



KIRIN

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Kirin Group Financial Results for the 3Q FY2020

November 6, 2020
Kirin Holdings Company, Limited

3Q Financial result summary

- Successful in keeping the impact of COVID-19 to a minimum, resulting in consolidated revenue -5.4% and consolidated normalized operating profit -12.2% YoY.
- Profit before tax was +48.7% YoY due to the previous year's impairment losses at Lion Dairy and Drinks in spite of a decline in equity method affiliates' earnings affected by COVID-19.
- Quarterly profit for owners of the parent company was +116.5% YoY.

Revision of FY20 Forecast

- Full-year forecasts have been upwardly revised by reflecting the progress in 3Q.
- Consolidated revenue and consolidated normalized operating profit have been revised by +4.0 bn yen and +10.0 bn yen respectively, compared to the forecast at 2Q.
- Profit attributable to owners of the Company has also been revised upwards to 72.0 bn yen from the 2Q forecast of 64.5 bn.

Well-controlled COVID-19 impact resulted in improvement of consolidated revenue, every profit item, and Normalized EPS from 1H

(bn yen)	3Q FY20 Actual	3Q FY19 Actual	YoY	%
Revenue	1,359.7	1,437.8	-78.2	-5.4%
Normalized OP ^{*1}	130.3	148.4	-18.2	-12.2%
Profit before tax	115.2	77.5	37.7	48.7%
Profit attributable to owners of the Company ^{*2}	71.8	33.1	38.6	116.5%

Quantitative target

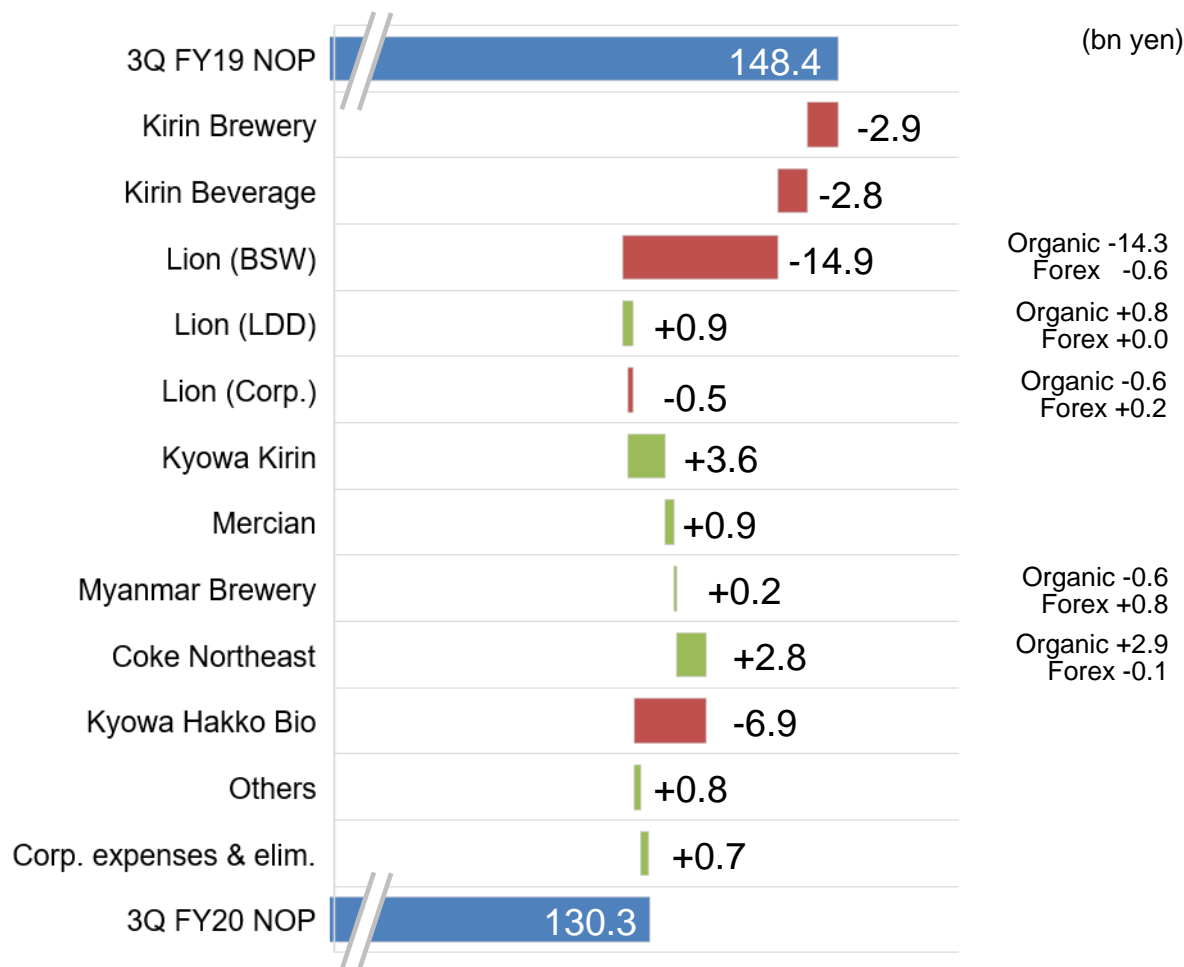
	3Q FY20 Actual	3Q FY19 Actual	YoY	%
Normalized EPS ^{*3}	106 yen	116 yen	-10 yen	-8.6%

^{*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} In accordance with changes in accounting policies at the year ended December 31, 2019, Nine months ended September 30, 2019 has been revised retroactively.

^{*3} See page 18 for details.

Normalized OP improved after bottoming out in 2Q, even with impact of COVID-19



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

Note

Kirin Brewery

- Decline in marginal profit due to lower beer sales volume

Kirin Beverage

- Deterioration in product and container structure due to a change in the channel mix, in addition to a decline in sales volume

Lion Beer, Spirits and Wine (BSW)

- Decline in on-premise channel sales volume and deterioration in price/mix

Lion Dairy and Drinks (LDD)

- Improved margins of milk based beverages and reduced costs

Kyowa Kirin

- Growth of global strategic products including *Crysvita* and decreased R&D expenses

Myanmar Brewery

- Appreciation of kyat despite lower sales volume and deterioration in product mix

Coke Northeast

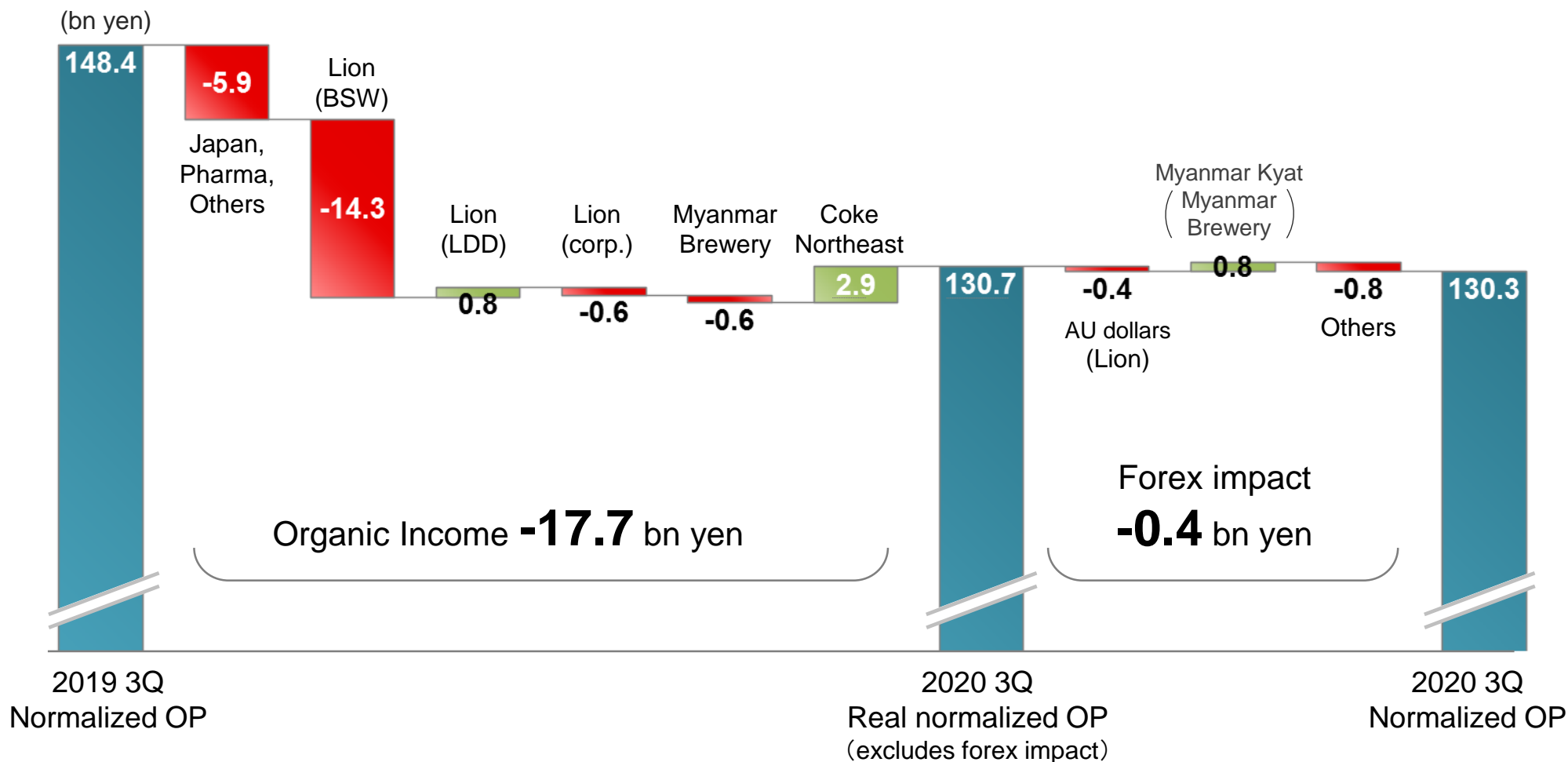
- Efficiency through PMIs and cost management

Kyowa Hakko Bio

- Decrease in gross profit due to lower production volume

Real normalized OP excl. forex impact decreased by 17.7 bn yen, -11.9% YoY

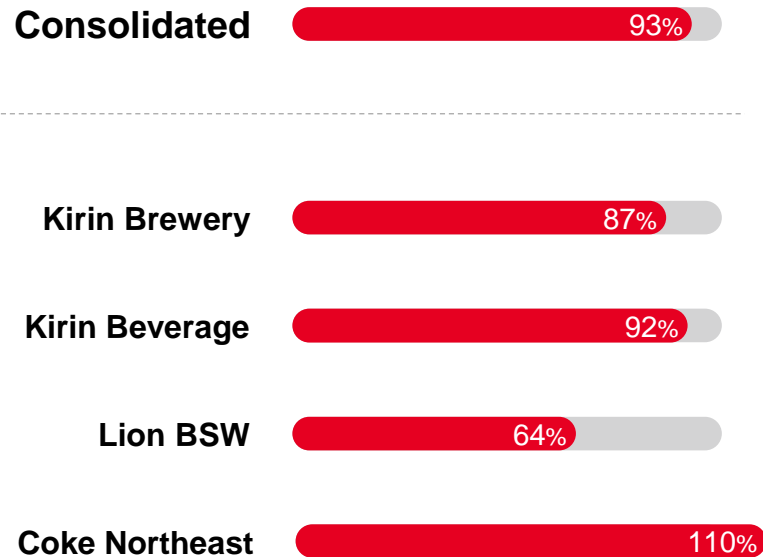
- Consolidated forex impact of -0.4 bn yen due to the depreciation of the Australian dollar and the appreciation of the kyat against the yen



Full-year forecasts have been upwardly revised based on progress made from the beginning of the year up to 3Q

**Consolidated normalized OP has been upwardly revised
by 10.0 bn yen from 140.0 bn yen**

Sep YTD progress in normalized OP
against the forecasts at 2Q (%)



Forecast of consolidated normalized OP

Forecast at 2Q

Revised forecast at 3Q

140.0 bn yen  **150.0 bn yen**

Revision factors by company

Kirin Brewery
+2.0 bn yen

Beer products behind the plan offset by RTD etc., further reduction of raw material costs and other costs

Kirin Beverage
+2.0 bn yen

Sales volume in excess of 3Q plan, further cost reduction incl. fixed costs

Lion BSW
+2.1 bn yen

Recovery of on-premise channels and hospitality venues as restrictions on them were lifted sooner than expected

Coke Northeast
+2.0 bn yen

Sales volume in excess of 3Q plan, further cost reduction incl. fixed costs

Full-year forecast revised upward reflecting the progress of 3Q results

■ FY2020 Forecast

* "previous forecast" was announced on 2Q, FY2020 result.

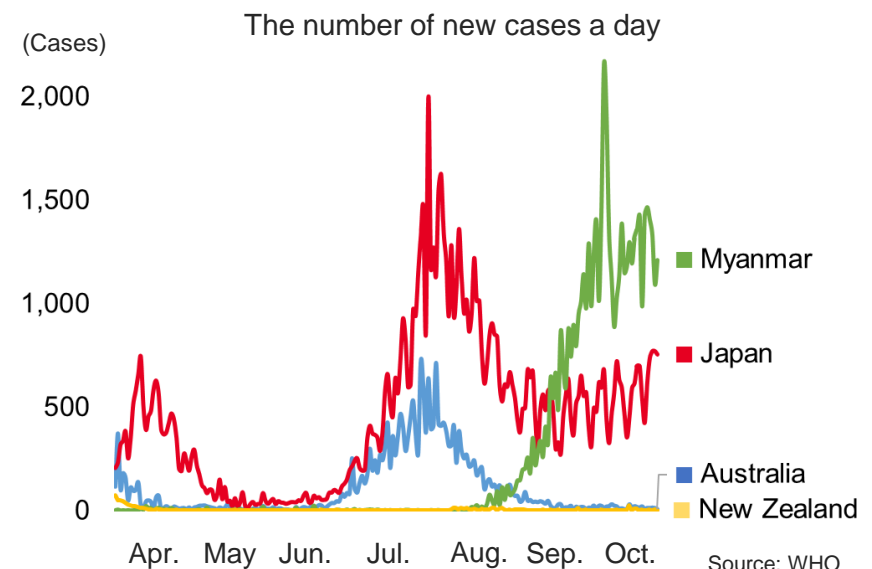
(bn yen)	FY20 (new) Forecast	FY19 Actual	YoY	%	FY20 (previous) Forecast	Change	%	Description by segment
Revenue	1,828.0	1,941.3	-113.3	-5.8%	1,824.0	+4.0	+0.2%	Kirin Brewery -2.5, Kirin Beverage +4.5, Lion +3.4, Other -1.4
Normalized OP	150.0	190.8	-40.8	-21.4%	140.0	+10.0	+7.1%	Kirin Brewery +2.0, Kirin Beverage +2.0, Lion +2.1, Other +3.9
Profit before tax	128.5	116.8	+11.7	+10.0%	118.5	+10.0	+8.4%	
Profit attributable to owners of the Company	72.0	59.6	+12.4	+20.7%	64.5	+7.5	+11.6%	

■ Quantitative targets / Dividend forecast

(bn yen)	FY20 (new) Forecast	FY19 Actual	YoY	FY20 (previous) Forecast	Change
ROIC	5.9%	5.2%		5.4%	
Normalized EPS	120 yen	158 yen	-38 yen	111 yen	+9 yen
Dividend per share	65 yen	64 yen	+1 yen	65 yen	—

COVID-19 impact since July

- The number of cases of people infected with COVID-19 in Japan rose significantly in July, but has since calmed down. Market recovery momentum has been on the upswing with the Japanese government's *Go to Travel* in late July and *Go to Eat* launched in October. However, the number of people going to restaurants and/or bars has not returned to pre-COVID level. In addition demand for soft drinks at office location has not recovered either due to an increase in working-from-home; so the operating environment remains challenging.
- The number of new cases in Australia and New Zealand has fallen significantly since September, although the alert level remains high in some states, including another lockdown in Victoria July. Restaurants have gradually reopened and are recovering, albeit slowly.
- Infection has been spreading since late August in Myanmar. Sales volume through on-premise channels were affected by restrictions on restaurant operations.
- The impact on the pharmaceuticals business has been limited even with visits to medical institutions restricted in Japan and overseas.
- Each Group company is making steady progress toward a full-year cost reduction of 25.0 bn yen. As of 3Q, the trend is above the plan.



Kept outperforming the beer market by anticipating operating environmental changes and making allowances for them

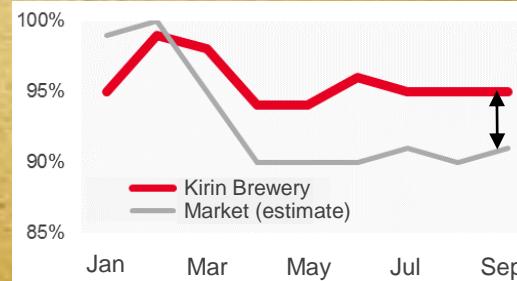
Honkirin +41% YoY in volume Sep YTD with its momentum kept in the 3rd year

3Q Sales Volume (YoY) **Total Beer Market -9%** (estimate) ▶ **Kirin -5%**



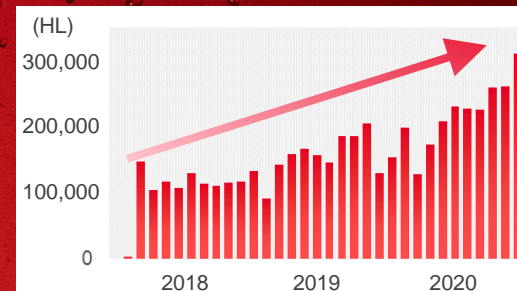
Kirin Brewery has been outperforming the market from March

YoY change in volume of beer product total (YTD)



Sales peaked for Honkirin

Actual monthly sales volume of Honkirin



Oct sales volume
(YoY, preliminary results)

	Market (estimate)	Kirin Brewery
Beer products total	-8%	-0%
Beer	+1~2%	+17%
Happoshu	+9%	+9%
New Genre	-22%	-19%

- Kept outperforming the market in October
- Beer +17% YoY on the back of the liquor tax revision and strong sales of *Kirin Ichiban Zero Sugar*

Japan's first* zero sugar** beer, innovated after 5-year development with Kirin Brewery's advanced technology

Kirin Ichiban Zero Sugar launched to adapt to operating environmental changes: health-consciousness and liquor tax revision

Essential value of beer

Delicious flavor

Taste and flavor of the first-press

Environmental changes

Health-consciousness

Growing needs for low/zero sugar

Liquor tax revision

Opportunity for beer to grow again

Cutting-edge technology and taste highly lauded



Already reached 70% of FY20 sales target within one month of launch

*1 The first beer in Japan to achieve zero carbohydrates (according to Kirin's research using Mintel GNPD)

*2 Contains less than 0.5g of carbohydrates per 100ml (according to food labeling standards)



Continued investment in new value-added products in the expanding RTD category

Launch of high-profit RTD *Kōji Lemon Sour* followed by the first sugar-free RTD from the *Hyoketsu®* brand



Kirin's first RTD with "kōji," or rice malt

麴レモンサワー
Kōji Lemon Sour

**10% increase
in actual price
compared to Kirin's
existing RTD products**

**Achieved FY20 sales
target within 2 weeks
of launch**

On sale Oct. 13



**Hyoketsu®
Sugar Free**

A new product that uses
no sugar or sweeteners

On sale Oct. 20

**New RTD production lines
being built at the Sendai Plant**
Operation is scheduled to begin in Feb 2022

- Address future capacity shortages due to expansion of the RTD category
- Invest approximately 7.5 bn yen
- Expect to reduce operating costs by more than 1.0 bn yen per year and CO₂ emissions by approximately 3,000 tons due to decrease in long distance transportation from other areas

Kirin Beverage



Strong sales of health-focused brands

Recovery of on-premise improved price/mix

New sugar-free *Nama-cha* **Roasted Green Tea**



Products containing *Lactococcus plasma* more than doubled YoY



(sales volume
Jan-Sep)

Q3 sales exceed previous expectations

Lion Australia & New Zealand Actual & Estimated Sales Volume vs FY 2019			
Jan – Mar	Apr – Jun	Jul – Sep	Oct – Dec

**Off
premise**

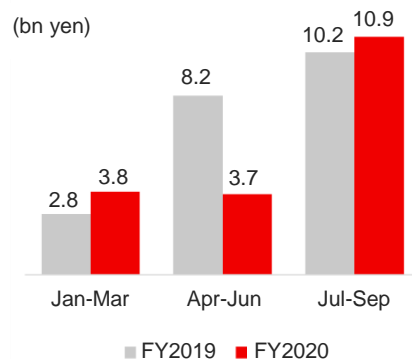
Actual	Actual	Actual	Estimate
+16%	-3%	+6%	-2% to +2%

**On
premise**

Actual	Actual	Actual	Estimate
-11%	-86%	-25%	-5% to -30%

(Ref.) Jul-Sep estimates as of Q2 announcement: Off-premise +3% to +5%
On-premise -30% to -60%

Initiatives to secure normalized OP steadily contributed



Cost management
contributed to improvement
of Jul-Sep normalized OP
from the drop in Apr-Jun.

Strong performance of Alcoholic Seltzer category alongside own NPD in beer



Byron Bay Lager
(Sep. 2019)



James Squire
Broken Shackles
(Mar. 2020)



XXXX Dry
(Mar. 2020)



White Claw
(Oct. 2020)



Full-year plan steadily progressing

Three global strategic products on track

Progress against FY2020 forecasts



75%



85%



65%

Progress in the key pipelines

- Approval of KRN23 (Crysvita) for the treatment of adult XLH in Europe (September), and approval of KRN23 for the treatment of FGF23-related hypophosphatemic rickets and osteomalacia in Korea (September)
- Announcement of the positive phase 2b results for KW-6356 in patients with Parkinson's disease in Japan (October) Data will be presented at a conference in the future.

Invest for the future while revitalizing

Production volume at the Hofu Plant slightly behind plan

- Implemented additional equipment improvements in conjunction with yearly maintenance
- In order to do this, stoppage of production lines for high-margin products was adjusted
- This should contribute to production stabilization and increased productivity of high-margin products

HMO production facility to be built in Thai Kyowa Plant

- Announced a plan to build a new human milk oligosaccharide (HMO) production facility at an existing plant in Thailand (scheduled for completion in 2022).
- Decided to invest toward a stage of Transition to High Profitability after the completion of Business Revitalization.
- The amount of investment is approximately 7.0 billion yen.
- ROIC percentage after 5 years of investment is expected to be in the double-digits.



Launch *iMUSE* products as Foods with Function Claims in Nov. with an aggressive investment in advertising

Launch of 3,000 GRPs' worth of advertising for *iMUSE* planned in FY20
Products developed with FANCL synergies scheduled to be released in Dec.

【translation for reference】
Supports maintenance of the
immune system in healthy individuals
[Research report of *L. lactis* strain Plasma]



Lactococcus Plasma

健康な人の免疫機能
の維持をサポート
【プラズマ乳酸菌の研究報告】

※ pDCに働きかける乳酸菌
※ ヒトでpDCに働きかけることが世界で初めて
論文報告された乳酸菌(PubMed及び医学中央
雑誌WEBの掲載情報に基づく)

世界初

Marketed as Foods with
Function Claims in late Nov.



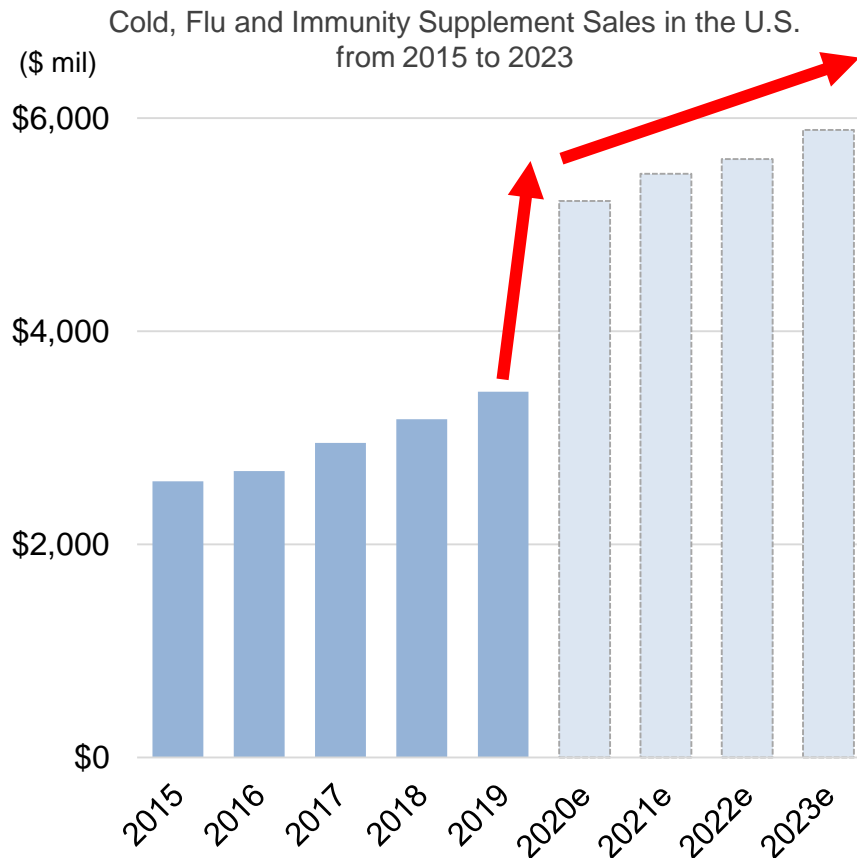
FANCL

- FANCL plans to launch a new Food with Function Claims, *Meneki Support* (Immunity Support), in December
- This launch will be in an extremely short period of time after Kirin's products were registered as Foods with Function Claims (August)



The U.S. immunity supplement market is growing sharply in 2020

Kyowa Hakko USA, a local subsidiary of Kyowa Hakko Bio, expands BtoB business



Source: Nutrition Business Journal (\$mil, consumer sales)



KYOWA HAKKO U.S.A., INC.

- *Lactococcus Plasma* added to the focused products of Kyowa Hakko USA, who sells Citicoline, etc. in the U.S.
- Inquiries from U.S. supplement manufacturers for *Lactococcus Plasma* have skyrocketed, and three products below are already on the market.
- Talks are going on with manufacturers worldwide addressing the social issue of immune system maintenance.



Enviromedica
Mar. 2020



Nootropics Depot
Jun. 2020



Neurohacker
Sept. 2020



Accelerating CSV, creating both social value and economic value

ESG activities boosted by deepening CSV management

Environment

100% use of FSC-certified paper to be achieved

Japan beverage companies'*1 conversion of paper packaging*2 to FSC-certified paper to reach 100% completion at the end of 2020

*1 Kirin Brewery, Kirin Beverage, Mercian
*2 Excl. seasonal products, low-volume products, and imported products, etc.

Climate Change Progress

RE100 (plan to join in 2020)
SBT 1.5°C (to be approved within 2020)

Environmental Report 2020

Update on TCFD scenario analysis and the Kirin Environmental Vision 2050



Social

Delivering *iMUSE* products to employees working in plants and logistics sites

Kept providing Lactococcus Plasma to employees who are required to come to manufacturing and logistics sites for business continuity in Japan to help them maintain their health

Expanding diversity by lifting the ban on side jobs

Started allowing employees* to have side jobs in July as part of the job satisfaction reform, leading to expansion of their skills and innovation in our core business

* Applicable to part of Japanese group companies

Governance

Three-year target to reduce strategic shareholdings (SS) met in the second year

Completed 50.0 bn yen sale of cross-shareholdings ahead of schedule based on further reduction of non-core asset in 3 years from 19 to 21.

Amount of SS sell-off

2019 **35.9 bn yen**

2020 **15.7 bn yen**

Total 51.6 bn yen

Shares in 33 firms sold

(All of shares in 26 firms, and parts of shares in 7 firms sold)

Appendices

Normalized EPS

(bn yen)		3Q FY20	3Q FY19
Profit attributable to Owners of the Company	①	71.8	33.1
Profit from discontinued operations	②	-	-
Other operating income and expenses and other items after income taxes	③	17.9	69.0
Normalization profit	④ = (① - ②) + ③	89.6	102.1
Average number of shares during the period ('000)	⑤	843,005	878,046
Normalized EPS (yen)	④ / ⑤	106	116

* In accordance with changes in accounting policies at the year ended December 31, 2019, Nine months ended September 30, 2019 has been revised retroactively.

3Q FY2020 Results:

Revenue by segments

(bn yen)	3Q FY20 Actual	3Q FY19 Actual	YoY	%
Revenue	1,359.7	1,437.8	-78.2	-5.4%
Japan Beer and Spirits	479.2	510.7	-31.5	-6.2%
Kirin Brewery	464.2	497.8	-33.6	-6.7%
Other and elimination	15.0	12.9	2.1	16.2%
Japan Non-alcoholic Beverages	190.6	215.0	-24.4	-11.4%
Kirin Beverage	192.1	216.5	-24.4	-11.3%
Elimination	-1.5	-1.5	-0.1	—
Oceania Integrated Beverages	205.7	215.1	-9.4	-4.4%
Lion	205.7	215.1	-9.4	-4.4%
Beer, Spirits, and Wine	122.0	118.6	3.4	2.9%
Dairy and Drinks	83.7	96.5	-12.8	-13.3%
Elimination	-0.0	-0.0	-0.0	—
Pharmaceuticals	233.6	224.7	8.9	4.0%
Kyowa Kirin	234.0	225.5	8.5	3.8%
Elimination	-0.4	-0.8	0.4	—
Other	250.6	272.4	-21.8	-8.0%
Mercian	43.9	45.3	-1.3	-2.9%
Myanmar Brewery	24.2	24.2	-0.0	-0.2%
Coke Northeast	98.8	100.3	-1.5	-1.5%
Kyowa Hakko Bio	43.4	56.5	-13.1	-23.2%
Other and elimination	40.3	46.1	-5.8	-12.5%

Revision of Forecast FY2020: Revenue by segments

(bn yen)	FY20 (new) Forecast	FY19 Actual	YoY	%	FY20 (previous) Forecast	Changes	%
Revenue	1,828.0	1,941.3	-113.3	-5.8%	1,824.0	4.0	0.2%
Japan Beer and Spirits	648.6	681.9	-33.3	-4.9%	649.7	-1.2	-0.2%
Kirin Brewery	629.0	665.0	-36.0	-5.4%	631.5	-2.5	-0.4%
Other and elimination	19.6	16.9	2.7	16.0%	18.2	1.4	7.7%
Japan Non-alcoholic Beverages	254.2	286.8	-32.6	-11.4%	249.7	4.5	1.8%
Kirin Beverage	255.8	288.8	-33.0	-11.4%	251.3	4.5	1.8%
Elimination	-1.6	-2.0	0.4	—	-1.6	—	—
Oceania Integrated Beverages	279.5	299.7	-20.2	-6.7%	276.1	3.4	1.2%
Lion	279.6	299.8	-20.2	-6.7%	276.2	3.4	1.2%
Beer, Spirits, and Wine	168.1	171.5	-3.4	-2.0%	164.8	3.4	2.1%
Dairy and Drinks	111.4	128.2	-16.8	-13.1%	111.4	—	—
Elimination	-0.1	-0.0	-0.0	—	-0.1	—	—
Pharmaceuticals	312.1	304.9	7.2	2.4%	312.1	—	—
Kyowa Kirin	313.0	305.8	7.2	2.3%	313.0	—	—
Elimination	-0.9	-1.0	0.0	—	-0.9	—	—
Other	333.7	368.0	-34.4	-9.3%	336.4	-2.7	-0.8%
Mercian	61.8	63.9	-2.1	-3.2%	61.9	-0.1	-0.2%
Myanmar Brewery	29.0	32.6	-3.5	-10.8%	30.5	-1.4	-4.6%
Coke Northeast *	128.4	132.6	-4.2	-3.1%	129.1	-0.7	-0.5%
Kyowa Hakko Bio	59.0	74.9	-15.9	-21.2%	59.0	—	—
Other and elimination	55.4	64.2	-8.7	-13.6%	56.0	-0.5	-0.9%

* Exchange rate assumption was revised from 108 yen/USD to 107 yen/USD.

Normalized OP by segments

(bn yen)	3Q FY20 Actual	3Q FY19 Actual	YoY	%
Normalized OP	130.3	148.4	-18.2	-12.2%
Japan Beer and Spirits	63.2	65.5	-2.3	-3.5%
Kirin Brewery	60.9	63.9	-2.9	-4.6%
Other and elimination	2.3	1.7	0.6	38.3%
Japan Non-alcoholic Beverages	18.4	21.2	-2.8	-13.3%
Kirin Beverage	18.4	21.2	-2.8	-13.3%
Oceania Integrated Beverages	9.7	24.2	-14.5	-59.9%
Lion	9.7	24.2	-14.5	-59.9%
Beer, Spirits, and Wine	14.0	28.9	-14.9	-51.6%
Dairy and Drinks	0.4	-0.4	0.9	—
Corporate	-4.7	-4.2	-0.5	—
Pharmaceuticals	50.2	46.6	3.6	7.7%
Kyowa Kirin	50.2	46.6	3.6	7.7%
Other	19.8	22.6	-2.8	-12.6%
Mercian	1.8	0.9	0.9	105.2%
Myanmar Brewery	10.7	10.6	0.2	1.5%
Coke Northeast	6.6	3.8	2.8	73.4%
Kyowa Hakko Bio	-3.6	3.3	-6.9	—
Other and elimination	4.2	4.1	0.2	3.9%
Corporate expenses/inter-segment	-31.0	-31.8	0.7	—

Revision of Forecast FY2020: Normalized OP by segments

(bn yen)	FY20 (new) Forecast	FY19 Actual	YoY	%	FY20 (previous) Forecast	Changes	%
Normalized OP	150.0	190.8	-40.8	-21.4%	140.0	10.0	7.1%
Japan Beer and Spirits	73.9	85.2	-11.3	-13.2%	71.6	2.3	3.2%
Kirin Brewery	72.0	83.3	-11.3	-13.6%	70.0	2.0	2.9%
Other and elimination	1.9	1.8	0.1	5.2%	1.6	0.3	18.8%
Japan Non-alcoholic Beverages	22.0	26.4	-4.4	-16.5%	20.0	2.0	10.0%
Kirin Beverage	22.0	26.4	-4.4	-16.5%	20.0	2.0	10.0%
Oceania Integrated Beverages	18.3	41.4	-23.1	-55.8%	16.2	2.1	13.0%
Lion	18.3	41.4	-23.1	-55.8%	16.2	2.1	13.0%
Beer, Spirits, and Wine	23.9	45.1	-21.2	-47.0%	21.8	2.1	9.6%
Dairy and Drinks	0.3	1.6	-1.3	-83.8%	0.3	—	—
Corporate	-5.8	-5.3	-0.5	—	-5.8	—	—
Pharmaceuticals	57.0	55.4	1.6	2.9%	57.0	—	—
Kyowa Kirin	57.0	55.4	1.6	2.9%	57.0	—	—
Other	24.8	27.0	-2.2	-8.3%	21.3	3.5	16.4%
Mercian	3.3	2.2	1.1	52.3%	2.9	0.4	13.8%
Myanmar Brewery	11.3	12.9	-1.5	-12.0%	11.3	—	—
Coke Northeast *	7.9	5.3	2.6	49.7%	6.0	2.0	33.3%
Kyowa Hakko Bio	-2.0	2.3	-4.3	—	-2.0	—	—
Other and elimination	4.2	4.4	-0.2	-3.5%	3.1	1.1	35.5%
Corporate expenses/inter-segment	-46.0	-44.6	-1.4	—	-46.1	0.1	—

* Exchange rate assumption was revised from 108 yen/USD to 107 yen/USD.

3Q FY2020 Results: Kirin Brewery

(1,000 HL)	3Q FY20 Actual	3Q FY19 Actual	YoY
Beer products total	—	—	-5.0%
Beer	—	—	-25.0%
Happo-shu	—	—	-4.0%
New genre	—	—	8.6%
RTD	3,090	2,820	9.4%
Non-alcohol beverages	330	280	21.3%

* 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)	3Q FY20 Actual	3Q FY19 Actual	YoY	%
Revenue	464.2	497.8	-33.6	-6.7%
Revenue excl. liquor tax	277.4	292.2	-14.8	-5.1%
Normalized OP	60.9	63.9	-2.9	-4.6%

Note

Domestic Alcoholic Beverages Markets

- Beer market sales volume is estimated to have been down approx. 9%.
- Sales volumes in on-premise channels continued to decline sharply year-on-year following 2Q, affected by the second wave of COVID-19 in Jul. and Aug.
- Sales volumes of new genre increased year-on-year, boosted by rush demands that occurred in Sep. before the liquor tax hike. Beer and happo-shu sales volumes also in off-premise channels were down from a year ago due to a rebound from the rush demands before consumption tax hike in Sep. of last year.

Sales Volume

- Sales volumes of beer products outperformed the market as *Honkirin* continued to perform well.

Revenue and Normalized OP

- Revenue and marginal profit declined due to lower beer sales volume.
- Selling expenses were lower than the previous year due to the implementation of a number of sales promotion measures in the previous year in response to intensifying competition during a consumer rush on beer products prior to the consumption tax hike, and difference in the timing of key brand renewals.

3Q FY19 Normalized OP (bn yen)		63.9	Description
YoY change (bn yen)	Decrease in marginal profit of alcohol beverages, etc.	-12.2	Total beer products -9.5 (decrease in beer -1,030,000HL, decrease in happo-shu -120,000HL, increase in new genre 500,000HL) Total other than beer products 2.6 (increase in RTD 270,000HL, increase in non-alcohol beverages 60,000HL, etc.) Difference of change in composite of products, etc. -5.3
	Increase in raw material cost	-1.3	
	Decrease in selling expenses	6.8	Decrease in sales promotion 7.0, increase in advertising -0.2 (Total 45.0 ⇒ 38.2)
	Decrease in other expenses	3.8	
	Subtotal	-2.9	
3Q FY20 Normalized OP		60.9	

3Q FY2020 Results: Kirin Beverage

Sales Volume (10,000 cases)		3Q FY20 Actual	3Q FY19 Actual	YoY
Category	Black tea	3,702	4,088	-9.4%
	Japanese tea	2,489	2,629	-5.3%
	Coffee	1,706	1,951	-12.5%
	Fruit and veg. juice	1,783	1,883	-5.3%
	Carbonated beverages	1,230	1,564	-21.4%
	Functional beverages	872	927	-5.9%
	Water	3,292	3,236	1.7%
	Others	1,329	1,508	-11.8%
By Container	Can	1,934	2,321	-16.7%
	Large PET bottle	6,037	6,045	-0.1%
	Small PET bottle	7,071	7,900	-10.5%
	Others	1,362	1,519	-10.3%
Total		16,404	17,785	-7.8%

(bn yen)	3Q FY20 Actual	3Q FY19 Actual	YoY	%
Revenue	192.1	216.5	-24.4	-11.3%
Normalized OP	18.4	21.2	-2.8	-13.3%

3Q FY19 Normalized OP (bn yen)		21.2	Description
YoY change (bn yen)	Decrease in marginal profit	-11.0	Decrease in sales volume -13.81 million cases, -6.7 Difference of change in products mix and in composition ratio of containers, etc. -4.4
	Decrease in raw material costs, etc.	0.8	Decrease in raw material cost 0.7, Decrease in material cost 0.8, increase in processing cost -0.7
	Decrease in selling expenses	5.0	Decrease in sales promotion 2.3, Decrease in advertising 2.6 (Total 27.0⇒ 22.0)
	Decrease in other expenses	2.4	
Subtotal		-2.8	
3Q FY20 Normalized OP		18.4	

Note

Soft drinks market

- Soft drink market is estimated to have shrunk by 7%.
- Sales volume continued to decline mainly at convenience stores and vending machines from 2Q as a result of restraint in going outdoors and increasing work-from-home.

Sales volume

- Core brands *Gogo-no-Kocha* and *Nama-cha* decreased from the previous year due to consumer self-restraint from going outside and an increase in work-from-home.
- Sales volume of plasma lactic acid related products more than doubled in response to the rise in health consciousness.

Additional comment on performance

- Marginal profit decreased due to a decline in sales volume and a deterioration in the product/container mix stemming from a change in the channel mix.
- Optimized sales promotion and advertising expenses to control costs.

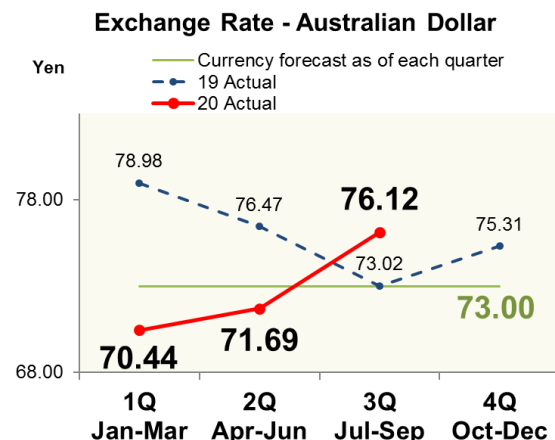
3Q FY2020 Results:

Lion

Joy brings us together



	Yen base (bn yen)				AUS dollar base (million AUS\$)			
	3Q FY20 Actual	3Q FY19 Actual	YoY	%	3Q FY20 Actual	3Q FY19 Actual	YoY	%
Revenue	205.7	215.1	-9.4	-4.4%	2,828	2,826	2	0.1%
BSW	122.0	118.6	3.4	2.9%	1,677	1,558	119	7.6%
LDD	83.7	96.5	-12.8	-13.3%	1,151	1,268	-117	-9.2%
Normalized OP	9.7	24.2	-14.5	-59.9%	133	317	-184	-58.2%
BSW	14.0	28.9	-14.9	-51.6%	191	378	-187	-49.4%
LDD	0.4	-0.4	0.9	—	5	-5	11	—
Corporate	-4.7	-4.2	-0.5	—	-64	-55	-8	—



Lion's currency is calculated by accumulating the average rate for each of the three months.

		BSW	LDD
Change in sales volume *		12.2%	-2.5%
Normalized OP YoY Australian dollars (million AUS\$)	3Q FY19 Actual	378	-5
	AU&NZ Sales Volume	-30	-3
	Other	-180	14
	Global craft, etc. **	23	-
3Q FY20 Actual		191	5

* inclusive of newly acquired New Belgium Brewing volume.

** Includes newly acquired NBB sales

Change in sales volume (BSW)

- Contemporary categories continue to grow in Australia. Global craft sales are also growing due to increased household consumption
- YoY change in sales volume for BSW excluding Global Craft etc, was -3.9%.

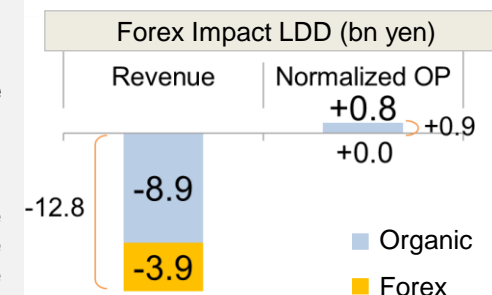
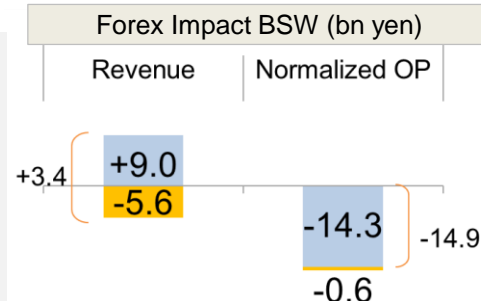
Note

Beer, Spirits & Wine (BSW)

- Increase in revenue YoY is primarily driven by the acquisition of New Belgium Brewing which more than offset the declines in sales volume in Australia and NZ.
- Lower sales within the on-premise channel continued from Q2 due to COVID-19 restrictions. Normalised OP for the quarter was -21% YOY and is a significant improvement from the previous quarter (-93% YOY), driven by the gradual easing of these restrictions across key markets.

Dairy & Drinks (LDD)

- Decrease in revenue due to sale of specialty cheese business. Normalized OP has increased due to improved margins in Milk Based Beverages, yoghurt and chilled juice as well as the delivery of cost optimisation plans.
- Lion and Mengniu Dairy agreed to cease the sale process as FIRB approval was not forthcoming. We continue to consider pathways forward in relation to the sale.



Organic
Forex

3Q FY2020 Results: Kyowa Kirin



(bn yen)	3Q FY20 Actual	3Q FY19 Actual	YoY	%
Revenue	233.6	224.7	8.9	4.0%
Kyowa Kirin	234.0	225.5	8.5	3.8%
Elimination	-0.4	-0.8	0.4	—
Normalized OP	50.2	46.6	3.6	7.7%
Kyowa Kirin	50.2	46.6	3.6	7.7%

Revenue by key items

(billion yen, amounts of less than 100 million yen are omitted)

Item (Japan)	3Q FY20 Actual	3Q FY19 Actual	YoY	4Q 2020 Plan	Progress
Nesp + AG version *	21.9	37.6	-15.6	28.9	76%
Regpara	2.9	5.2	-2.4	3.3	87%
Orkedia	6.6	4.8	1.7	9.5	69%
G-Lasta	19.6	18.3	1.2	27.6	71%
Rituximab BS	8.6	6.8	1.8	11.4	75%
Allelock	6.5	8.5	-1.9	8.3	79%
Patanol	8.7	11.7	-2.9	9.8	89%
Nourias	6.9	7.3	-0.4	9.9	70%
Technology licensing	1.6	3.7	-2.1	3.5	46%

* AG stands for Authorized Generic. Official product name is Darbepoetin Alfa Injection Syringe [KKF].
Kyowa Kirin Frontier is a marketing authorization holder; Kyowa Kirin is a distributor.

Note

Revenue

- An increase in overseas revenue exceeded a decrease in revenue in Japan, resulting in an increase in Kyowa Kirin revenue.
- The decline in revenue in Japan was due to the impact such as the NHI price-cut, decreased demand of *Nesp*, a treatment for renal anemia, by the shift to *Nesp-AG*, as well as lower sales of *Patanol* and *Allelock* (lower pollen and a decline in visits to hospitals as a result of COVID-19).
- In North America and EMEA, sales of global strategic products such as *Crysvita* and *Nourianz* grew steadily, while in Asia, core product *Regpara* performed well, especially in China.

Normalized OP

- Despite higher SG&A expenses, normalized operating profit increased due to a higher gross profit from a higher revenue.

(billion yen)

Item (Overseas)	3Q FY20 Actual	3Q FY19 Actual	YoY	4Q 2020 Plan	Progress
Crysvita *1 North America EMEA	38.5 30.3 8.3	21.6 16.3 5.3	16.9 14.0 3.0	51.1	75%
Poteligeo *2	8.4	8.0	0.4	10.0	85%
Nourianz	1.7	—	1.7	2.6	65%
Abstral	7.6	8.3	-0.7	9.7	79%
Technology licensing Benralizumab Royalty *3	10.9	7.9	3.0	18.3	60%

*1 Launched countries as of September 30, 2020 (excluding South America):
USA, Canada, Germany, Netherlands, Luxembourg, England, Wales, North Ireland, Slovakia, Sweden, Israel, UAE, Czech,
Denmark, Italy, Japan, Norway, Bahrain, Scotland, Oman, Kuwait, Qatar, Romania, Slovenia
*2 Launched countries as of September 30, 2020: USA, Germany, Austria, Luxembourg
*3 Sales royalties of Fasenra, marketed by AstraZeneca. (Including our own estimation)

Figures are excerpted from Kyowa Kirin 3Q financial statements.

3Q FY2020 Results: Myanmar Brewery

	Yen base (bn yen)			
	3Q FY20 Actual	3Q FY19 Actual	YoY	%
Revenue	24.2	24.2	-0.0	-0.2%
Normalized OP	10.7	10.6	0.2	1.5%

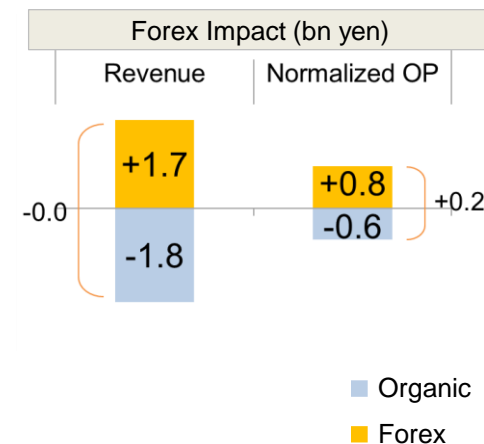
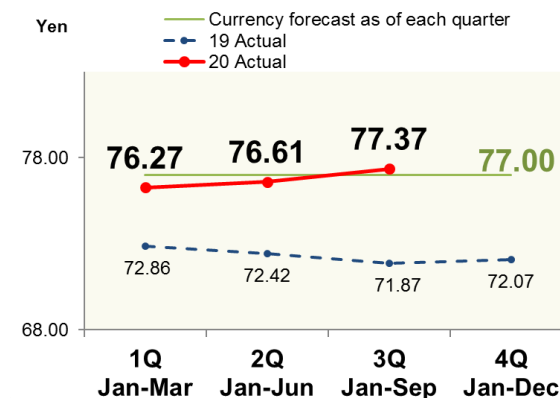
	Kyat base (bn MMK)			
	3Q FY20 Actual	3Q FY19 Actual	YoY	%
Revenue	312	337	-24	-7.3%
Normalized OP	139	147	-8	-5.7%

Note

3Q Results

- The beer market shrank significantly from April to June when the impact of COVID-19 intensified, but from July to September an increase was seen in sales volume from the previous year.
- Sales volumes of Myanmar Brewery were down 3.3% year-on-year; +12% year-on-year from July to September, a significant improvement from 2Q.
- Revenue declined due to lower sales volumes. The decline on a yen basis was more limited than on a kyat basis due to an appreciation of kyat versus yen compared to the previous year.
- Normalized operating profit declined on a kyat basis, due mainly to lower revenues and a product mix deterioration. The appreciation of the kyat resulted in higher profits on a yen basis.

Exchange Rate - 1,000 Myanmar Kyat



3Q FY2020 Results:

Coke Northeast (Coca-Cola Beverages Northeast)

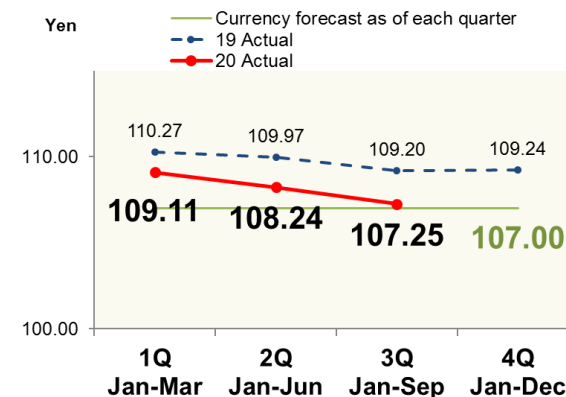
	Yen base (bn yen)				U.S. dollar base (million \$)			
	3Q FY20 Actual	3Q FY19 Actual	YoY	%	3Q FY20 Actual	3Q FY19 Actual	YoY	%
Revenue	98.8	100.3	-1.5	-1.5%	921	918	3	0.3%
Normalized OP	6.6	3.8	2.8	73.4%	61	35	27	76.5%

Note

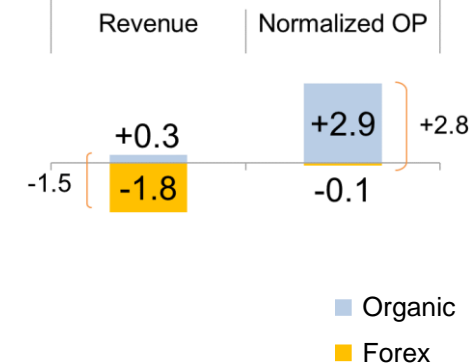
3Q Performance

- The impact of COVID-19 on sales became apparent in March and reached its apex in early- and mid-April, before recovering as the economy resumed. There were large differences between channels, with away-from-home channels experiencing a sharp decline of 30% between January and September, while large store channels have seen a high single-digit increase in sales.
- Sales volumes in Coke Northeast increased by 1.0%; +8.1% in 1Q, -3.1% in 2Q when COVID-19 affected the business the worst, and -0.8% in 3Q, almost offsetting a decrease in at-home channels by an increase in large store channels.
- Normalized operating profit increased year-on-year as well as exceeded the plan due to well-controlled SG&A expenses, operational efficiencies from PMI, and business activities tailored to the market in the midst of the COVID-19 crisis.

Exchange Rate - US Dollar



Forex Impact (bn yen)



(Reference) Revision of Forecast FY2020: Overseas Group Companies (Local Currency)

Lion

	Yen base (bn yen)				FY20 (previous) Forecast		AUS dollar base (million AUS\$)				FY20 (previous) Forecast	
	FY20 (new) Forecast	FY19 Actual	YoY	%			FY20 (new) Forecast	FY19 Actual	YoY	%		
Revenue	279.6	299.8	-20.2	-6.7%	276.2	3.4	3,830	3,949	-119	-3.0%	3,784	46
BSW	168.1	171.5	-3.4	-2.0%	164.8	3.4	2,304	2,261	43	1.9%	2,257	46
LDD	111.4	128.2	-16.8	-13.1%	111.4	—	1,526	1,689	-162	-9.6%	1,526	—
Normalized OP	18.3	41.4	-23.1	-55.8%	16.2	2.1	251	545	-294	-54.0%	222	29
BSW	23.9	45.1	-21.2	-47.0%	21.8	2.1	327	593	-266	-44.9%	298	29
LDD	0.3	1.6	-1.3	-83.8%	0.3	—	4	21	-18	-83.3%	4	—
Corporate	-5.8	-5.3	-0.5	—	-5.8	—	-80	-70	-10	—	-80	—

Myanmar Brewery

	Yen base (bn yen)				FY20 (previous) Forecast		Kyat base (bn MMK)				FY20 (previous) Forecast	
	FY20 (new) Forecast	FY19 Actual	YoY	%			FY20 (new) Forecast	FY19 Actual	YoY	%		
Revenue	29.0	32.6	-3.5	-10.8%	30.5	-1.4	377	452	-75	-16.5%	396	-19
Normalized OP	11.3	12.9	-1.5	-12.0%	11.3	—	147	179	-31	-17.6%	147	—

Coke Northeast (Coca-Cola Beverages Northeast) *Exchange rate assumption was revised from 108 yen/USD to 107 yen/USD.

	Yen base (bn yen)				FY20 (previous) Forecast		U.S. dollar base (million \$)				FY20 (previous) Forecast	
	FY20 (new) Forecast	FY19 Actual	YoY	%			FY20 (new) Forecast	FY19 Actual	YoY	%		
Revenue	128.4	132.6	-4.2	-3.1%	129.1	-0.7	1,200	1,213	-13	-1.1%	1,195	5
Normalized OP	7.9	5.3	2.6	49.7%	6.0	2.0	74	48	26	52.9%	55	19

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