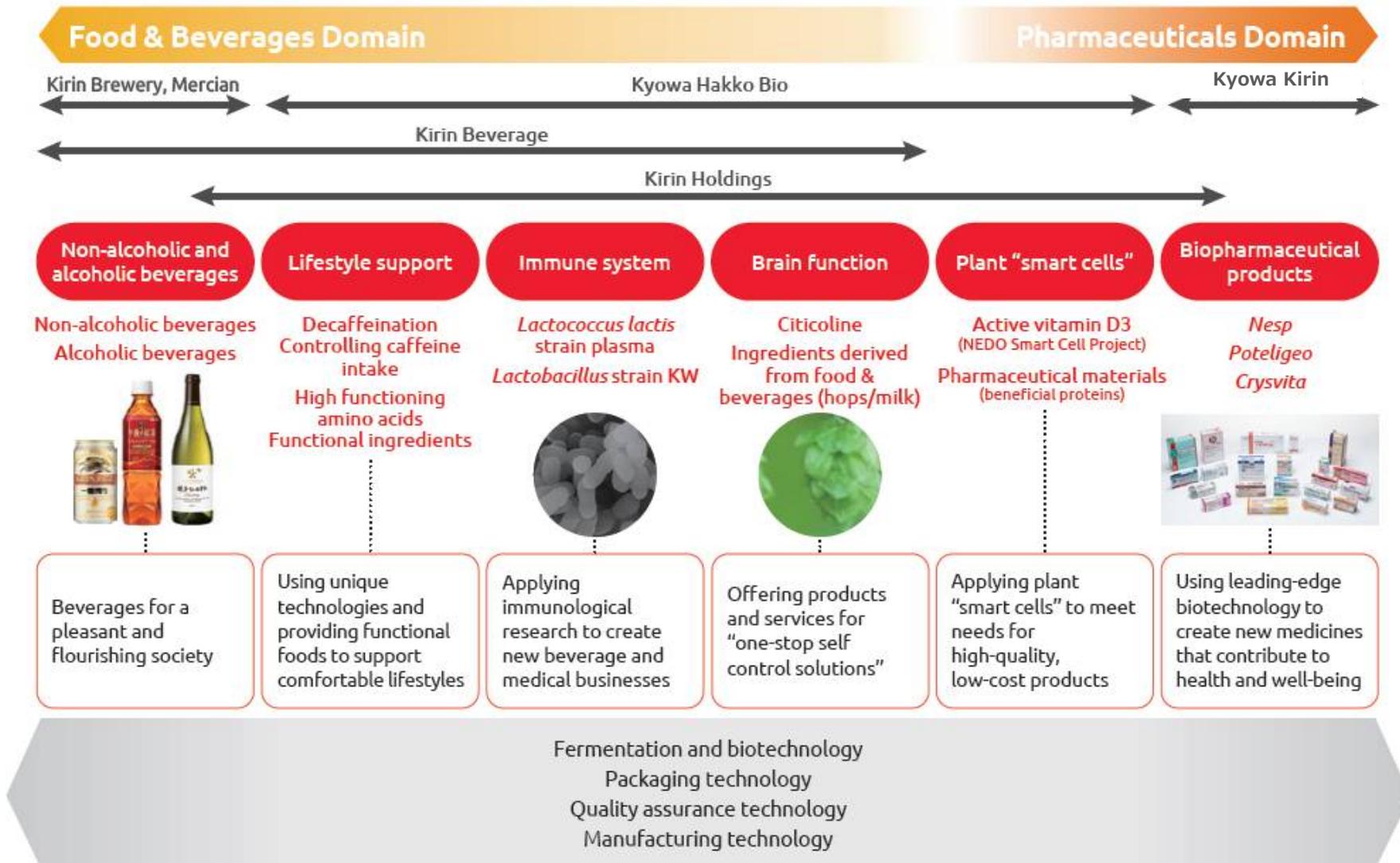
- Broad distribution channel through online and catalogue sales, direct stores sales, and wholesale
- Sales from online and catalogue and direct stores accounts for over 70% of total revenue with detailed communication with customers

Strength of FANCL

Relationship with customers

- Treasure relationship with customers, since founded in 1980
- Many customers having long and continuous relationships with strong trust and attachment to the FANCL brand

- Kirin has **various unique materials** in addition to **brand and R&D** developed in both "Food & Beverages domain" and "Pharmaceuticals domain"



Development of Material, Product, Brand

Integration of
"Brand" and "Technology"

KIRIN

Food & Beverages
to Pharmaceuticals

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FANCL

Beauty
& Health

Leveraging both "brand" and "technology",
develop products with new concepts

Product development
utilizing unique materials

KIRIN

High functioning amino acid
Functional materials
(immune system, brain function
intestinal environment etc.)

FANCL

Unique materials
which is scientifically
backed up

Development of supplement for healthy lifestyle,
anti-aging skincare products etc.

Co-development of products and business

- Co-development in areas such as "life-induced disease", "brain function", "frail", "physical therapy", "immune system" and "intestinal environment"
- Co-development of cosmetic products utilizing yeast and fermentation technology
- Co-development of new business model

Mutual utilization of business platform

- Mutual utilization of production capacity
- Cross-selling utilizing both channels
(e.g. KIRIN's vending machine and FANCL's online and catalogue sales and direct stores)

- Kirin and Fancl will offer a wide range of products, including **“Beverages”, “Foods” and “Skin Care”** to contribute to customer’s beauty and health **by combining R&D capabilities with the strong brands of both companies.**



Leading brand *1
in black tea market
and a spectrum of brands



Leading brand *2
in oil cleansing products



Leading brand *3
in foods with function claims
(supplement)

Working speedily to realize new value creation (products and business models)
by combining products and R&D seeds that could not be achieved on our own.

*1 Survey by Food Marketing Research Institute, Inc. (2018 sales volume by shipment)
*2 Fuji Keizai “Cosmetics marketing handbook 2018”, No. 1 cleansing products (2017 results)
*3 Fuji Keizai “H·B foods marketing handbook 2019 No.3” market analysis of foods with function claims (2017 results)

Name	Kirin Holdings Company, Limited (Stock Code:2503)
Founded	February 23, 1907
Headquarter	10-2, Nakano 4-chome, Nakano-ku, Tokyo
Representative	Yoshinori Isozaki President and CEO
Capital Stock	JPY 102.0 billion
Market Cap	JPY 2,081.1 billion (As of July 31, 2019)

Corporate Policy

Corporate Philosophy

KIRIN brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers.

2027 Vision

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

Corporate Slogan

Joy brings us together

One KIRIN Values

"Passion. Integrity. Diversity."

- Passion** Our determination to continuously provide our customers and society with new value propositions based on innovative ideas, and our enthusiasm to meet goals with pride in the companies we work for and the brands we offer.
- Integrity** Our gratitude to our stakeholders for always helping us move forward, and our promise to remain honest and humble in every business activity to serve them better.
- Diversity** Our respect for different perspectives and values that enable constructive discussions, and our belief that the "differences" have the power to change the world and create better solutions.

Business Portfolio

Others
Kyowa Hakko Bio, Mercian, Myanmar Brewery, CKNNE, Koiwai Dairy Products etc.



Japan Beer and Spirits
Kirin Brewery



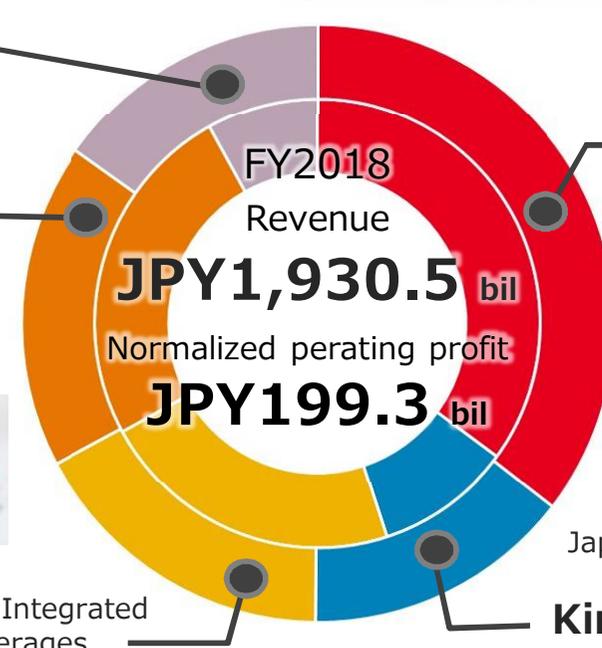
Pharmaceuticals
Kyowa Kirin



Oceania Integrated Beverages
Lion



Japan Non-Alcoholic Beverages
Kirin Beverage

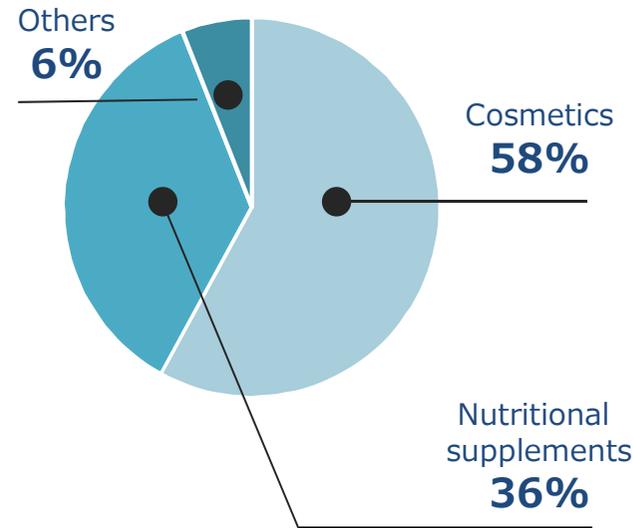


(Note)

- *The pie chart is based on the segment information as of FY2018
- *The outer circle : composition ratio of revenue
- *The inner circle : composition ratio of operating profit.
- *Since the second quarter FY2019, Kyowa Hakko Bio is classified in "Others"

Name	FANCL CORPORATION (Stock Code:4921)
Founded	August 18, 1981
Headquarter	89-1 Yamashita-cho, Naka-ku, Yokohama
Business	Research, development, manufacture, and sale of cosmetics and health foods
Representative	Mr. Kazuyuki Shimada President & CEO, Representative Director
Capital Stock	JPY 10.7 billion
Market Cap	JPY 330.3 billion (As of July 31, 2019)
Sales	JPY 122.4 billion (FY Mar/2019)
Operating income	JPY 12.3 billion (FY Mar/2019)

Sales by segment



Cosmetic product with brands of "FANCL", "ATTENIR" and others



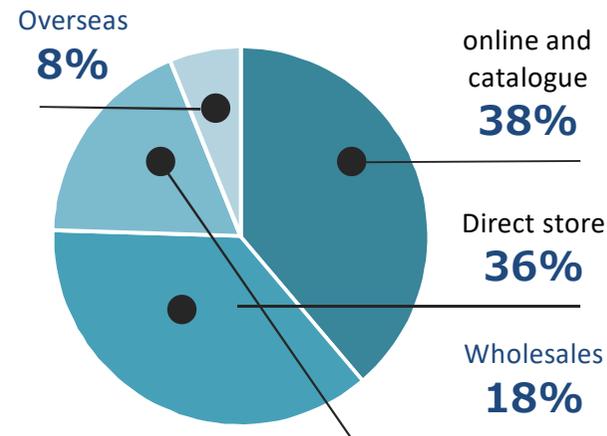
Supplement products of "Calolimit", "Naishi Support" and others

Global Business Development



※boscia : Foreign brand born in 2002

Sales by channel



Including online sales 53%

FANCL : 204 stores
ATTENIR : 17 stores

Drugstores, Convenience Store, General Merchandise Store and so on