



Kirin Group

Financial Results for 2Q FY2022

August 8, 2022
Kirin Holdings Company, Limited

Progress Toward a "New Growth Track"

Joy brings us together



Increase in Geopolitical Risks

- Prolonged Ukraine risk
- Myanmar's political disturbance



Rapid Cost Increase

- Soaring raw material and fuel costs
- Rapid depreciation of yen



Change in Consumption Behavior

- To a new normal post COVID-19
- Increase in health awareness
- Pressure on disposable income



Resolving management issues by responding to the changes in the environment

Achieve and Accumulate Steady Results

Revised the Normalized operating profit target upward from the initial plan

Rising Costs of Raw Materials, Fuel, etc



Respond with

profit improvement measures

including price revisions

Changes in Business Environment (COVID-19, floods, etc)



Demonstrate the true value of business portfolio
management and

**cover the performance
across businesses**

FY 2022 Consolidated Normalized Operating Profit

Initial Plan **166.0** billion yen ► **Revise upward to 172.0** billion yen

167.4 billion yen excluding the results of Myanmar Brewery (4.6 billion yen), which was expected to be zero in the initial plan

Business portfolio reforms are being executed as planned

Withdrawal from the Myanmar Business



Negotiations were completed on time
despite various restrictions and

Agreement reached on stock transfer

Stock transfer amount :
Approx. 22.4 billion yen (planned)

Stock Transfer China Resources Kirin Beverages



August 5

Stock transfer completed

Stock transfer amount:
Approx. 120.0 billion yen

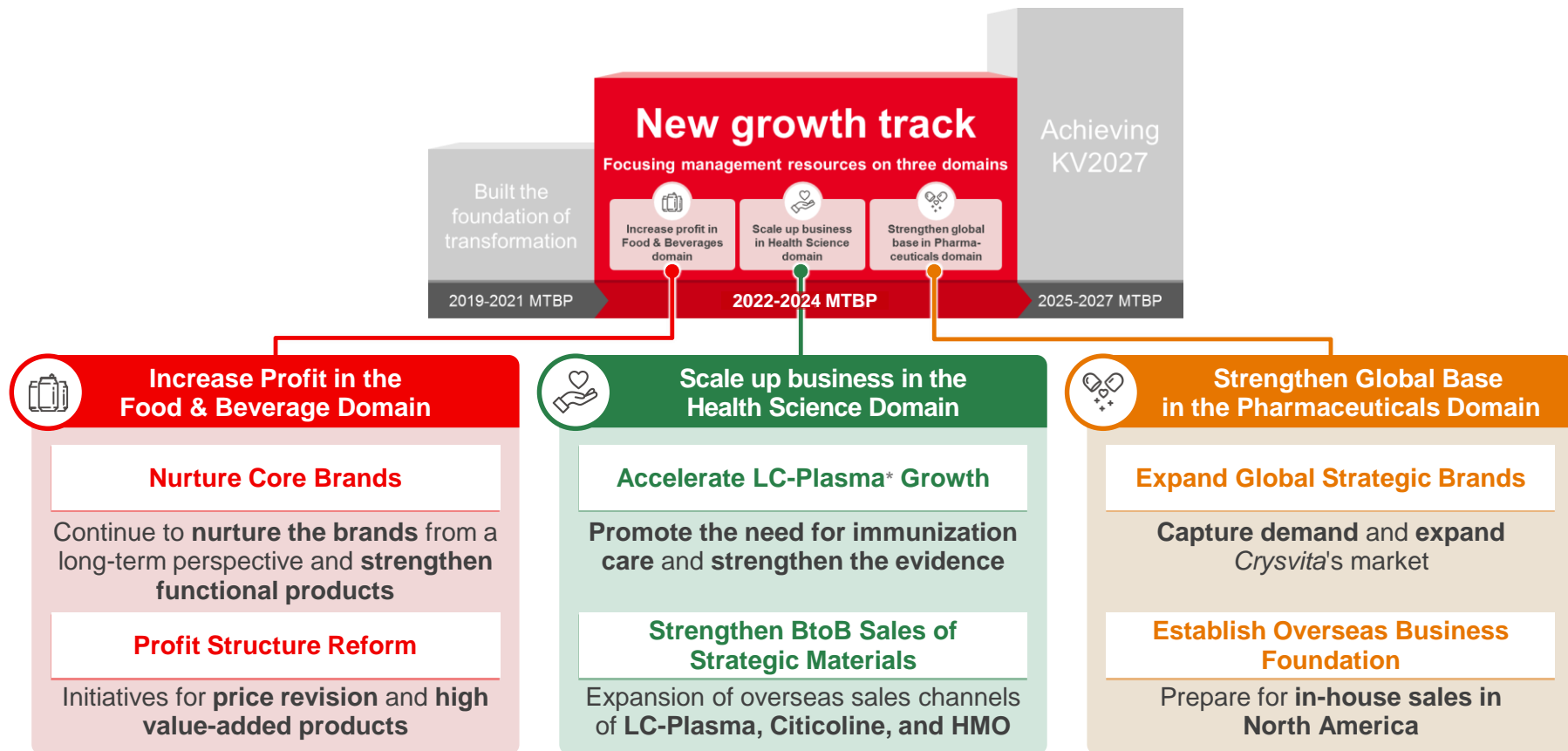
Making progress
toward achieving
an optimal
business portfolio

Accelerate growth in focus areas
such as the Health Science business and overseas crafts

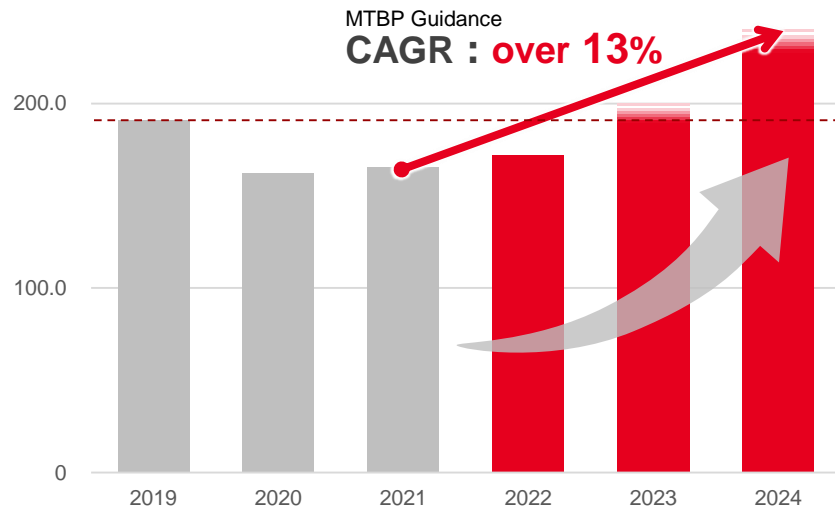
+

Announced share buyback (up to 50.0 billion yen) to be completed by the end of the year

Steadily implementing the growth strategies in the Food & Beverages, Health Science, and Pharmaceuticals domains



Consolidated Normalized OP (billion yen)



**Downside factors
for next fiscal year**

- Cost increase in raw materials, fuel, etc.
- FX rate fluctuations



**Will Achieve the
Medium-Term Business
Plan Financial Targets**

**by steadily implementing
the growth strategies**

➤ Steady progress toward KV2027 to become a “Global Leader in CSV”

Environment

World's first SBT net-zero certification in the food industry

- Received a certification from SBTi, for Kirin Group's 2050 GHG Net Zero targets being based on scientific evidence
- Certification following the update of SBT 1.5°C in 2020 and Japanese food industry's first SBT 2.0°C in 2017

World's first disclosure of nature-related financial information based on the TNFD* framework

- Introduced as the world's first case study by the TNFD taskforce analysis
- Disclosed and analyzed our activities at the Sri Lankan tea plantations and Mariko Winery etc.



Environmental Report

Social

Research on the suppression of growth and development of COVID-19 with LC-Plasma

- Plan to verify the efficacy of LC-Plasma as a drug for COVID-19 by applying and developing the mechanism of LC-Plasma in a joint research with the National Institute of Infectious Diseases
- Selected as an innovative pharmaceuticals research and development project led by AMED, a national research and development agency



国立研究開発法人 日本医療研究開発機構
Japan Agency for Medical Research and Development

A national research and development agency that leads research and development from basic to practical medical care under the jurisdiction of the Cabinet Office, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Health, Labor and Welfare, and Ministry of Economy, Trade and Industry

This information is about LC-Plasma (*Lactococcus lactis* strain Plasma) as a material. It does not indicate the effects or efficacy of products containing LC-Plasma.

Index Rating

MSCI ESG Rating: Following Kirin Holdings, Kyowa Kirin also received an AA rating



Financial Results for 2Q FY2022

Joy brings us together

Summary of 2Q FY2022 Results & Revision of FY2022 Forecast

2Q FY2022 Results

- Consolidated Revenue increased by +6.1% YoY and consolidated Normalized operating profit (OP) increased by +0.2% YoY, achieving higher revenue and profit despite the challenging business environment.
- Profit before tax increased by +68.6%, mainly due to the gain on reversal of impairment loss on the Myanmar business in the previous year.
- Profit attributable to owners of the company increased by +133.1% due to an increase in profit before tax and a decline in the corporate tax rate.

Revision of FY2022 Forecast

- Consolidated revenue and consolidated Normalized OP are revised upward by +2.1% and +3.6%, respectively, from the initial forecasts, taking into account the incremental effect of the Myanmar business, which was expected to be zero in the initial plan.
- Due to the business portfolio reforms and other factors, profit attributable to owners of the company is expected to be revised upward by +17.0% and ROIC to be approx. 10%.
- Annual dividend per share is maintained at 65 yen per share as planned at the beginning of the year (dividend payout ratio of at least 40%).

2Q FY2022 Results

- Increase in both Revenue and Normalized OP due to strong performance in the pharmaceuticals domain and North American beverage business, as well as the impact of foreign exchange rate fluctuations

(bn yen)	2Q FY2022 Actual	2Q FY2021 Actual	YoY	%
Revenue	917.0	864.0	53.0	6.1%
Normalized OP *1	72.1	71.9	0.2	0.2%
Profit before tax	95.2	56.5	38.7	68.6%
Profit attributable to owners of the Company	55.4	23.7	31.6	133.1%

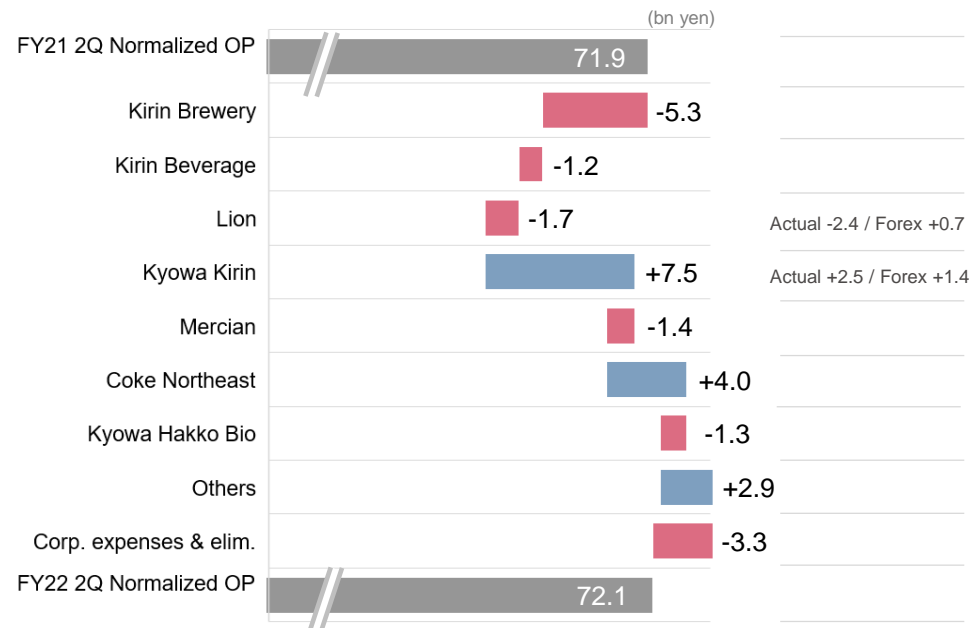
Quantitative Target	2Q FY2022 Actual	2Q FY2021 Actual	YoY	%
Normalized EPS *2	64 yen	65 yen	-1 yen	-1.5%

*1 A profit indicator for measuring recurring performance which is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

*2 See page 22 for details.

Changes in Consolidated Normalized OP by Operating Company

➤ Secure profit growth by offsetting each other across the entire portfolio



Notes

Kirin Brewery

- Normalized OP decreased due to decline in sales volume in the off-premise channels exceeding the increase in sales volume in the on-premise channels, and soaring costs of raw materials, etc.

Kirin Beverage

- Normalized OP decreased due to lower sales volume and soaring costs of raw materials, etc.

Lion

- Normalized OP decreased despite sales volume recovering in Australia and sales of US craft performing strong, due to not being able to cover the delay caused by external influences in 1Q

Kyowa Kirin

- Normalized OP increased due to higher overseas sales revenue and the impact of foreign exchange rates despite an increase in SG&A expenses to establish a global business foundation

Coke Northeast

- Normalized OP significantly increased due to higher sales volume despite the implementation of price revisions

Kyowa Hakko Bio

- Normalized OP decreased due to restrictions on manufacturing and sales by the lockdown in Shanghai, China, and soaring raw material costs, etc.

Corporate Expenses and Segment Eliminations

- Information system expenses increased

* "Others" includes "Other and elimination" in "Japan beer & spirits" segment.

* 'Myanmar Brewery' is included in 'Others' from 2022.

Update on Cost Increase and Profit Improvement Measures

Minimize the impact of cost increases by making steady progress on profit improvement measures and taking additional measures

Increase in Raw Material Cost, etc. (Annual)

Consolidated Total		By Operating Company
Initial Plan Approx. 14bn yen	Approx. 40 - 43 bn yen	Kirin Brewery Approx. 11 bn yen
+		Lion Approx. 9 bn yen
1Q Announcement Approx. 18-21 bn yen		Kirin Beverage Approx. 7 bn yen
+		Coke Northeast Approx. 7 bn yen
2Q Announcement Approx. 8 bn yen		etc

Profit Improvement Measures (Annual)

Consolidated Total		By Operating Company
Initial Plan Approx. 11 bn yen	Approx. 45 - 48 bn yen	Kirin Brewery Approx. 19 bn yen
+		Lion Approx. 10 bn yen
1Q Announcement Approx. 14-17 bn yen		Kirin Beverage Approx. 7 bn yen
+		Coke Northeast Approx. 8 bn yen
2Q Announcement Approx. 20 bn yen		etc

Revisions of FY2022 Forecast

- Revised forecasts upward, taking into account the first half results of Myanmar Brewery and the impact of foreign exchange rates.

■ FY2022 Forecast

(bn yen)	FY22 (new) Forecast	FY21 Actual	YoY	%	FY22 (initial) Forecast	Change	%	Description by segment
Revenue	1,990.0	1,821.6	168.4	9.2%	1,950.0	40.0	2.1%	Coke Northeast +36.1 (incl. forex +20.3), Kyowa Kirin +20.0, Lion +16.8 (incl. forex +22.8), Kirin Brewery -39.8
Normalized OP	172.0	165.4	6.6	4.0%	166.0	6.0	3.6%	Kyowa Kirin +9.0, Coke Northeast +4.9 (incl. forex +2.3), Kirin Brewery -7.0, Mercian-2.9
Profit before tax	227.0	99.6	127.4	127.9%	177.0	50.0	28.2%	Gain on sale of China Resources Kirin Beverages +50.0
Profit attributable to owners of the Company	134.0	59.8	74.2	124.1%	114.5	19.5	17.0%	Income tax expenses -16.5 / Non-controlling interests -14.0

Assumed full-year rate for Australian dollar revised from 82 yen to 90 yen, US dollar revised from 113 to 126 yen.

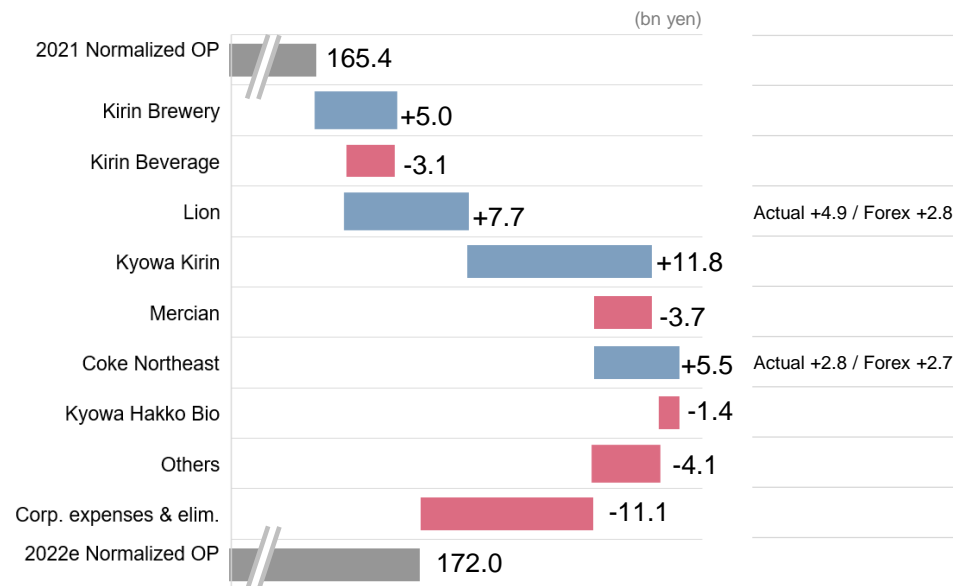
"+" means an increase in profits, "-" a decrease, compared to the initial forecast.

■ Quantitative targets / Dividend forecast

(bn yen)	FY22 (new) Forecast	FY21 Actual	YoY	FY22 (initial) Forecast	Change
ROIC	10.2%	4.2%	—	8.3%	—
Normalized EPS	157 yen	156 yen	1 yen	157 yen	—
Dividend per share	65 yen	65 yen	—	65 yen	—

Changes in Consolidated Normalized OP by Operating Company

- Aim to increase profit YoY through growth in the alcoholic beverages business in Japan and Australia, North American beverages business, and pharmaceuticals business.



* "Others" includes "Other and elimination" in "Japan beer & spirits" segment.

* 'Myanmar Brewery' is included in 'Others' from 2022.

* See page 26 for the revision from the previous forecast



Kirin Brewery

- Downward revision due to lower sales volume and price revisions not covering the impact of raw material cost hikes, but aiming for higher profits YoY

Kirin Beverage

- No revision from the initial plan due to price revision and cost control to offset decrease in sales volume and impact of raw material cost hikes

Lion

- Slight downward revision despite offsetting the impact of 1Q external factors by the recovery in the on-premise channels and the positive impact of FX rates, but aiming for higher profits YoY

Kyowa Kirin

- Upward revision due to strong overseas sales revenue and the impact of foreign exchange rates

Coke Northeast

- Upward revision due to strong sales despite the price increase

Kyowa Hakko Bio

- Downward revision due to the impact of the Shanghai lockdown, etc., expecting lower profits YoY

Others

- Reflects results of Myanmar Brewery in the first half of the fiscal year

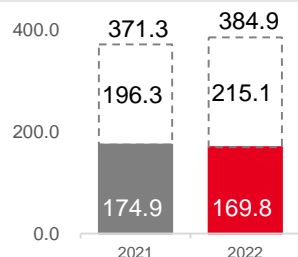
Corporate Expenses and Segment Eliminations

- No changes from the initial plan

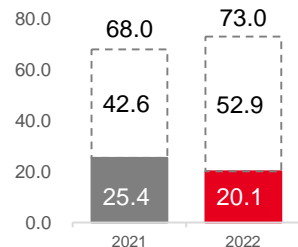
Results and Forecast

Liquor tax-excluded
Revenue (bn yen)

H2 Forecast
H1 Results



Normalized OP (bn yen)



Demand in the on-premise channels increased, which recovered to a little less than 70% vs 2019 in April-June, despite the off-premise channels being weak due to increased demand to eating out. In the second half of the year, we will focus on nurturing brands while controlling investments amid price revisions.

Progress during Jan. - Jun.

Forecast Revisions / Initiatives from July

Enhancing Core Brands

KIRIN ICHIBAN brand family total **+1%*** *KIRIN ICHIBAN* brand family total (Can) **-13%***

- Reversal effect of last year's *KIRIN ICHIBAN* renewal (2021 H1 brand total (cans): +45%*)
- June: *KIRIN ICHIBAN* brand total: +8%*

KIRIN ICHIBAN brand family total (Can) H2 Plan **+6%*** Annual Plan **-3%***

- KIRIN ICHIBAN* brand total (annual plan) +10%*
- Renewal of *KIRIN ICHIBAN Zero Sugar*



Expanding Premium Brands

SPRING VALLEY Brand **-2.5%***



Composition ratio of High value-added RTD **approx. 5%**

SPRING VALLEY Brand (Annual Plan) **+50%***

- Launch of new *Silk Ale (White)* in mid September
- Concentrate resources on craft beer in H2



Enhancing Home Tap CRM

H1 **Expanded lineup**

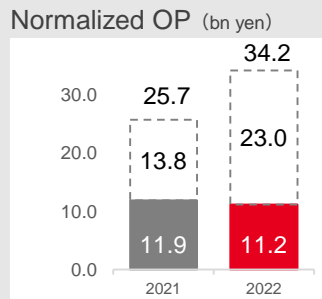
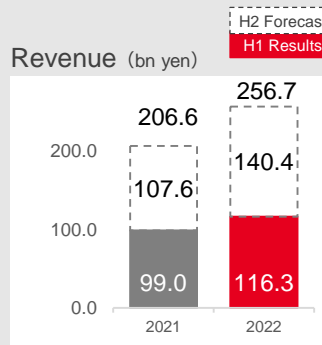
- Retention rate** progressed as planned



Annual Plan **Aim to achieve profitability**

- Continue to strengthen CRM (expand lineup, etc)

Results and Forecast



Dairy & Drinks results excluded in 2021.

Recovery in both on- and off-premise channels and profit improvement measures are progressing as planned. US Craft also continues to perform strong. The signs of the two pillars of "Marketing Transformation" and "SCM Improvement" are steadily showing.

Progress during Jan. - Jun.

Forecast Revisions / Initiatives from July

➤ Growing premium brands and improving channel mix (AU)

On-premise channels **+1%***

Off-premise channels **-2%***

- Apr. - June: On-premise +6%*, Off-premise +4%*
- Apr. - June : Core brand XXXX (Four X) +7%*

Recovery in on-premise channels (Annual Plan) **+15%***

Off-premise channels (Annual Plan) **Slight Increase**

- Revised downward from the initial plan of +20%* since recent recovery is not enough to offset the decline in 1Q.

Craft / International categories **+15%***

Fermentum **Promoting PMI**

- Scale up sales volume due to increased manufacturing capacity



➤ Enhancing overseas craft beer strategy

Global craft, etc. **+55%***

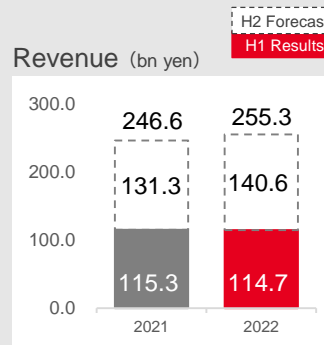
- Voodoo Ranger family's strong performance and Bell's integration progressing well

Promoting US Craft business PMI

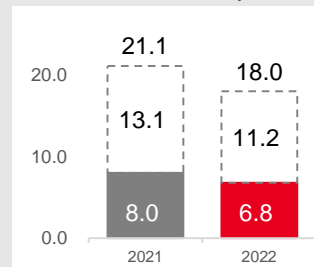
- Accelerate integration of each organization's functions and sales network
- Focus on core brands (Two Hearted, Oberon)



Results and Forecast



Normalized OP (bn yen)



Strong sales continued for core brands, *Gogo-no-Kocha*, *Nama-cha*, and LC-Plasma beverages. Profit improvement measures will be implemented for the second half of the year, including the effects of price revision from October and increase in the ratio of small PET bottles.

Progress during Jan. - Jun.

Forecast Revisions / Initiatives from July

Revitalizing Core Brands

Gogo-no-Kocha **+4%*** *Nama-cha* **+5%***

- Gogo-no-Kocha*: Overall brand sales fell short of the plan, but *Gogo-no-Kocha Oishii Muto* (sugar free) performed well, increasing by 23% YoY.
- Nama-cha*: Trend shifted to positive growth with the renewal of the brand in April

Gogo-no-Kocha **+5%*** *Nama-cha* **+10%***
(Annual Plan) (Annual Plan)

- Gogo-no-Kocha*: Revised downward from the initial plan of +9%, taking into account the trend in the first half of the year.
- Nama-cha*: Revised upward, taking into account the strong results in the first half of the year and an expected increase from the **renewal of Nama-cha Hoji-Sencha** from the end of August.



Repositioning Into Health Science Business

LC-Plasma beverages **+38%***

- iMUSE Morning Immune Care*: Solid sales after nationwide launch in March
- iMUSE* three standard lines also performed well with +5% growth

LC-Plasma beverages **7.62 mil cases (+46%*)**
(Annual Plan)

iMUSE Morning Immune Care

Improvement of in-store presence with expansion of product lineup and 6-packs

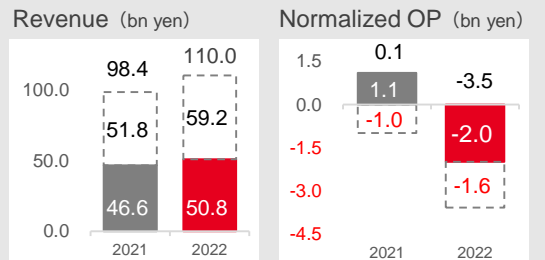


Reforming Product Mix

Composition ratio of Small PET** **approx. +1.5ppt**

Composition ratio of Small PET** (Annual Plan) **Aim approx. +3ppt as planned**

Health Science Domain



H2 Forecast
H1 Results

Progress during Jan. - Jun.

Forecast Revisions / Initiatives from July

> Expanding LC-Plasma Business

LC-Plasma related sales (YoY)

+47%

LC-Plasma
Brand
awareness*

approx.
70%

LC-Plasma
Function
awareness**

approx.
30%

LC-Plasma related sales (YoY)

Aim to achieve initial plan

+40%

- Reinforce alliances in the BtoB channel
- Expand consumer touchpoints by communicating health issues x immune care

*Percentage of respondents who know the name

**Percentage of respondents who know the specific functions and benefits

Kirin iMUSE Immune Care + 8 Multivitamins
August 2nd Nationwide launch

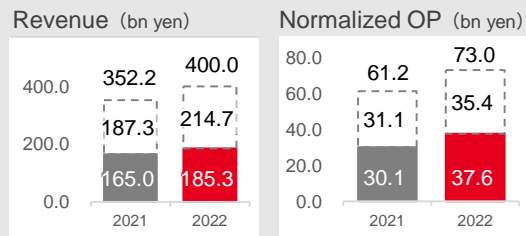


> Kyowa Hakko Bio

- Kyowa Hakko Bio's NOP declined -1.3 bn yen YoY due to the impact of the Shanghai lockdown, etc.

- Resume manufacturing and selling in Shanghai
- Plan to implement price revision as profit improvement measures

Kyowa Kirin



> Driving Growth of Three Global Strategic Brands (YoY Growth rate for Japan and Overseas, Yen-basis)



+38%



+42%



+6%

Based on the latest sales forecast and the impact of foreign exchange rates, etc.

**Upward revision to
Normalized OP Forecast**

64.0 bn yen ⇒ 73.0 bn yen



よろこびがつなぐ世界へ Joy brings us together

Appendix

Normalized EPS Details

(bn yen)		2Q FY2022	2Q FY2021
Profit attributable to Owners of the Company	①	55.4	23.7
Other operating income/expenses after taxes and other adjustments	②	-2.3	30.2
Normalized profit	③ = ① + ②	53.0	53.9
Average number of shares during the period ('000)	④	831,023	833,607
Normalized EPS (yen)	③ / ④	64	65

Revenue by segments

(bn yen)		2Q FY2022 Actual	2Q FY2021 Actual	YoY	%
Revenue		917.0	864.0	53.0	6.1%
Japan Beer and Spirits		303.4	310.5	-7.1	-2.3%
	Kirin Brewery	290.3	300.0	-9.7	-3.2%
	Other and elimination	13.1	10.5	2.6	24.5%
Japan Non-alcoholic Beverages		113.5	114.2	-0.7	-0.6%
	Kirin Beverage	114.7	115.3	-0.6	-0.5%
	Elimination	-1.1	-1.0	-0.1	—
Oceania Adult Beverages		116.3	108.7	7.6	7.0%
	Lion	116.3	108.7	7.6	7.0%
	Elimination	-0.0	-0.0	-0.0	—
Pharmaceuticals		185.0	164.7	20.3	12.3%
	Kyowa Kirin	185.3	165.0	20.2	12.3%
	Elimination	-0.2	-0.3	0.0	—
Other		198.7	165.8	32.9	19.9%
	Mercian	28.2	28.0	0.3	1.0%
	Coke Northeast	95.9	71.7	24.1	33.7%
	Kyowa Hakko Bio	25.4	24.8	0.6	2.4%
	Other and elimination	49.3	41.4	7.9	19.1%

* 'Myanmar Brewery' is included in 'Other and elimination' in 'Other' from 2022.

Revenue by segments

(bn yen)		FY2022 New Forecast	FY2021 Actual	YoY	%	FY2022 Initial Forecast	YoY	%
Revenue		1,990.0	1,821.6	168.4	9.2%	1,950.0	40.0	2.1%
Japan Beer and Spirits		685.1	661.3	23.7	3.6%	721.7	-36.6	-5.1%
	Kirin Brewery	655.7	638.3	17.4	2.7%	695.5	-39.8	-5.7%
	Other and elimination	29.3	23.0	6.3	27.3%	26.2	3.2	11.8%
Japan Non-alcoholic Beverages		253.0	244.4	8.7	3.5%	256.7	-3.6	-1.4%
	Kirin Beverage	255.3	246.6	8.7	3.5%	258.8	-3.4	-1.4%
	Elimination	-2.3	-2.2	-0.1	—	-2.1	-0.2	—
Oceania Adult Beverages		256.7	216.3	40.4	18.7%	239.9	16.8	7.0%
	Lion	256.7	216.3	40.4	18.7%	239.9	16.8	7.0%
	Elimination	-0.0	-0.1	0.0	—	-0.0	-0.0	—
Pharmaceuticals		399.3	351.7	47.6	13.5%	379.3	20.0	5.3%
	Kyowa Kirin	400.0	352.2	47.8	13.6%	380.0	20.0	5.3%
	Elimination	-0.7	-0.5	-0.1	—	-0.7	—	—
Other		395.9	347.9	48.0	13.8%	352.4	43.5	12.3%
	Mercian	58.5	57.9	0.6	1.0%	60.4	-1.9	-3.1%
	Coke Northeast	196.4	154.9	41.6	26.8%	160.3	36.1	22.5%
	Kyowa Hakko Bio	53.3	53.0	0.3	0.5%	55.6	-2.3	-4.1%
	Other and elimination	87.7	82.1	5.6	6.8%	76.1	11.6	15.2%

* 'Myanmar Brewery' is included in 'Other and elimination' in 'Other' from 2022.

Normalized OP by segments

(bn yen)

	2Q FY2022 Actual	2Q FY2021 Actual	YoY	%
Normalized OP	72.1	71.9	0.2	0.2%
Japan Beer and Spirits	22.0	26.7	-4.7	-17.5%
Kirin Brewery	20.1	25.4	-5.3	-20.9%
Others	1.9	1.3	0.6	51.4%
Japan Non-alcoholic Beverages	6.8	8.0	-1.2	-14.8%
Kirin Beverage	6.8	8.0	-1.2	-14.8%
Oceania Adult Beverages	11.2	12.8	-1.7	-13.0%
Lion	11.2	12.8	-1.7	-13.0%
Pharmaceuticals	37.6	30.1	7.5	24.9%
Kyowa Kirin	37.6	30.1	7.5	24.9%
Other	19.9	16.4	3.5	21.0%
Mercian	-0.3	1.1	-1.4	—
Coke Northeast	10.9	7.0	4.0	56.9%
Kyowa Hakko Bio	-1.0	0.3	-1.3	—
Other	10.3	8.0	2.2	27.8%
Corporate expenses/inter-segment	-25.4	-22.1	-3.3	—

* 'Myanmar Brewery' is included in 'Other and elimination' in 'Other' from 2022.

Normalized OP by segments

(bn yen)		FY2022 New Forecast	FY2021 Actual	YoY	%	FY2022 Initial Forecast	YoY	%
Normalized OP		172.0	165.4	6.6	4.0%	166.0	6.0	3.6%
Japan Beer and Spirits		75.5	70.5	5.0	7.0%	82.5	-7.0	-8.5%
	Kirin Brewery	73.0	68.0	5.0	7.4%	80.0	-7.0	-8.8%
	Others	2.5	2.6	-0.0	-1.6%	2.5	0.0	0.0%
Japan Non-alcoholic Beverages		18.0	21.1	-3.1	-14.6%	18.0	—	—
	Kirin Beverage	18.0	21.1	-3.1	-14.6%	18.0	—	—
Oceania Adult Beverages		34.2	26.6	7.7	28.8%	34.5	-0.3	-0.9%
	Lion	34.2	26.6	7.7	28.8%	34.5	-0.3	-0.9%
Pharmaceuticals		73.0	61.2	11.8	19.3%	64.0	9.0	14.1%
	Kyowa Kirin	73.0	61.2	11.8	19.3%	64.0	9.0	14.1%
Other		27.7	31.3	-3.7	-11.7%	23.5	4.2	17.9%
	Mercian	-1.4	2.3	-3.7	—	1.5	-2.9	—
	Coke Northeast	22.1	16.5	5.5	33.6%	17.2	4.9	28.5%
	Kyowa Hakko Bio	-1.0	0.4	-1.4	—	0.5	-1.5	—
	Other	8.0	12.2	-4.2	-34.5%	4.3	3.7	86.0%
Corporate expenses/inter-segment		-56.4	-45.3	-11.1	—	-56.4	—	—

* 'Myanmar Brewery' is included in 'Other and elimination' in 'Other' from 2022.

(1,000 HL)	2Q FY22 Actual	2Q FY21 Actual	YoY %
Beer products total	7,120	7,400	-3.8%
Beer	2,150	2,100	2.3%
Happo-shu	1,750	1,870	-6.3%
New genre	3,210	3,430	-6.2%
RTD	2,050	2,180	-5.7%
Non-alcohol beverages	210	240	-12.2%

In accordance with the agreement made by the Brewers Association of Japan, sales volume of beer products will only be disclosed in the 2Q and 4Q.

(bn yen)	2Q FY22 Actual	2Q FY21 Actual	YoY	%
Revenue	290.3	300.0	-9.7	-3.2%
Revenue excl. liquor tax	169.8	174.9	-5.1	-2.9%
Normalized OP	20.1	25.4	-5.3	-20.9%

2Q FY21 Normalized OP (bn yen)		25.4	Description
YoY change (bn yen)	Decrease in marginal profit of alcohol beverages, etc.	-5.0	Total beer products -1.9 (increase in beer 50,000HL, decrease in happo-shu 120,000HL, decrease in new genre - 210,000HL) Total other than beer products -0.8 (decrease in RTD 120,000HL, decrease in non-alcohol beverages 30,000HL, etc.) Difference of change in composite of products, etc. -2.3
	Increase in raw material cost	-1.2	
	Decrease in selling expenses	1.5	Increase in sales promotion -2.2, Decrease in advertising +3.6 (Total 34.4 ⇒ 33.0)
	Increase in other expenses	-0.6	
Subtotal		-5.3	
2Q FY22 Normalized OP		20.1	



Note

Japan Alcoholic Beverages Market

- Beer market sales volume was up by approx. +3%
- Sales volume in the on-premise channels increased by approx. 50%
- Sales volume in the off-premise channels decreased slightly

Sales Volume

- The on-premise channels grew significantly due to COVID-19 restrictions being lifted. On the other hand, demand in the off-premise channels declined as home consumption decreased
- Sales of *KIRIN ICHIBAN* increased by +13%

Details on Financial Performance

- Marginal profit decreased by 5.0 bn yen due to a decrease in sales volume in the off-premise channels, which exceeded the growth in the on-premise channels, as well as a negative impact on the product mix.
- Raw material cost increased by 1.2 bn yen due to the cost hikes as a result of the worsening market conditions.
- Selling expenses decreased by 1.5 bn yen due to cost controls implemented in response to the weak current performance.

(1,000 HL)	FY2022 New Forecast	FY2021 Actual	YoY %	FY2022 Initial Forecast	Change
Beer products total	15,880	15,710	1.1%	16,750	-870
Beer	5,240	4,750	10.4%	5,980	-740
Happo-shu	3,690	3,870	-4.8%	3,610	80
New genre	6,950	7,090	-2.0%	7,160	-220
RTD	4,420	4,490	-1.6%	4,920	-500
Non-alcohol beverages	530	490	8.1%	580	-50

(bn yen)	FY2022 New Forecast	FY2021 Actual	YoY	%	FY2022 Initial Forecast	Change
Revenue	655.7	638.3	17.4	2.7%	695.5	-39.8
Revenue excl. liquor tax	384.9	371.3	13.6	3.7%	404.4	-19.5
Normalized OP	73.0	68.0	5.0	7.4%	80.0	-7.0

FY2021 Normalized OP (bn yen)	68.0	Description
YoY change (bn yen)		Total beer products 2.8 (increase in beer 490,000HL, decrease in happo-shu -180,000HL, decrease in new genre -140,000HL)
	9.9	Total other than beer products 0.7 (decrease in RTD -70,000HL, increase in non-alcohol beverages 40,000HL, etc.)
		Price revision and difference of change in composite of products, etc. 6.4
	-8.5	Increase in market prices, etc.
	7.7	Decrease in sales promotion and advertising (Total 66.5 ⇒ 58.8)
	-4.1	Increase in expenditures, etc.
Subtotal	5.0	
FY2022 Normalized OP (New Forecast)	73.0	

YoY change (bn yen)		Increase in marginal profit of alcohol bevs., etc	19.5
		Increase in raw material cost	-3.0
		Increase in selling expenses	-0.6
		Increase in other expenses	-3.9
		Subtotal	12.0
		FY2022 Normalized OP (Initial Forecast)	80.0



Note

Sales Volume Target

- On-premise channels is expected to increase over 40% YoY (down 30-40% from 2019).
- Sales volume in the off-premise channels is expected to decline due to the impact of the price revision, but beer products total is expected to increase YoY.

Revenue and Normalized Operating Profit

- Marginal profit is significantly below the initial forecast due to a downward revision of sales volume as well as soaring fuel costs, etc.
- Raw material cost increased by 8.5 billion yen due to soaring market prices.
- Price revisions will be implemented to mitigate soaring raw material costs, etc.
- In light of the business performance, selling expenses will be significantly decreased.

2Q FY2022 Results

Kirin Beverage



Sales Volume (10,000 cases)		2Q FY22 Actual	2Q FY21 Actual	YoY %
Category	Black tea	2,401	2,309	4.0%
	Japanese tea	1,407	1,400	0.5%
	Coffee	1,187	1,217	-2.5%
	Fruit and veg. juice	1,116	1,190	-6.2%
	Carbonated beverages	583	646	-9.7%
	Water	1,654	1,720	-3.9%
	Others	1,223	1,196	2.2%
By Container	Can	1,126	1,185	-4.9%
	Large PET bottle	2,981	3,137	-5.0%
	Small PET bottle	4,557	4,465	2.1%
	Others	906	892	1.6%
By Domain	Food & Beverage	8,552	8,708	-1.8%
	Health science	1,019	971	4.9%
	(LC-Plasma)	304	220	38.0%
Total		9,571	9,679	-1.1%

(bn yen)	2Q FY22 Actual	2Q FY21 Actual	YoY	%
Revenue	114.7	115.3	-0.6	-0.5%
Normalized OP	6.8	8.0	-1.2	-14.8%

* 'Functional beverage' is included in "Others" from 2022.

2Q FY21 Normalized OP (bn yen)		8.0	Description
YoY change (bn yen)	Increase in marginal profit	1.2	Decrease in sales volume -1.08 million cases, -0.5 Difference of change in products mix and in composition ratio of containers, etc. 1.7
	Increase in raw material costs, etc.	-3.1	Increase in raw material cost -2.0, increase in material cost -0.3, increase in processing cost -0.8
	Decrease in selling expenses	1.2	Decrease in sales promotion 1.4, Increase in advertising -0.1 (Total 12.9 ⇒11.7)
	Increase in other expenses	-0.5	
	Subtotal	-1.2	
2Q FY22 Normalized OP		6.8	



Note

Soft Drink Market

- Soft drink market was approx. +3%.

Sales Volume and Revenue

- Sales volume of *Gogo-no-Kocha* increased by 4% due to strong sales of the *Gogo-no-Kocha Oishii Muto (sugar free)*. Sales volume of *Nama-cha* increased by 5%, driven by the major renewal in April.
- Sales volume of LC-Plasma products grew significantly (+38%) due to the growing health-consciousness of consumers.
- Revenue decreased due to lower sales volume of non-core brand products.

Normalized Operating Profit

- Marginal profit increased as the negative impact of the decrease in sales volume was offset by the improved mix due to the increased ratio of small PET bottles.
- On the other hand, Normalized operating profit decreased due to the impact of the significant increase in raw material costs caused by the soaring market prices.

Sales Volume (10,000 cases)		FY2022 New Forecast	2Q FY21 Actual	YoY %	FY2022 Initial Forecast	Change
Category	Black tea	5,280	4,991	5.8%	5,541	-261
	Japanese tea	3,283	3,104	5.8%	3,381	-98
	Coffee	2,527	2,585	-2.2%	2,584	-57
	Fruit and veg. juice	2,302	2,407	-4.4%	2,345	-43
	Carbonated beverages	1,287	1,313	-2.0%	1,369	-82
	Water	3,279	3,673	-10.8%	3,301	-22
	Others	2,855	2,702	5.7%	2,618	237
By Container	Can	2,409	2,421	-0.5%	2,534	-125
	Large PET bottle	6,248	6,726	-7.1%	6,309	-61
	Small PET bottle	10,290	9,726	5.8%	10,417	-127
	Others	1,867	1,903	-1.9%	1,878	-11
By Domain	Food & Beverage	18,534	18,739	-1.1%	18,820	-286
	Health science (LC-Plasma)	2,279	2,036	12.0%	2,318	-39
		762	523	45.7%	758	4
Total		20,813	20,775	0.2%	21,138	-325

(bn yen)		FY2022 New Forecast	FY2021 Actual	YoY	%	FY2022 Initial Forecast	Change
Revenue		255.3	246.6	8.7	3.5%	258.8	-3.4
Normalized OP		18.0	21.1	-3.1	-14.6%	18.0	-

* 'Functional beverage' is included in "Others" from 2022.

FY2021 Normalized OP (bn yen)		21.1	Description			
YoY change (bn yen)	Increase in marginal profit	6.0	Increase in sales volume 0.38 million cases, 0.2, Difference of change in products mix and in composition ratio of containers, etc. 5.8	YoY change (bn yen)	Increase in marginal profit	7.6
	Increase in raw material costs, etc.	-8.0	Increase in raw material cost -4.3, increase in material cost -2.0, increase in processing cost -1.7		Increase in raw material costs, etc.	-5.3
	Decrease in selling expenses	0.6	Decrease in sales promotion and advertising +0.6 (Total 27.2→26.6)		Increase in selling expenses	-2.5
	Increase in other expenses	-1.7	Increase Sales equipment expenses -0.7 and Sales consignment fee -0.8		Increase in other expenses	-2.9
	Subtotal	-3.1			Subtotal	-3.1
FY2022 Normalized OP (New Forecast)		18.0		FY2022 Normalized OP (Initial Forecast)		18.0



Note

Soft Drink Market

- Soft drink market is estimated to land at approx. +3%.

Sales Volume and Revenue

- Sales volume of *Gogo-no-Kocha* was revised downward to 5% YoY from the initial plan, taking into account the trend in the first half of the year. Sales volume of *Nama-cha* was revised upward to 10% YoY due to a strong first-half performance and brand reinforcement through the renewal of *Nama-cha Hoji-Sencha* in August.
- In the Health Science domain, sales volume of LC-Plasma products is expected to increase 46% YoY due to the reinforcement of the in-store presence of *iMUSE Morning Immune Care*.
- Sales revenue was revised downward from the previous forecast due to revision in sales volume.

Normalized Operating Profit

- Decrease in sales volume, deterioration in difference of change in product/container mix, and the impact of raw material cost hikes will be offset by price revisions and improvement in selling expenses. Normalized operating profit is expected to be in line with the initial forecast.

Yen base (bn yen)

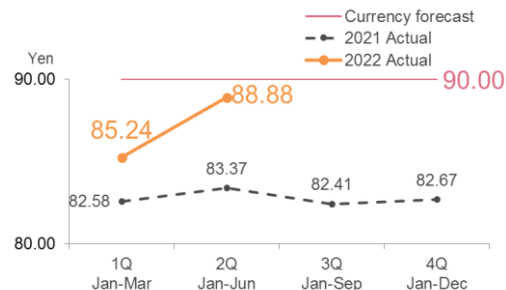
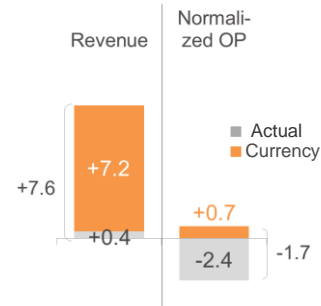
	2Q FY22 Actual	2Q FY21 Actual	YoY	%
Revenue	116.3	108.7	7.6	7.0%
Normalized OP	11.2	12.8	-1.7	-13.0%

AUS dollar base (million AUS\$)

	2Q FY22 Actual	2Q FY21 Actual	YoY	%
Revenue	1,309	1,304	5	0.4%
Normalized OP	125	154	-28	-18.4%

Dairy & Drinks results (Revenue 117m, Normalized OP 11m) included in 2Q FY21 Actual.
Revenue +10.3% YoY and Normalized OP -12.4% YoY without Dairy & Drinks results (AUS dollar base).

Exchange Rate – Australian Dollar

Forex Impact
(bn yen)

Change in sales volume*

8.5%



Note

Normalized OP YoY (million AUS\$)	2Q FY21 Actual	154
	AU&NZ Sales Volume	-5
	Other	-30
	Global craft, etc.**	25
	Others***	-18
	2Q FY22 Actual	125

* Includes Global Craft etc. volume. YoY change in sales volume excluding Global Craft etc. was -1.1%.

** Includes Normalized OP impact derived from sales volume changes and the impact of other factors.

*** Includes Corporate expenses and one month of Dairy & Drinks NOP in F21

Revenue

- Total revenue increased by \$5m, with the alcoholic beverages business growing by \$122m, given the sale of LDD (\$-117m).
- Australia & NZ's core business has been recovering over Q2 with good momentum in on-premise channels. The integration of Fermentum has been progressing well.
- Global craft revenue has increased, driven by acquisition of Bell's and New Belgium's organic growth due to the strength of the Voodoo Ranger family (No.1 IPA brand in US market).

Normalized OP

- Total Normalized OP decreased by -18.4% YoY.
- The decrease was primarily caused by the sale of LDD (\$-11m) and AU's Omicron and flooding impacts in Q1, partially offset by contribution from the acquisition of Bell's and Fermentum.
- All markets continue to see pressures from raw material availability, high inflation rates and increased input costs, such as fuel prices, despite stable performance of sales volume.
- Ongoing focus on profit improvement measures through pricing strategy and cost optimization to mitigate input costs increases.

Yen base (bn yen)

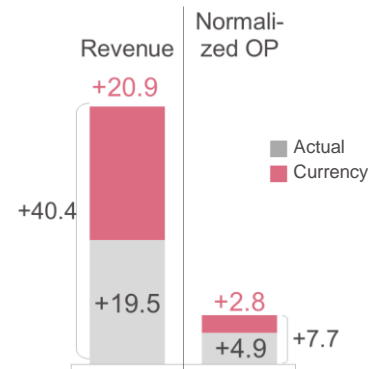
	FY2022 New Forecast	FY2021 Actual	YoY	%	FY2022 Initial Forecast	Change
Revenue	256.7	216.3	40.4	18.7%	239.9	16.8
Normalized OP	34.2	26.6	7.7	28.8%	34.5	-0.3

AUS dollar base (million AUS\$)

	FY2022 New Forecast	FY2021 Actual	YoY	%	FY2022 Initial Forecast	Change
Revenue	2,852	2,617	236	9.0%	2,926	-74
Normalized OP	380	321	59	18.3%	420	-40

Dairy & Drinks results (Revenue 117m, Normalized OP 11m) included in 2Q FY21 Actual.
 Revenue +14.1% YoY and Normalized OP +22.4% YoY without Dairy & Drinks results
 (AUS dollar base).

Assumed exchange rate: ¥90.00 U(AD)

Forex Impact
(bn yen)

Note

Revenue

- › Lion's total revenue is revised downward from the initial forecast due to lower sales volume. Despite this, revenue is expected to grow by +9% YoY.
- › The downward revision is due to COVID-19 impacts in Australia & NZ and temporary factors such as flooding and pallet challenges.
- › Global Craft and other sales revenue is expected to significantly increase as the initial plan due to strong momentum of New Belgium Brewing and Bell's integration.

Normalized OP

- › Total Normalized OP is revised downward from the initial forecast however is expected to grow by +18.3% YoY.
- › The downward revision is due to cost pressure of raw material, logistics, and labor costs etc. as well as challenges noted in Revenue.
- › External factors have impacted the full year forecast, however Lion will implement measures to improve profitability, such as cost reductions in the value chain, in addition to price realization and premiumization strategy.

(bn yen)	2Q FY22 Actual	2Q FY21 Actual	YoY	%
Revenue	185.0	164.7	20.3	12.3%
Kyowa Kirin	185.3	165.0	20.2	12.3%
Elimination	-0.2	-0.3	0.0	—
Normalized OP	37.6	30.1	7.5	24.9%
Kyowa Kirin	37.6	30.1	7.5	24.9%



Revenue (2Q)

- ▶ In Japan, while sales increased for *Duvroq*, *Romiplate*, and *G-lasta*, which are steadily gaining market penetration, revenue decreased due to the impact of the NHI drug price revision and other factors, in addition to a decrease in revenue from the sales of *Patanol*, for which a generic version was launched in December 2021.
- ▶ Overseas sales increased due to year-on-year growth in sales of the three global strategic products, *Crysvita*, *Poteligeo*, and *Nourianz*, in North America and EMEA in addition to the impact of depreciation of yen, as well as growth in sales of *Gran* and other products in Asia/Oceania.
- ▶ Other sales revenue increased mainly due to an increase in technology revenue from *KHK4083*, in which an agreement was signed last year with Amgen for co-development and co-marketing.

Normalized Operating Profit (2Q)

- ▶ While general and administrative selling expenses increased to maximize the value of the three global strategic products and to quickly establish a competitive global business foundation, overall revenue increased due to higher overseas sales revenue mainly from the three global strategic products.

(bn yen)	FY2022 New Forecast	FY2021 Actual	YoY	%	FY2022 Initial Forecast	Change
Revenue	399.3	351.7	47.6	13.5%	379.3	20.0
Kyowa Kirin	400.0	352.2	47.8	13.6%	380.0	20.0
Elimination	-0.7	-0.5	-0.1	—	-0.7	—
Normalized OP	73.0	61.2	11.8	19.3%	64.0	9.0
Kyowa Kirin	73.0	61.2	11.8	19.3%	64.0	9.0



Revision of Revenue (2022 Forecast)

- ▶ Revised upward due to the impact of yen depreciation, etc.

Revision of Normalized Operating Profit (2022 Forecast)

- ▶ Revised upward to reflect the impact of yen depreciation, as well as the R&D expenses accrued due to the discontinuation of the development of KW-6356, a Parkinson's disease drug that had been developed as a next-generation strategic product.

Yen base (bn yen)

	2Q FY22 Actual	2Q FY21 Actual	YoY	%
Revenue	95.9	71.7	24.1	33.7%
Normalized OP	10.9	7.0	4.0	56.9%

U.S. dollar base (million \$)

	2Q FY22 Actual	2Q FY21 Actual	YoY	%
Revenue	770	661	109	16.4%
Normalized OP	88	64	24	36.6%

Yen base (bn yen)

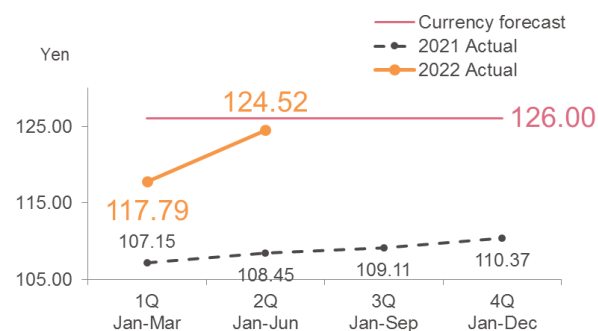
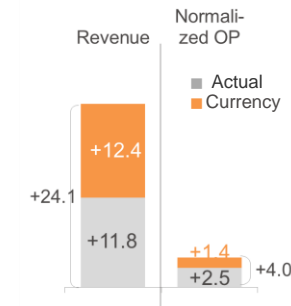
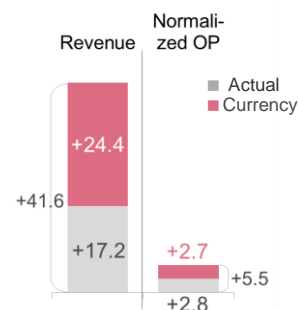
	FY2022 New Forecast	FY 2021 Actual	YoY	%	FY2022 Initial Forecast	Change
Revenue	196.4	154.9	41.6	26.8%	160.3	36.1
Normalized OP	22.1	16.5	5.5	33.6%	17.2	4.9

U.S. dollar base (million \$)

	FY2022 New Forecast	FY 2021 Actual	YoY	%	FY2022 Initial Forecast	Change
Revenue	1,559	1,403	156	11.1%	1,419	140
Normalized OP	175	150	25	17.0%	152	23

Assumed exchange rate: ¥126.00 (USD)

Exchange Rate - US Dollar

Forex 2Q FY2022
Impact (bn yen)Forex FY2022
Impact (bn yen)

FY2022 2Q Results

- › Sales volume continued to increase (+5.7%) in the on-premise and the off-premise channels, as it did in 1Q.
- › The price revision in August 2021 and April 2022 had minimal impact on consumer consumption, achieving significant increase in sales and profit due to increased market share and ongoing cost control.

Revisions of FY2022 Forecast

- › Normalized operating profit is revised upward vs. the initial forecast due to the implementation of another price revision and continued cost controls, despite concerns surrounding the increase in raw materials and labor costs.

➤ Dividend increased from FY2022, while the impact of COVID-19 remains.

San Miguel Brewery domestic consolidated results

(October 2021 - March 2022)

(million PHP)	Period consolidated to 2Q					
	FY2021 Total (October 2020 - September 2021)		Oct.-Dec. 2021		Jan.-Mar. 2022	
	Actual	YoY %	Actual	YoY %	Actual	YoY %
Sales *	117,528	6%	34,204	-4%	29,659	3%
Operating Income *	27,840	10%	8,733	-10%	6,751	0%
Operating Income Ratio	23.7%	—	26%	—	23%	—
Depreciation & Amortization*	4,991	13%	1,635	+6%	1,211	16%
EBITDA (Operating Income + Depreciation Amortization etc.)	32,831	10%	10,368	-7%	7,962	2%

* Based on disclosure

Source: San Miguel Brewery Inc. Financial Highlights, Quarterly Reports

Equity-method Incorporation (October 2021 - March 2022)

(bn yen)	2Q FY22	2Q FY21	YoY
Net income (SMB)	25.4	25.8	-1.8%
Consolidated net income (included in the consolidated results)	12.3	12.5	-1.8%

Exchange rate: 1 peso = ¥2.28 (previous year: ¥2.21)

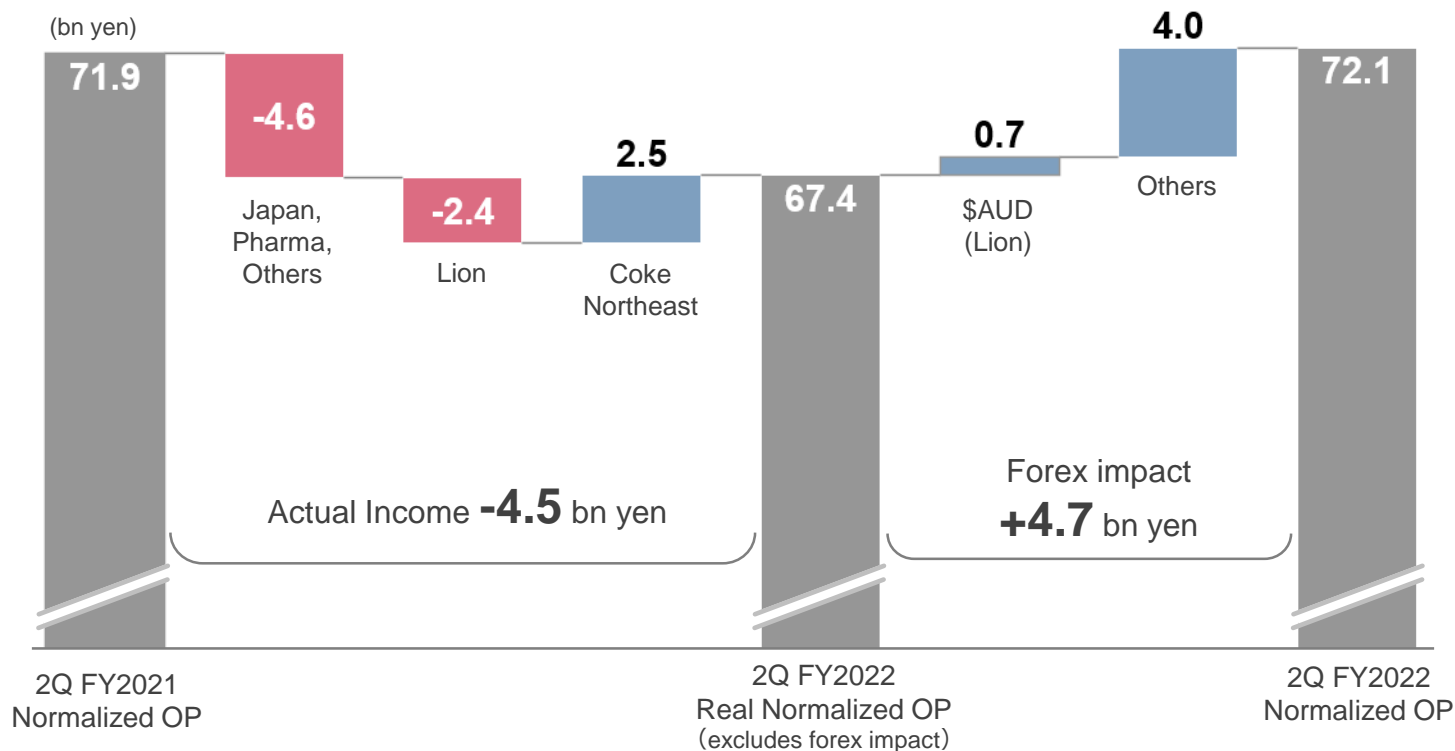
Kirin Holdings' dividend income from San Miguel Brewery

	2Q FY22	2Q FY21	YoY
Dividends (bn yen)	8.9	8.4	6.0%
Cash dividends declared per share (peso)	0.51	0.50	—

Dividends are recorded on a cash-in basis.

Forex Impact on Consolidated Results

- Due to the depreciation of the yen, etc., the consolidated foreign exchange impact was +4.7 billion yen.



This material is intended for informational purposes only and is not a solicitation or offer to buy or sell securities or related financial instruments.



よろこびがつなぐ世界へ Joy brings us together