

# KIRIN HOLDINGS COMPANY, LIMITED

## SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

### FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 (UNDER IFRS)

#### (UNAUDITED)

November 7, 2019

(English Translation)

Fiscal year ending December 31, 2019

#### KIRIN HOLDINGS COMPANY, LIMITED

NAKANO CENTRAL PARK SOUTH, 10-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan (URL <https://www.kirinholdings.co.jp/english/>)

Code No.:	2503
Shares Listed:	Tokyo, Nagoya, Sapporo and Fukuoka
Representative:	Mr. Yoshinori Isozaki, President and CEO
For further information, please contact:	Mr. Nobuhiko Hori, General Manager of Corporate Communications Department
	Telephone: +81-3-6837-7015 from overseas
Submission date of quarterly securities report scheduled:	November 11, 2019
Commencement date of dividend distribution scheduled:	—
Preparation of supplementary documents to the financial results:	Yes
Holding of financial results presentation (for institutional investors and analysts):	Yes

#### 1. Consolidated business results and financial position for the nine months of the current fiscal year (January 1, 2019 – September 30, 2019)

[Unit: Japanese yen (¥)]

(1) Results of operations (cumulative): (Amounts are rounded to the nearest ¥1 million.)

(Percentage change compares current results with those of the same period of the previous year)

	Revenue (¥ millions)	Percentage change (%)	Normalized operating profit (¥ millions)	Percentage change (%)	Profit before tax (¥ millions)	Percentage change (%)
Nine months ended						
September 30, 2019	1,437,835	1.2	148,439	0.8	77,488	(61.0)
September 30, 2018	1,420,724	4.8	147,240	(1.1)	198,658	4.2

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company (¥ millions)	Percentage change (%)	Total comprehensive income (¥ millions)	Percentage change (%)
Nine months ended						
September 30, 2019	42,646	(72.6)	26,298	(79.6)	8,852	(93.0)
September 30, 2018	155,868	(33.3)	128,928	(40.6)	126,405	(51.5)

	Basic earnings per share (¥)	Diluted earnings per share (¥)
Nine months ended		
September 30, 2019	29.95	29.93
September 30, 2018	143.25	143.22

Reference: Operating profit      Nine months ended September 30, 2019      ¥ 61,059 million      (61.9%)  
 Nine months ended September 30, 2018      ¥160,056 million      (6.6%)

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

(2) Financial position:

	Total assets	Total equity	Equity attributable to owners of the Company	Equity ratio attributable to owners of the Company
	(¥ millions)	(¥ millions)	(¥ millions)	(%)
As of				
September 30, 2019	2,266,822	1,111,597	880,090	38.8
December 31, 2018	2,303,624	1,200,920	916,080	39.8

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended December 31, 2018	—	24.00	—	27.00	51.00
Fiscal year ending December 31, 2019	—	31.50	—		
Fiscal year ending December 31, 2019 (Forecast)				31.50	63.00

Note: Revision of the forecast from recently announced figures: None

3. Forecast consolidated business results for the current fiscal year  
(January 1, 2019 - December 31, 2019)

(Percentage change compares forecast results with actual results of the previous year)

	Revenue	Percentage change	Normalized operating profit	Percentage change	Profit before tax	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Fiscal year ending December 31, 2019	1,964,000	1.7	190,000	(4.7)	123,000	(50.2)

	Profit	Percentage change	Profit attributable to owners of the Company	Percentage change	Basic earnings per share
	(¥ millions)	(%)	(¥ millions)	(%)	(¥)
Fiscal year ending December 31, 2019	76,000	(61.1)	56,000	(65.9)	63.78

Note: Revision of the forecast from recently announced figures: None

Reference: Operating profit Fiscal year ending December 31, 2019 ¥ 96,000 million (51.6%)

## \* Notes

- (1) Changes in significant subsidiaries for the nine months ended September 30, 2019: Yes  
(Changes in specified subsidiaries accompanying change in scope of consolidation)

Newly included: —

Excluded: 4 LION NATHAN PTY LIMITED  
Castlemaine Perkins Pty Limited  
Lion Nathan Brewing Investments Pty Limited  
J. Boag & Son Holdings Pty Ltd

- (2) Changes in accounting policies and changes in accounting estimates

- |  |      |
|--|------|
| i. Changes in accounting policies required by IFRS:      | Yes  |
| ii. Changes in accounting policies due to other reasons: | None |
| iii. Changes in accounting estimates:                    | None |

- (3) Number of shares outstanding (ordinary shares)

- |  |                    |
|--|--------------------|
| i. Number of shares outstanding at the end of the period (including treasury shares)               |                    |
| As of September 30, 2019   | 914,000,000 shares |
| As of December 31, 2018  | 914,000,000 shares |
| ii. Number of treasury shares at the end of the period   |                    |
| As of September 30, 2019   | 35,909,161 shares  |
| As of December 31, 2018  | 36,001,121 shares  |
| iii. Average number of shares during the period (cumulative from the beginning of the fiscal year) |                    |
| For the nine months ended September 30, 2019   | 878,046,274 shares |
| For the nine months ended September 30, 2018   | 900,008,185 shares |

\* The summary of quarterly consolidated financial results is not subject to a quarterly review by certified public accountants or an audit corporation.

\* Information about proper usage of forecast business results, and other special instructions

- (1) The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of the release date of this material. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, market trends, and exchange rates.
- (2) The Company will post the Supplementary Documents to the Financial Results today, Thursday, November 7, and will post the presentation materials from the financial results presentation (teleconference) to be held today and the main Q&A at the meeting as soon as possible on the Company's website.  
(URL of the Company's website)  
<https://www.kirinholdings.co.jp/english/ir/event/explain/index.html>

**ATTACHED MATERIALS**

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**1. CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**  
**(1) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(¥ millions)

	At December 31, 2018	At September 30, 2019
<b>Assets</b>		
Non-current assets		
Property, plant and equipment	527,039	540,761
Goodwill	244,222	225,030
Intangible assets	179,892	163,182
Equity-accounted investees	240,597	378,051
Other financial assets	177,787	137,641
Other non-current assets	13,653	13,659
Deferred tax assets	88,676	96,843
Total non-current assets	1,471,866	1,555,166
Current assets		
Inventories	204,837	223,251
Trade and other receivables	404,934	332,905
Other financial assets	6,713	9,301
Other current assets	42,172	24,947
Cash and cash equivalents	173,102	99,697
(Sub-total)	831,758	690,100
Assets held for sale	-	21,555
Total current assets	831,758	711,655
Total assets	2,303,624	2,266,822

(¥ millions)

	At December 31, 2018	At September 30, 2019
Equity		
Share capital	102,046	102,046
Share premium	2,238	24,855
Retained earnings	943,468	933,565
Treasury shares	(101,904)	(101,767)
Reserves	(29,767)	(78,609)
Equity attributable to owners of the Company	916,080	880,090
Non-controlling interests	284,840	231,507
Total equity	1,200,920	1,111,597
Liabilities		
Non-current liabilities		
Bonds and borrowings	317,937	316,730
Other financial liabilities	92,078	136,419
Defined benefit liability	68,441	69,316
Provisions	6,914	6,745
Other non-current liabilities	10,851	5,369
Deferred tax liabilities	16,534	14,151
Total non-current liabilities	512,755	548,729
Current liabilities		
Bonds and borrowings	97,057	176,505
Trade and other payables	227,137	203,874
Other financial liabilities	49,727	57,532
Current tax liabilities	17,339	31,965
Provisions	1,059	3,649
Other current liabilities	197,630	130,551
(Sub-total)	589,949	604,076
Liabilities associated with assets held for sale	-	2,420
Total current liabilities	589,949	606,495
Total liabilities	1,102,704	1,155,225
Total equity and liabilities	2,303,624	2,266,822

**(2) CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND  
COMPREHENSIVE INCOME  
CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
NINE MONTHS ENDED SEPTEMBER 30, 2019**

(¥ millions)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Revenue	1,420,724	1,437,835
Cost of sales	806,622	807,335
Gross profit	614,102	630,501
Selling, general and administrative expenses	466,862	482,061
Normalized operating profit	147,240	148,439
Other operating income	28,500	3,945
Other operating expenses	15,685	91,325
Operating profit	160,056	61,059
Finance income	3,894	3,181
Finance costs	5,916	7,294
Share of profit of equity-accounted investees	20,843	20,542
Gain on sale of equity-accounted investees	19,782	-
Profit before tax	198,658	77,488
Income tax expense	42,790	34,842
Profit	155,868	42,646
Profit attributable to:		
Owners of the Company	128,928	26,298
Non-controlling interests	26,940	16,348
Profit	155,868	42,646
Earnings per share (¥)		
Basic earnings per share	143.25	29.95
Diluted earnings per share	143.22	29.93

**CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2019**

(¥ millions)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Profit	155,868	42,646
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in equity instruments measured at fair value through other comprehensive income	11,498	(39)
Remeasurements of defined benefit plans	(563)	(20)
Share of other comprehensive income of equity-accounted investees	183	441
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(41,222)	(30,184)
Cash flow hedges	1,621	500
Share of other comprehensive income of equity-accounted investees	(978)	(4,493)
Total other comprehensive income	(29,462)	(33,794)
Comprehensive income	126,405	8,852
Comprehensive income attributable to:		
Owners of the Company	103,596	(5,411)
Non-controlling interests	22,810	14,262
Comprehensive income	126,405	8,852



**(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**NINE MONTHS ENDED SEPTEMBER 30, 2018**

(¥ millions)

	Equity attributable to owners of the Company					
	Share capital	Share premium	Retained earnings	Treasury shares	Reserves	
					Net change in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2018	102,046	2,208	811,454	(2,020)	73,523	-
Profit	-	-	128,928	-	-	-
Other comprehensive income	-	-	-	-	11,130	(113)
Comprehensive income	-	-	128,928	-	11,130	(113)
Dividends from surplus	-	-	(44,823)	-	-	-
Acquisition of treasury shares	-	-	-	(100,033)	-	-
Disposal of treasury shares	-	0	-	1	-	-
Share-based payments	-	7	-	108	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	16	-	-	(0)	-
Transfer from reserves to retained earnings	-	-	16,916	-	(17,028)	113
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	24	(27,907)	(99,924)	(17,029)	113
Balance at September 30, 2018	102,046	2,232	912,475	(101,943)	67,624	-

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2018	(27,352)	(2,031)	44,140	957,828	271,311	1,229,139
Profit	-	-	-	128,928	26,940	155,868
Other comprehensive income	(37,971)	1,621	(25,332)	(25,332)	(4,130)	(29,462)
Comprehensive income	(37,971)	1,621	(25,332)	103,596	22,810	126,405
Dividends from surplus	-	-	-	(44,823)	(9,606)	(54,429)
Acquisition of treasury shares	-	-	-	(100,033)	-	(100,033)
Disposal of treasury shares	-	-	-	1	-	1
Share-based payments	-	-	-	116	31	147
Changes in the ownership interest in a subsidiary without a loss of control	1	-	1	17	118	135
Transfer from reserves to retained earnings	-	-	(16,916)	-	-	-
Other	-	-	-	-	(15)	(15)
Total transactions with owners of the Company	1	-	(16,915)	(144,722)	(9,472)	(154,194)
Balance at September 30, 2018	(65,321)	(410)	1,893	916,702	284,649	1,201,351

**NINE MONTHS ENDED SEPTEMBER 30, 2019**

(¥ millions)

	Equity attributable to owners of the Company					
	Share capital	Share premium	Retained earnings	Treasury shares	Reserves	
					Net change in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2019	102,046	2,238	943,468	(101,904)	56,863	-
Effect of accounting change	-	-	(1,262)	-	-	-
Restated balance at January 1, 2019	102,046	2,238	942,205	(101,904)	56,863	-
Profit	-	-	26,298	-	-	-
Other comprehensive income	-	-	-	-	(93)	441
Comprehensive income	-	-	26,298	-	(93)	441
Dividends from surplus	-	-	(51,366)	-	-	-
Acquisition of treasury shares	-	-	-	(20)	-	-
Disposal of treasury shares	-	(0)	-	6	-	-
Share-based payments	-	(13)	-	151	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	22,630	-	-	133	-
Transfer from reserves to retained earnings	-	-	16,428	-	(15,987)	(441)
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	22,617	(34,938)	137	(15,853)	(441)
Balance at September 30, 2019	102,046	24,855	933,565	(101,767)	40,917	-

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2019	(85,366)	(1,263)	(29,767)	916,080	284,840	1,200,920
Effect of accounting change	-	-	-	(1,262)	(215)	(1,477)
Restated balance at January 1, 2019	(85,366)	(1,263)	(29,767)	914,818	284,625	1,199,443
Profit	-	-	-	26,298	16,348	42,646
Other comprehensive income	(32,558)	501	(31,709)	(31,709)	(2,085)	(33,794)
Comprehensive income	(32,558)	501	(31,709)	(5,411)	14,262	8,852
Dividends from surplus	-	-	-	(51,366)	(12,217)	(63,584)
Acquisition of treasury shares	-	-	-	(20)	-	(20)
Disposal of treasury shares	-	-	-	6	-	6
Share-based payments	-	-	-	139	(86)	52
Changes in the ownership interest in a subsidiary without a loss of control	(839)	-	(706)	21,925	(55,076)	(33,152)
Transfer from reserves to retained earnings	-	-	(16,428)	-	-	-
Other	-	-	-	-	(1)	(1)
Total transactions with owners of the Company	(839)	-	(17,133)	(29,317)	(67,381)	(96,698)
Balance at September 30, 2019	(118,763)	(763)	(78,609)	880,090	231,507	1,111,597

#### **(4) NOTES TO CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**

##### **(GOING CONCERN ASSUMPTION)**

There are no matters to report under this item.

##### **(CHANGES IN ACCOUNTING POLICIES)**

###### **(Application of IFRS 16 “Leases”)**

The Group has applied IFRS 16 “Leases” (“IFRS 16”) from the three months ended March 31, 2019.

###### **(1) Significant accounting policies**

Right-of-use assets and lease liabilities are recognized at the lease commencement date.

###### **1) Right-of-use assets**

Right-of-use assets are initially measured at cost, and the cost, which mainly comprises the amount of the initial measurement of the lease liability, initial direct costs and the initial estimate of the costs of dismantling, removing and restoring the underlying asset.

Right-of-use assets are measured using the cost model after initial recognition and are stated at cost less accumulated depreciation and accumulated impairment losses, and are included in a line item in the consolidated statement of financial position corresponding to when the underlying assets are owned by the Company.

After initial recognition, the right-of-use assets are depreciated using the straight-line method over the estimated useful lives of the underlying assets when ownership of the underlying assets is transferred by the end of the lease term or when the cost of the right-of-use assets reflect that a purchase option is reasonably certain to be exercised; the right-of-use assets are otherwise depreciated based on the straight-line method over the shorter of the lease term or the estimated useful lives of the right-of-use assets.

###### **2) Lease liabilities**

Lease liabilities are initially recognized at the present value of the lease payments that are not paid as of the lease commencement date which is calculated by discounting such present value using the interest rate implicit in the lease.

If that rate cannot be readily determined, the Group’s incremental borrowing rate is used. In general, the Group uses the incremental borrowing rate as the discount rate.

Lease liabilities are subsequently measured by increasing the carrying amounts to reflect interest on the lease liabilities and by reducing the carrying amounts to reflect lease payments made, and are included in the line item “other financial liabilities” in the consolidated statement of financial position.

For short-term leases and leases for low value items, the Group records lease payments as expenses using the straight-line method over the lease terms unless another systematic method is more representative of the pattern of the benefits.

During the fiscal year ended December 31, 2018, leases as a lessee were classified as finance leases if substantially all the risks and rewards of ownership were transferred to the Group. Leases other than finance leases were classified as operating leases.

Finance leases as a lessee were initially recognized at the lease commencement date as assets and liabilities in the consolidated statement of financial position at the lower of the fair value of the leased asset and the present value of the minimum lease payments, both of which were determined at the inception of the lease. After initial recognition, the leased assets were depreciated over their estimated useful lives when it is reasonably certain that the ownership will be transferred by the end of the lease term and over the shorter of the lease term and their estimated useful lives when it was not reasonably certain. The lease payments were apportioned between the finance costs and the repayment of lease obligations based on an interest method.

Lease payments under operating leases were expensed based on the straight-line method over the lease terms unless another systematic basis was more representative of the time pattern of the benefits.

(2) Application of IFRS 16

The Group has applied IFRS 16 in accordance with the transition provision in IFRS 16 based on the modified retrospective approach as follows:

- The lessee shall recognize the cumulative effect of initially applying IFRS 16 as an adjustment to the beginning balance of retained earnings at the date of initial application.
- As for leases previously classified as operating leases:
  - 1) The lessee shall measure that lease liability at the present value of the total remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.
  - 2) The lessee shall measure and recognize a right-of-use asset at either:
    - (i) its carrying amount as if IFRS 16 had been applied since the commencement date of the lease, but discounted using the lessee's incremental borrowing rate at the date of initial application; or
    - (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
  - 3) The lessee shall apply IAS 36 "Impairment of Assets" to right-of-use assets at the date of initial application.

On transition to IFRS 16, the Group has chosen to apply the practical expedient that allows the Group to continue using the same method as before with regard to whether contracts are leases or not.

In addition, the Group has applied the following practical expedients in applying IFRS 16 to the leases that were previously classified as operating leases under IAS 17:

- Applying the exemption on not recognizing right-of-use assets or lease liabilities for leases for which the term ends within 12 months of the date of initial application.
- Excluding initial direct costs from the measurement of right-of-use assets at the date of initial application.

At the date of initial application of IFRS 16, the Group additionally recognized right-of-use assets of ¥62,843 million, which are included in property, plant and equipment in the consolidated statement of financial position, and lease liabilities of ¥66,404 million. As a result, the balance of retained earnings decreased by ¥1,262 million.

**Supplementary Documents to  
the Consolidated Financial Statements  
for the Nine Months Ended September 30, 2019**

1. Summary of Consolidated Statement of Financial Position
2. Summary of Consolidated Statement of Profit or Loss, Indices, etc.
3. Revenue Details
4. Profit Details

**KIRIN HOLDINGS COMPANY, LIMITED  
November 7, 2019**

# 1.SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ billions)

	As of September 30, 2019, Actual	As of December 31, 2018, Actual	Increase (decrease)	Description of changes
Non-current assets	1,555.2	1,471.9	83.3	
Property, plant and equipment	540.8	527.0	13.7	Increase due to right-of-use assets by the application of IFRS 16, etc.  Increase due to FANCL's stock acquisition, etc.
Goodwill	225.0	244.2	(19.2)	
Intangible assets	163.2	179.9	(16.7)	
Equity-accounted investees	378.1	240.6	137.5	
Other	248.1	280.1	(32.0)	
Current assets	711.7	831.8	(120.1)	
Inventories	223.3	204.8	18.4	Decrease due to the year-end of previous year being a bank holiday, etc.
Trade and other receivables	332.9	404.9	(72.0)	
Cash and cash equivalents	99.7	173.1	(73.4)	
Other	55.8	48.9	6.9	
Total assets	2,266.8	2,303.6	(36.8)	
Equity	1,111.6	1,200.9	(89.3)	
Equity attributable to owners of the Company	880.1	916.1	(36.0)	
Non-controlling interests	231.5	284.8	(53.3)	
Non-current liabilities	548.7	512.8	36.0	
Bonds and borrowings	316.7	317.9	(1.2)	Increase due to issuance of bonds, and decrease due to replacement of long-term's with short-term's, etc. Increase due to lease liabilities by the application of IFRS16, etc.
Other	232.0	194.8	37.2	
Current liabilities	606.5	589.9	16.5	
Bonds and borrowings	176.5	97.1	79.4	Increase due to issuance of commercial papers, and replacement of long-term's with short-term's, etc.
Trade and other payables	203.9	227.1	(23.3)	
Other	226.1	265.8	(39.6)	
Total liabilities	1,155.2	1,102.7	52.5	
Total equity and liabilities	2,266.8	2,303.6	(36.8)	

## **2.SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS. INDICES. etc.**

### (1) Condensed Statement of Profit or Loss, Indices, etc.

(¥ billions)

	Nine months ended September 30, 2019, Actual	Nine months ended September 30, 2018, Actual	Increase (decrease)	
Revenue	1,437.8	1,420.7	17.1	1.2%
Gross profit	630.5	614.1	16.4	2.7%
Selling, general and administrative expenses	482.1	466.9	15.2	3.3%
Normalized operating profit	148.4	147.2	1.2	0.8%
Other operating income	3.9	28.5	(24.6)	(86.2%)
Other operating expenses	91.3	15.7	75.6	482.3%
Operating profit	61.1	160.1	(99.0)	(61.9%)
Finance income	3.2	3.9	(0.7)	(18.3%)
Finance costs	7.3	5.9	1.4	23.3%
Share of profit of equity-accounted investees	20.5	20.8	(0.3)	(1.4%)
Gain on sale of equity-accounted investees	-	19.8	(19.8)	-
Profit before tax	77.5	198.7	(121.2)	(61.0%)
Income tax expense	34.8	42.8	(7.9)	(18.6%)
Profit	42.6	155.9	(113.2)	(72.6%)
Owners of the Company	26.3	128.9	(102.6)	(79.6%)
Non-controlling interests	16.3	26.9	(10.6)	(39.3%)
Normalized EPS	¥116	¥122	(¥6)	(4.9%)
Revenue (excluding liquor tax)	1,219.5	1,205.6	14.0	1.2%
Normalized operating profit ratio (excluding liquor tax)	12.2%	12.2%		
Normalized EBITDA	209.3	205.6	3.8	1.8%
Gross Debt Equity Ratio	0.56	0.48		

Normalized EPS = Normalized profit / Average number of shares outstanding during period

Normalized profit = Profit attributable to Owners of the Company ± Other operating income and expenses and other items after income taxes

Normalized EBITDA = Normalized operating profit + Depreciation and amortization\* + Dividends received from equity-accounted investees

\*For the nine months ended September 30, 2019, depreciation and amortization exclude those from right-of-use assets

## (2) Exchange Rate for the Consolidation of Profit or Loss of the Major Overseas Companies

(¥)

	Nine months ended September 30, 2019, Actual	Nine months ended September 30, 2018, Actual
Lion (AUD)	76.41	82.64
Myanmar Brewery (MMK ('000))	71.87	78.46
Coke Northeast (USD) *	109.20	109.63

\* The company name has changed to "Coca-Cola Beverages Northeast, Inc. (Abbreviated name: Coke Northeast)" from "The Coca-Cola Bottling Company of Northern New England, Inc. (Abbreviated name: CCNNE)" in October 1, 2019.

## (3) Period for the Consolidation of Profit or Loss of the Major Overseas Company

	Nine months ended September 30, 2019, Actual	Nine months ended September 30, 2018, Actual
San Miguel Brewery	From October 2018 to June 2019	From October 2017 to June 2018

## 3. REVENUE DETAILS

### (1) Revenue Details

(¥ billions)

	Nine months ended September 30, 2019, Actual	Nine months ended September 30, 2018, Actual	Increase (decrease)	
Revenue	1,437.8	1,420.7	17.1	1.2%
Japan Beer and Spirits	510.7	505.1	5.6	1.1%
Kirin Brewery	497.8	492.1	5.7	1.2%
Other and elimination	12.9	13.1	(0.1)	(1.0%)
Japan Non-alcoholic Beverages	215.0	213.6	1.5	0.7%
Kirin Beverage	216.5	215.0	1.5	0.7%
Elimination	(1.5)	(1.4)	(0.1)	-
Oceania Integrated Beverages	215.1	237.7	(22.6)	(9.5%)
Lion	215.1	237.7	(22.6)	(9.5%)
Beer, Spirits, and Wine	118.6	129.6	(11.0)	(8.5%)
Dairy and Drinks	96.5	108.2	(11.6)	(10.7%)
Elimination	(0.0)	(0.0)	(0.0)	-
Pharmaceuticals	224.7	196.9	27.7	14.1%
Kyowa Kirin	225.5	197.7	27.7	14.0%
Elimination	(0.8)	(0.8)	(0.0)	-
Other	272.4	267.4	5.0	1.9%
Mercian	45.3	44.3	1.0	2.2%
Myanmar Brewery	24.2	19.8	4.4	22.4%
Coke Northeast	100.3	99.7	0.6	0.6%
Kyowa Hakko Bio	56.5	58.9	(2.4)	(4.1%)
Other and elimination	46.1	44.7	1.4	3.1%



(Reference) Revenue excluding liquor tax

(¥ billions)

	Nine months ended September 30, 2019, Actual	Nine months ended September 30, 2018, Actual
Kirin Brewery	292.2	287.8

(2) Sales Volume Details of Major Business Companies

a. Kirin Brewery

	Nine months ended September 30, 2019		Nine months ended September 30, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	-	(4.4%)	-	(5.6%)
<i>Happo-shu</i>	-	(5.3%)	-	(7.4%)
New genre	-	13.7%	-	26.5%
Sub-total	-	2.7%	-	4.7%
RTD	282	7.1%	263	11.6%
Non-alcohol beverages	28	(7.4%)	30	(6.0%)

In accordance with the agreement made by the Brewers Association of Japan, Kirin Brewery's sales volume will only be disclosed in the 2nd and 4th quarter.

b. Kirin Beverage Group

	Nine months ended September 30, 2019		Nine months ended September 30, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	4,088	10.3%	3,707	(3.0%)
Japanese tea	2,629	(0.5%)	2,643	11.2%
Coffee	1,951	2.9%	1,896	(13.3%)
Fruit and vegetable juice	1,883	(5.0%)	1,982	3.4%
Carbonated beverage	1,564	(7.0%)	1,682	(1.0%)
Functional beverage	927	(8.7%)	1,015	22.1%
Water	3,236	(3.4%)	3,350	8.5%
Other	1,508	3.3%	1,460	4.3%
Total	17,785	0.3%	17,735	2.4%
Container Type				
Can	2,321	(10.7%)	2,601	(9.2%)
Large-sized PET bottles (2L, 1.5L, etc.)	6,045	(1.2%)	6,117	4.5%
Small-sized PET bottles (500ml, 280ml, etc.)	7,900	8.0%	7,312	4.7%
Other	1,519	(10.9%)	1,705	5.3%
Total	17,785	0.3%	17,735	2.4%

## 4. PROFIT DETAILS

### (1) Normalized Operating Profit Details

(¥ billions)

	Nine months ended September 30, 2019, Actual	Nine months ended September 30, 2018, Actual	Increase (decrease)	
Normalized operating profit	148.4	147.2	1.2	0.8%
Japan Beer and Spirits	65.5	60.3	5.2	8.7%
Kirin Brewery	63.9	58.6	5.3	9.1%
Others	1.7	1.7	(0.1)	(4.8%)
Japan Non-alcoholic Beverages	21.2	20.7	0.6	2.7%
Kirin Beverage	21.2	20.7	0.6	2.7%
Oceania Integrated Beverages	24.2	31.8	(7.6)	(23.8%)
Lion	24.2	31.8	(7.6)	(23.8%)
Beer, Spirits, and Wine	28.9	34.5	(5.6)	(16.3%)
Dairy and Drinks	(0.4)	2.4	(2.9)	-
Corporate	(4.2)	(5.1)	0.9	-
Pharmaceuticals	46.6	39.2	7.4	18.8%
Kyowa Kirin	46.6	39.2	7.4	18.8%
Other	22.6	20.6	2.0	9.6%
Mercian	0.9	1.1	(0.2)	(19.3%)
Myanmar Brewery	10.6	8.2	2.4	28.6%
Coke Northeast	3.8	2.2	1.6	72.4%
Kyowa Hakko Bio	3.3	6.0	(2.7)	(45.1%)
Others	4.1	3.1	1.0	30.8%
Corporate expenses and inter-segment eliminations	(31.8)	(25.4)	(6.4)	-

From the fiscal year ended December 31, 2019, each normalized operating profit in each segment is calculated by adding back management fees paid to the Company to normalized operating profit.

## (2) Normalized Operating Profit Breakdown of Major Business Companies

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Decrease in marginal profit of alcohol beverages, etc.	(1.1)	Total beer products (0.8) Sales decrease in beer (19) thousand KL Sales decrease in <i>happo-shu</i> (17) thousand KL Sales increase in new genre 70 thousand KL Total other than beer products 1.0 Sales increase in RTD 19 thousand KL Sales decrease in non-alcohol beverages (2) thousand KL, etc. Difference of change in composite of products, etc. (1.2)
	Decrease in raw material cost of alcohol beverages	0.8	
	Decrease in selling expenses	3.0	Decrease in sales promotion 2.4, decrease in advertising 0.7 (Total 48.0→45.0)
	Decrease in other expenses	2.6	Decrease in allocated corporate expenses 1.8, etc.
	Total	5.3	
Kirin Beverage	Increase in marginal profit of soft drink beverages	3.2	Increase in sales volume 0.5 million cases, 0.2 Difference of change in products mix and in composition ratio of containers, etc. 2.9
	Increase in raw material cost, etc.	(0.5)	Decrease in raw material cost 0.5, increase in material cost (0.7), increase in processing cost (0.2)
	Increase in selling expenses	(1.6)	Increase in sales promotion (1.5), increase in advertising (0.1) (Total 25.4→27.0)
	Increase in other expenses	(0.5)	Decrease in allocated corporate expenses 0.6, increase in depreciation of vending machines, etc.
	Total	0.6	

## (3) Other Operating Income and Other Operating Expenses

(¥ billions)

	Nine months ended September 30, 2019, Actual	Nine months ended September 30, 2018, Actual	Increase (decrease)
Other operating income	3.9	28.5	(24.6)
Gain on sale of property, plant and equipment and intangible assets	2.3	11.2	(8.8)
Gain on sale of shares of subsidiaries	-	12.1	(12.1)
Gain on reversal of impairment losses	-	3.4	(3.4)
Other	1.6	1.9	(0.3)
Other operating expenses	91.3	15.7	75.6
Impairment losses	63.6	1.1	62.5
Business restructuring expenses	10.3	2.2	8.1
Software development expenses	8.1	6.0	2.1
Loss on disposal and sale of property, plant and equipment and intangible assets	1.2	1.1	0.0
Other	8.1	5.2	2.9

(4) Finance Income, Finance Costs, Share of Profit of Equity-accounted Investees, etc.

(¥ billions)

	Nine months ended September 30, 2019, Actual	Nine months ended September 30, 2018, Actual	Increase (decrease)
Finance income	3.2	3.9	(0.7)
Interest income	1.2	1.5	(0.3)
Dividend income	1.7	2.2	(0.5)
Other	0.3	0.2	0.0
Finance costs	7.3	5.9	1.4
Interest paid	5.3	4.7	0.7
Foreign exchange losses (net)	1.3	0.8	0.5
Other	0.7	0.5	0.2
Share of profit of equity-accounted investees	20.5	20.8	(0.3)
San Miguel Brewery	19.6	18.5	1.2
Others	0.9	2.4	(1.5)
Gain on sale of equity-accounted investees	-	19.8	(19.8)