



KIRIN

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Kirin Group Financial Results for 2Q FY2021

August 10, 2021

Kirin Holdings Company, Limited

Summary of 2Q FY2021 Results & Revision of FY2021 Forecast

2Q FY2021 Results

- Consolidated Revenue decreased by -1.0% YoY, while consolidated Normalized operating profit (OP) increased by 2.9% YoY, achieving an increase in profit despite the impact of a surge in COVID-19 infections.
- Profit before tax increased by 0.9%, due to an increase in profit from equity-method affiliates, despite the recording of impairment losses related to the Myanmar business.
- Profit attributable to owners of the company declined by -28.7% due to an increase in the corporate tax rate, as impairment losses are not treated as a tax expense.

Revision of FY2021 Forecast

- In the second half of the year, the company is revising its full-year forecast mainly due to a downturn in performance of Myanmar Brewery, caused by a decline in sales volume due to the rapid spike of COVID-19 infections and a sharp rise in raw material costs due to material shortages.
- Consolidated Revenue and consolidated Normalized OP are expected to decrease by -0.5% and -5.6% respectively compared to the initial plan.
- The impairment loss will not affect the normalized EPS, and the annual dividend per share target will remain at the initial forecast of 65 yen.

2Q FY2021 Results

- While revenue decreased YoY because of the sale of Lion Dairy & Drinks business, Normalized OP increased YoY due to progress in reforming the profit structure.

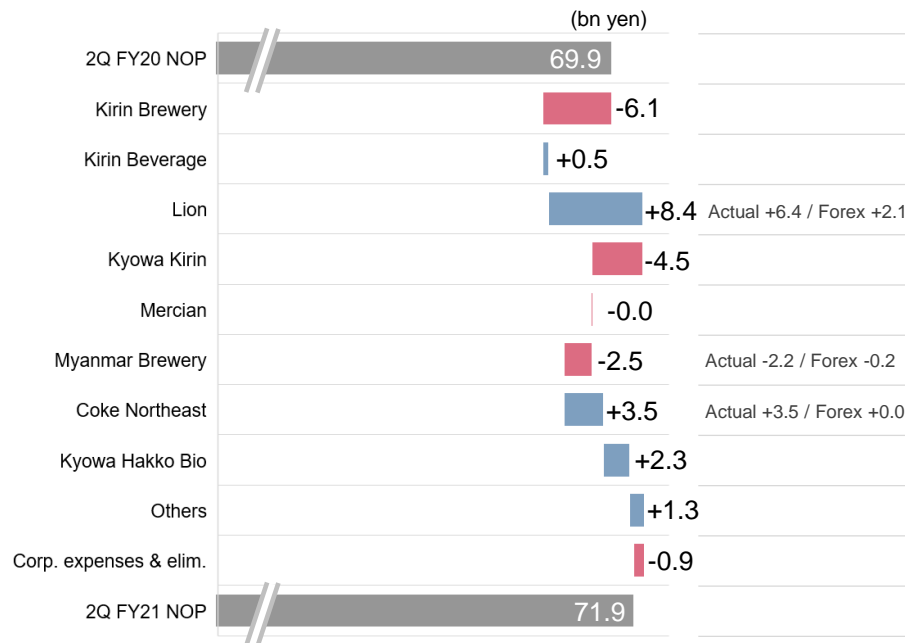
(bn yen)	2Q FY2021 Actual	2Q FY2020 Actual	YoY	%
Revenue	864.0	872.5	-8.4	-1.0%
Normalized OP ^{*1}	71.9	69.9	2.1	2.9%
Profit before tax	56.5	56.0	0.5	0.9%
Profit attributable to owners of the Company	23.7	33.3	-9.6	-28.7%
	2Q FY2021 Actual	2Q FY2020 Actual	YoY	%
Normalized EPS ^{*2}	65 yen	56 yen	9 yen	16.1%

^{*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 20 for details.

Changes in Consolidated Normalized OP by Company

- Recovery in the Australian alcoholic beverage business etc. offset the decline in the Myanmar business.



Kirin Brewery

- Marginal profit increased due to higher sales volume of beer (off-premise), happoshu and RTD, and mix-up with high value-added products. Selling expenses also increased as planned.

Kirin Beverage

- Decrease in sales volume was offset by reduction in selling expenses.

Lion

- Profit increased significantly due to the recovery in on-premise in Australia and NZ, and a rebound from keg buybacks and suspension of hospitality operations that occurred in the previous year.

Kyowa Kirin

- SG&A expenses increased in order to quickly establish a global operations base.

Myanmar Brewery

- Sales volume declined significantly due to the impact of the COVID-19 and political upheaval etc.

Coke Northeast

- In addition to increased sales volume, profit increased due to cost control effects etc.

Kyowa Hakko Bio

- Cost ratio improved and depreciation and R&D expenses decreased.

Corporate Expenses and Segment Eliminations

- Increase in segment eliminations.

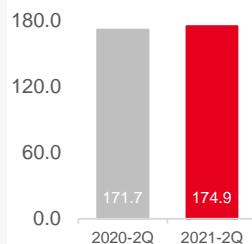
* "Others" includes "Other and elimination" in "Japan beer & spirits" segment.

* Due to the sale of Lion Dairy and Drinks business, the descriptions of "Beer, Spirits, and Wine", "Dairy and Drinks" and "Corporate" of Lion have been omitted from 2021.

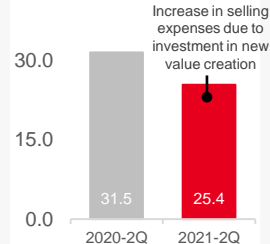
Main Group Companies' Highlights

Kirin Brewery

Liquor tax-excluded
Revenue (bn yen)



Normalized OP
(bn yen)



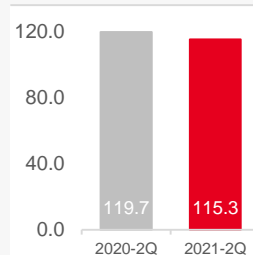
Outperformed the market in terms of sales volume

- Due to the continued government request to stop serving alcoholic beverages at restaurants in Japan's major cities, the on-premise market in the January-June period declined over 30% from the previous year (estimate).
- Kirin Brewery outperformed the market by steadily capturing off-premise demand. The beer category achieved its first positive result in six years
- Total beer sales volume (Jan-Jun).

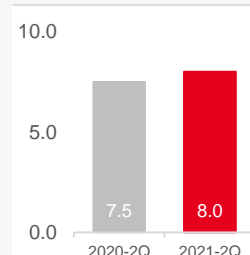
Market **-6%** (estimate) **Kirin Brewery -2%**

Kirin Beverage

Revenue (bn yen)



Normalized OP
(bn yen)



Strong sales of *Lactococcus lactis* strain Plasma drinks (Lc-PLASMA)

- Cumulative sales volume of beverages containing Lc-PLASMA increased significantly YoY.

+46%

- Structural reform of vending machine business progressing as planned.

First half results

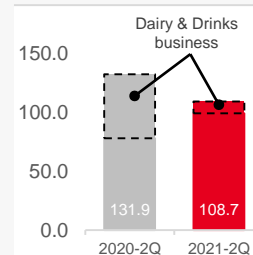
1.3 billion yen

Contribution to Normalized OP (Jan – Jun)

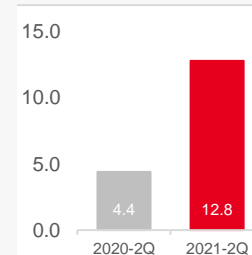


Lion

Revenue (bn yen)



Normalized OP
(bn yen)



Australia / New Zealand

- Significant improvement in profit due to recovery in on-premise channels.

Overseas Craft Beer

- Strong growth of nearly **10%** in sales volume compared to the previous year.
- New Belgium Brewing is well ahead of the U.S. craft beer market growth rate (market is estimated to be +5% YoY).



Background of Downward Revision of Full-year Forecast and the Impairment in Myanmar Brewery

Downward sales/profit and impairment loss mainly due to changes in external environment.

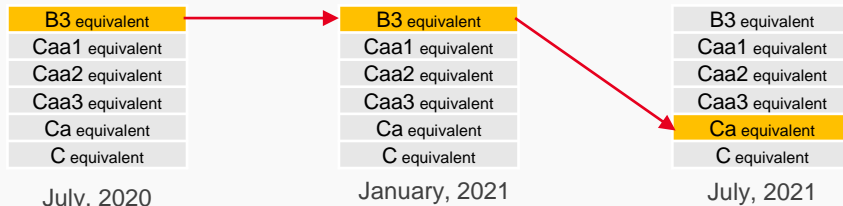
➤ Surge in COVID-19 infections in Myanmar



Downward revision of sales and profit forecast

- Decrease in sales volume due to rapid spike in COVID-19 infections
- Soaring raw material costs due to foreign exchange, shortage of cans for production, etc.

➤ Rising country risk premium in Myanmar (Moody's credit ratings equivalent)



Source: Professor Damodaran at New York University "Country and Equity Risk Premiums"

Recognition of impairment loss

- Increase in country risk used in WACC calculation
- Recognition of the impact of the uncertain business environment on future business performance

Impact caused by changes in the external environment

Revisions of FY2021 Forecast

- Full year forecast revised downward due to the Myanmar business, but the dividend target (the same as the previous year) has been maintained.

■ FY2021 Forecast

(bn yen)	FY21 (new) Forecast	FY20 Actual	YoY	%	FY21 (initial) Forecast	Change	%	Description by segment
Revenue	1,870.0	1,849.5	20.5	1.1%	1,880.0	-10.0	-0.5%	Myanmar Brewery -18.0 (incl. forex -2.3), Coke Northeast +12.4 (incl. forex +6.5), Kirin Beverage -10.4
Normalized OP	170.0	162.1	7.9	4.9%	180.0	-10.0	-5.6%	Myanmar Brewery -9.8 (incl. forex -0.7), Coke Northeast +3.6 (incl. forex +0.6), Kirin Beverage -2.5
Profit before tax	158.0	124.6	33.4	26.9%	177.0	-19.0	-10.7%	Other operating expenses -18.0 (impairment loss -21.4 Myanmar Brewery), profit from equity-method affiliates +5.4
Profit attributable to owners of the Company	86.5	71.9	14.6	20.2%	103.0	-16.5	-16.0%	In addition to above, Non-controlling interests +3.0

* Assumed full-year rate are revised as followings; Australian dollar revised from 80 yen to 82 yen, Myanmar kyat revised from 79 yen to 71 yen, and US dollar revised from 105 yen to 110 yen.

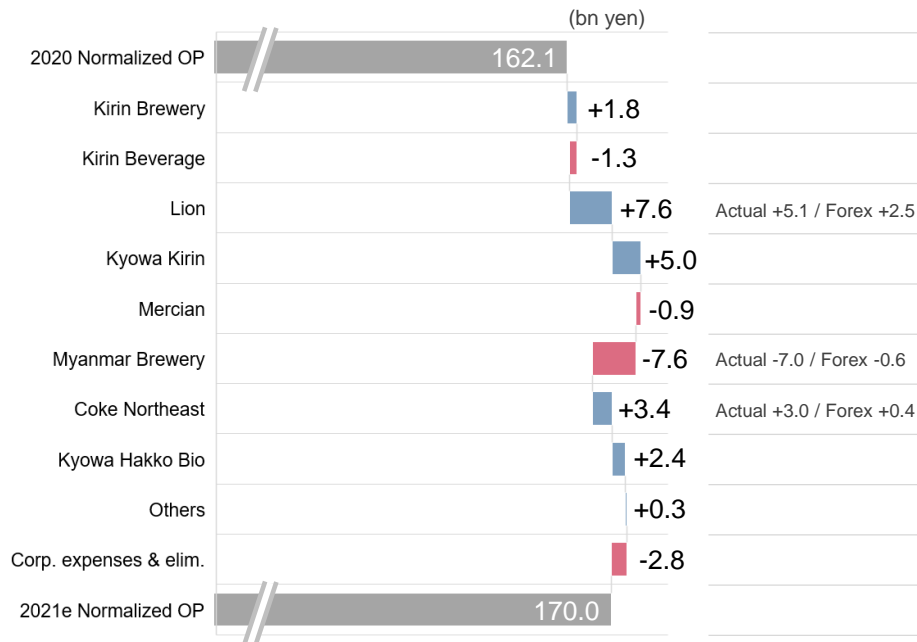
"+" means a increase in profits, "-" a decrease, compared to the initial forecast.

■ Quantitative targets / Dividend forecast

(bn yen)	FY21 (new) Forecast	FY20 Actual	YoY	FY21 (initial) Forecast	Change
ROIC	6.5%	6.0%	—	7.6%	—
Normalized EPS	148 yen	136 yen	12 yen	147 yen	1 yen
Dividend per share	65 yen	65 yen	—	65 yen	—

Changes in Consolidated Normalized OP by Company

➤ Kirin Group's overall portfolio offset the negative impact Myanmar business



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

* Due to the sale of Lion Dairy and Drinks business, the descriptions of "Beer, Spirits, and Wine", "Dairy and Drinks" and "Corporate" of Lion have been omitted from 2021.



* See page 24 for the revision from the previous forecast.

Kirin Brewery

- No change from the initial plan, aiming for an increase from the previous year.

Kirin Beverage

- Revise forecast downward and plan to reduce profit YoY due to deterioration of differences in proportion of product/ container mix, etc. as well as a decrease in sales volume.

Lion

- Plan to increase profit YoY due to recovery in the on-premise of alcoholic beverages etc., while revising forecast downward due to an increase in head office expenses.

Kyowa Kirin

- No change from the initial plan, aiming for an increase from the previous year.

Myanmar Brewery

- Revise forecast downward and plan to reduce profit YoY due to a significant decline in sales volume caused by the impact of COVID-19 and political upheaval etc.

Coke Northeast

- Revise forecast upward and plan to increase profit YoY due to cost control effects etc.

Kyowa Hakko Bio

- No change from the initial plan, aiming for an increase from the previous year.

Corporate Expenses and Segment Eliminations

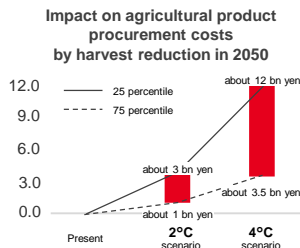
- Decrease from the initial plan due to a decrease in depreciation and amortization, etc., and plan to increase cost YoY

Environment

Updated analysis results based on TCFD scenario analysis

Expansion of the scope of impact assessment on major raw material agricultural products

- › The scope of analysis has been expanded to include overseas operations, such as the beer business in Australia, New Zealand and Myanmar.
- › As for the financial impact of reduced agricultural yields due to climate change, the 2°C scenario is estimated to be able to reduce procurement costs by about 9 billion yen compared to the 4°C scenario.



Climate change mitigation

PPA solar power generation installed at four breweries

- › Four of Kirin Brewery's domestic breweries introduced solar-powered electricity under the PPA (Power Purchase Agreement) model, with plans to expand to other breweries.
- › Expected to reduce GHG emissions by approximately 4,500 tons per year.



Sendai Brewery Nagoya Brewery Shiga Brewery Kobe Brewery

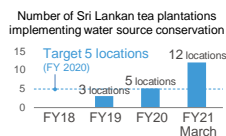
Climate change adaptation

Strengthen support for farms acquiring certification

- › Promote and expand climate- resilient agriculture through Rainforest Alliance certification training.

Water source conservation activities at Sri Lankan tea plantations

- › Efforts to minimize damage to suppliers' farms due to drought and other factors made more progress than planned.



Link to Social

Social

Gogo-no-Kocha brand will launch a new product using Rainforest Alliance Certified Tea Leaves from Sri Lanka

- › Launch of a product made from 100% Sri Lankan tea leaves, of which more than 90% are Rainforest Alliance certified tea leaves – a first for Gogo-no-Kocha brand.
- › The Kirin Group has been supporting tea plantations in Sri Lanka to obtain Rainforest Alliance certification since 2013, and by the end of 2020, 93 large tea farms and 120 small farms have acquired certification with our support.



- › At certified farms, the livelihoods of farm workers are improved through the expansion of clinics and increased salaries for field workers.
- › Expanding support for Rainforest Alliance certification acquisition to coffee farms in Vietnam, which accounts for 1/3 of the coffee beans imported by the Kirin Group, by utilizing the knowledge gained from experience with this initiative.

Revision of the Kirin Group Sustainable Supplier Code.

- › Revised the Supplier Code of Conduct to apply to the entire Group as part of efforts to strengthen procurement risk management.
- › In the area of human rights, embody supplier compliance in accordance with the ILO (International Labor Organization).

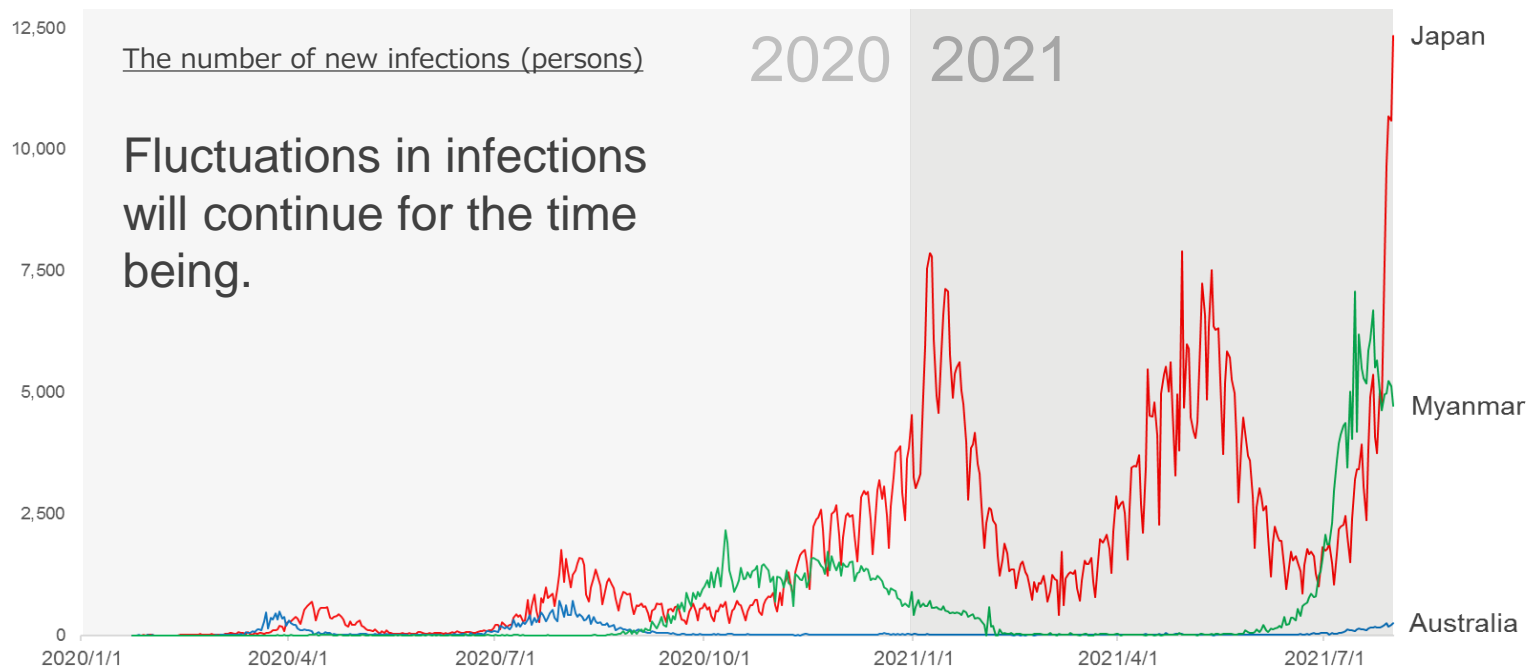


Progress in “Creating a Starting Point for Change”

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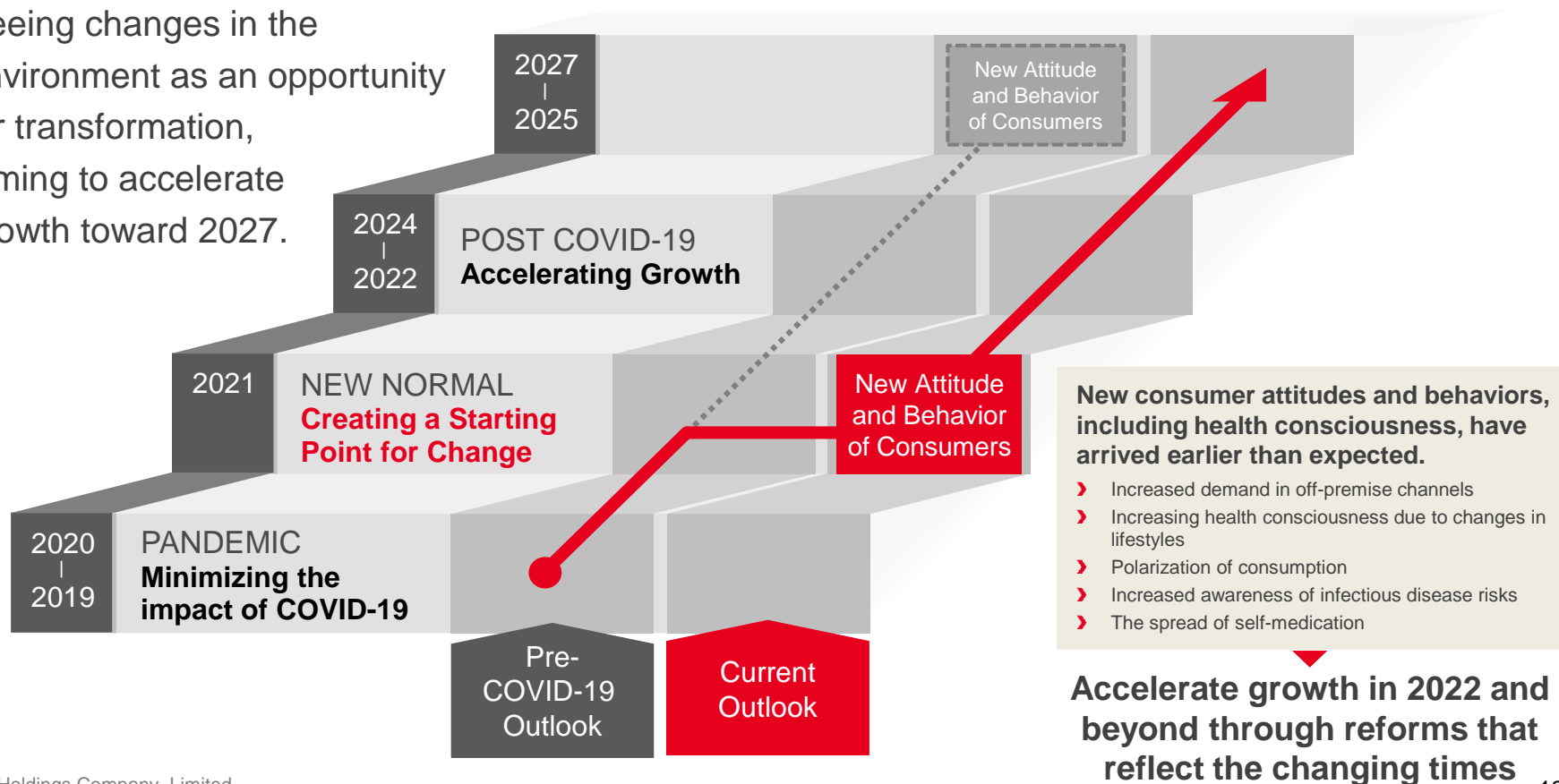
The Spread of COVID-19

The number of new cases of COVID-19 is higher than in 2020, and normalization is still expected to take some time.



Accelerating Growth in the Age of the New Normal

Seeing changes in the environment as an opportunity for transformation, aiming to accelerate growth toward 2027.

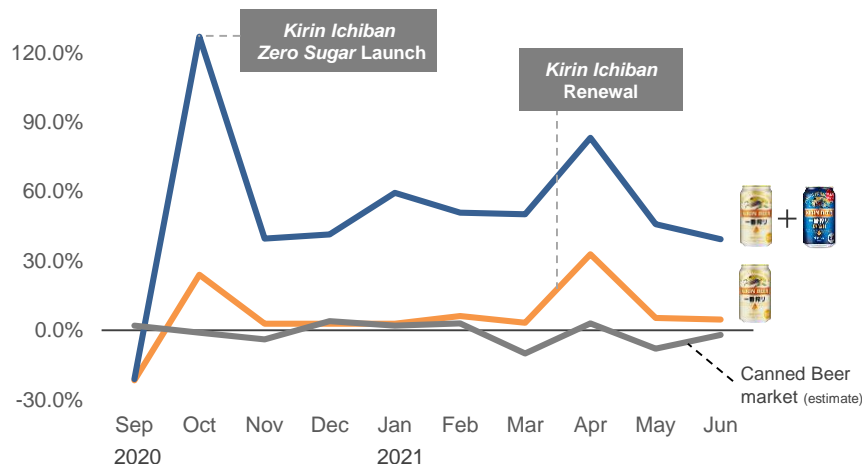


Kirin Brewery 1: Mix Improvement with a Solid Flagship Brand and New Value

Our flagship *Kirin Ichiban* (can) leads the domestic beer market. High value-added products triggered a shift of consumers of mid- and lower-priced products to high-end products.

Since the 2020 liquor tax revision, sales volume of *Kirin Ichiban* (can) has continued to exceed the previous year's level, both on a non-consolidated basis and for total brands.

Sales volume of canned *Kirin Ichiban* and *Kirin Ichiban Zero Sugar* since the 2020 liquor tax revision (% change from the previous year)

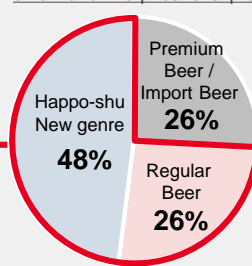


High-end *Hojun 496* attracted lower-end consumers. The market share of higher-priced high value-added RTDs expanded from 0% last year to 8%.

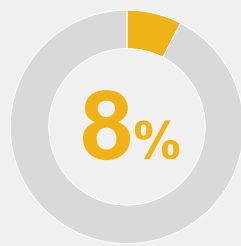


Hojun 496
About 70% of consumers switched from non-premium categories.

Hojun 496 siphoned away buyers of low- and mid-price level products



Portion of high value-added RTDs



Sales volume % within 2Q total RTD volume

Kirin Brewery 2: Revitalization of the Beer Market by Expansion of *Home Tap*

By leading the industry, Kirin Brewery will steadily revitalize the Japanese beer market through innovation.

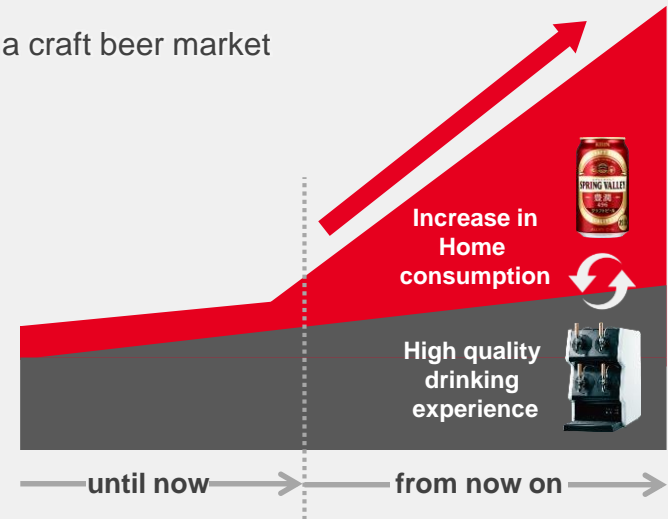
Home Tap Reached 100k Members Ahead of Schedule.



The drinking experience of craft beer through Home Tap will create a virtuous cycle for both the on-premise and off-premise markets through the craft beer category.

Creation of a craft beer market

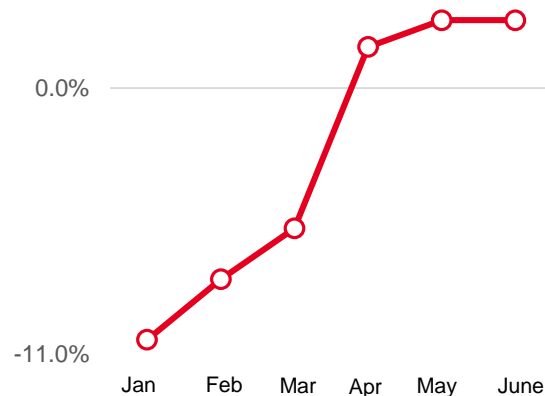
Off-premise market
On-premise market



Australia and NZ markets firmly recovered. Steady progress was made in reforms aimed at improving profitability

Steady recovery in Australia and NZ markets

AU+NZ year-on-year sales volume
(cumulative)



On the other hand, operating risk emerged due to a decline in the on-premise sales

Reaffirmed the need to improve profitability

Enhancing marketing ROI by strengthening brand value

- Redefine all strategies, structures, processes, cultures, and evaluation criteria based on consumer-centric marketing reform.
- 2022 plan being formulated under the new marketing director.

KIRIN



Cost improvement through SCM reform

- One brewery reorganization completed at the end of June.
- In parallel, productivity improvement, organizational reform, and SKU reduction are steadily being implemented as planned.

Develop Lc-PLASMA in *Gogo-no-Kocha* and *Nama-cha* well-known core brands to capture entry-level health enthusiasts and increase awareness.

Category

While the domestic soft drink market is on a downward trend, **health consciousness is expanding**.

Channel

Vending machine channel composition decreased due to the impact of COVID-19.

Industry Structure

No change in the number of major players in the industry; market share of the top two players unchanged.

Launch beverages containing Lc-PLASMA from *Gogo-no-Kocha* and *Nama-cha* brands .
(To be released on October 12, 2021)

Kirin Beverage **repositioned** itself as a beverage company in the health science domain.

Kirin Beverage's concept of segments in the health domain

Sugar-free / Low-sugar



Functional Health



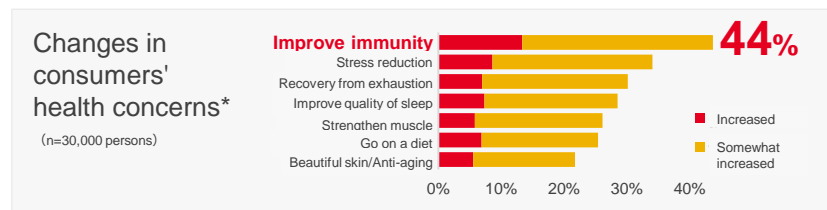
Lc-PLASMA

- Full-year Revenue forecast revised upward from initial plan.

11.0 billion yen ▶ **13.5** billion yen



- In response to the change in health consciousness, we aim to expand sales in the entry-level market by developing products that are not limited to its own brands.



B to B Partners' products using our materials are scheduled to go on sale from this fall.

*Q. Please choose the one that best describes your health consciousness after COVID-19. Percentage of respondents who answered "Increased" "Slightly increased." * Refer to the highest % of people who responded "Increased" "Slightly increased" among 7 items of "Strengthen muscle" "Stress reduction" "Beautiful skin / Anti-aging" "Go on a diet" "Improve the quality of sleep" "Recovery from exhaustion" "Improve immunity" (Data : According to our research as of August 2020 (n=30,000))

Kyowa Hakko Bio



Restoring Trust

- Establish a stable supply system
- Strengthen the foundation for quality assurance
- Continual corporate culture reform



Implementing Business Structural Reforms

- Narrow down product range
- Build new HMO production facilities
- Expand citicoline production facilities
- Transfer of BtoC product manufacturing to FANCL

Steady progress in corporate structure reform in addition to solidifying stable supply and quality assurance

Importance of Pharmaceutical Business in Expanding Health Science Business

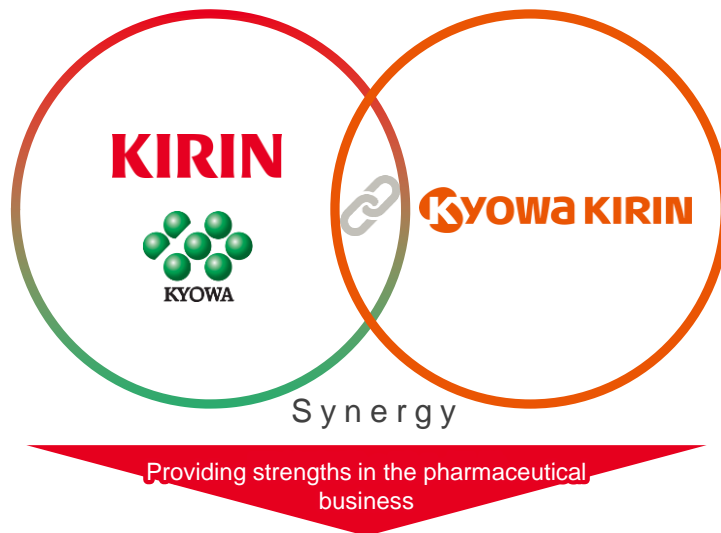
Good health

Prevention

Disease

KIRIN Strengths

- › Practical knowledge of ingredients and API business
- › Development of novel functional substances by microbial breeding improvement technology
- › Industrial production using proprietary fermentation production and high-purity purification technologies
- › Plant engineering capabilities developed through the brewing business



Kyowa KIRIN Strengths

- › Practical knowledge of the pharmaceutical business, research data, a wealth of research findings
- › Capability to develop drugs on a global scale
- › Ability to comply with pharmaceutical regulations
- › Connection to national projects, academia, venture companies, etc.

— Research and Development —

Research findings at the pharmaceutical level.
Improving development and launch speed.

— Products —

Science-backed supplements and services

— Market Penetration —

Non-food sales channels.
“Academia Marketing”.

Appendix

2Q FY2021 Results

Normalized EPS Details

(bn yen)		2Q FY2021	2Q FY2020
Profit attributable to Owners of the Company	①	23.7	33.3
Other operating income/expenses after taxes and other adjustments	②	30.2	13.9
Normalized profit	③ = ① + ②	53.9	47.2
Average number of shares during the period ('000)	④	833,607	846,861
Normalized EPS (yen)	③ / ④	65	56

2Q FY2021 Results

Revenue by segments

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(bn yen)		2Q FY2021 Actual	2Q FY2020 Actual	YoY	%
Revenue		864.0	872.5	-8.4	-1.0%
Japan Beer and Spirits		310.5	295.9	14.6	4.9%
	Kirin Brewery	300.0	287.2	12.8	4.4%
	Other and elimination	10.5	8.7	1.9	21.7%
Japan Non-alcoholic Beverages		114.2	118.8	-4.6	-3.8%
	Kirin Beverage	115.3	119.7	-4.5	-3.8%
	Elimination	-1.0	-1.0	-0.1	—
Oceania Adult Beverages		108.7	131.9	-23.1	-17.5%
	Lion	108.7	131.9	-23.2	-17.6%
	Elimination	-0.0	-0.0	0.0	—
Pharmaceuticals		164.7	157.5	7.2	4.6%
	Kyowa Kirin	165.0	157.8	7.2	4.6%
	Elimination	-0.3	-0.3	0.0	—
Other		165.8	168.4	-2.6	-1.5%
	Mercian	28.0	30.0	-2.0	-6.7%
	Myanmar Brewery	11.1	16.3	-5.2	-31.8%
	Coke Northeast	71.7	63.9	7.8	12.2%
	Kyowa Hakko Bio	24.8	31.8	-7.0	-22.2%
	Other and elimination	30.3	26.4	3.8	14.5%

* Oceania Integrated Beverages has been renamed Oceania Adult Beverages due to the sale of Lion Dairy and Drinks business, effective from 2021.
In addition, the descriptions of "Beer, Spirits, and Wine " and "Dairy and Drinks" of Lion have been omitted from 2021.

Revisions of FY2021 Forecast: Revenue by segments

(bn yen)		FY2021 New Forecast	FY2020 Actual	YoY	%	FY2021 Initial Forecast	YoY	%
Revenue		1,870.0	1,849.5	20.5	1.1%	1,880.0	-10.0	-0.5%
Japan Beer and Spirits		697.5	651.4	46.1	7.1%	694.4	3.1	0.4%
	Kirin Brewery	674.5	632.2	42.3	6.7%	673.6	0.9	0.1%
	Other and elimination	23.0	19.3	3.8	19.6%	20.9	2.2	10.5%
Japan Non-alcoholic Beverages		254.6	252.2	2.4	1.0%	265.3	-10.7	-4.0%
	Kirin Beverage	256.7	254.2	2.5	1.0%	267.1	-10.4	-3.9%
	Elimination	-2.1	-2.0	-0.0	—	-1.7	-0.3	—
Oceania Adult Beverages		220.3	292.1	-71.9	-24.6%	212.2	8.0	3.8%
	Lion	220.3	292.2	-71.8	-24.6%	212.3	8.0	3.8%
	Elimination	-0.1	-0.0	-0.0	—	-0.1	-0.0	—
Pharmaceuticals		350.3	317.8	32.5	10.2%	350.3	—	—
	Kyowa Kirin	351.0	318.4	32.6	10.3%	351.0	—	—
	Elimination	-0.7	-0.6	-0.1	—	-0.7	—	—
Other		347.3	336.0	11.3	3.4%	357.6	-10.4	-2.9%
	Mercian	58.7	62.1	-3.4	-5.5%	62.1	-3.4	-5.5%
	Myanmar Brewery	20.6	31.8	-11.2	-35.2%	38.6	-18.0	-46.6%
	Coke Northeast	142.5	129.4	13.1	10.1%	130.0	12.4	9.5%
	Kyowa Hakko Bio	57.8	57.3	0.5	0.9%	57.8	—	—
	Other and elimination	67.7	55.4	12.3	22.2%	69.1	-1.4	-2.0%

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In addition, the descriptions of "Beer, Spirits, and Wine " and "Dairy and Drinks" of Lion have been omitted from 2021.

2Q FY2021 Results

Normalized OP by segments

(bn yen)		2Q FY2021 Actual	2Q FY2020 Actual	YoY	%
Normalized OP		71.9	69.9	2.1	2.9%
Japan Beer and Spirits		26.7	32.8	-6.1	-18.5%
	Kirin Brewery	25.4	31.5	-6.1	-19.3%
	Others	1.3	1.3	-0.0	-0.5%
Japan Non-alcoholic Beverages		8.0	7.5	0.5	7.2%
	Kirin Beverage	8.0	7.5	0.5	7.2%
Oceania Adult Beverages		12.8	4.4	8.4	192.9%
	Lion	12.8	4.4	8.4	192.9%
Pharmaceuticals		30.1	34.6	-4.5	-13.0%
	Kyowa Kirin	30.1	34.6	-4.5	-13.0%
Other		16.4	11.9	4.5	38.0%
	Mercian	1.1	1.1	-0.0	-4.1%
	Myanmar Brewery	4.7	7.1	-2.5	-34.6%
	Coke Northeast	7.0	3.5	3.5	99.7%
	Kyowa Hakko Bio	0.3	-1.9	2.3	—
	Other	3.3	2.1	1.3	63.0%
Corporate expenses/inter-segment		-22.1	-21.2	-0.9	—

* Oceania Integrated Beverages has been renamed Oceania Adult Beverages due to the sale of Lion Dairy and Drinks business, effective from 2021.
In addition, the descriptions of "Beer, Spirits, and Wine ", "Dairy and Drinks" and "Corporate" of Lion have been omitted from 2021.

Revisions of FY2021 Forecast: Normalized OP by segments

(bn yen)		FY2021 New Forecast	FY2020 Actual	YoY	%	FY2021 Initial Forecast	YoY	%
Normalized OP		170.0	162.1	7.9	4.9%	180.0	-10.0	-5.6%
Japan Beer and Spirits		77.3	75.5	1.8	2.4%	76.8	0.5	0.7%
	Kirin Brewery	75.0	73.2	1.8	2.5%	75.0	—	—
	Others	2.3	2.3	0.0	1.9%	1.8	0.5	27.8%
Japan Non-alcoholic Beverages		20.5	21.8	-1.3	-5.8%	23.0	-2.5	-10.9%
	Kirin Beverage	20.5	21.8	-1.3	-5.8%	23.0	-2.5	-10.9%
Oceania Adult Beverages		29.7	22.1	7.6	34.1%	30.6	-1.0	-3.3%
	Lion	29.7	22.1	7.6	34.1%	30.6	-1.0	-3.3%
Pharmaceuticals		64.0	59.0	5.0	8.4%	64.0	—	—
	Kyowa Kirin	64.0	59.0	5.0	8.4%	64.0	—	—
Other		26.9	29.3	-2.4	-8.2%	35.2	-8.3	-23.6%
	Mercian	2.6	3.6	-0.9	-26.1%	3.2	-0.5	-15.6%
	Myanmar Brewery	6.2	13.8	-7.6	-55.3%	16.0	-9.8	-61.3%
	Coke Northeast	12.7	9.3	3.4	36.6%	9.1	3.6	39.6%
	Kyowa Hakko Bio	0.1	-2.3	2.4	—	0.1	—	—
	Other	5.3	4.9	0.4	8.7%	6.9	-1.5	-21.7%
Corporate expenses/inter-segment		-48.4	-45.6	-2.8	—	-49.6	1.2	—

* Oceania Integrated Beverages has been renamed Oceania Adult Beverages due to the sale of Lion Dairy and Drinks business, effective from 2021.

In addition, the descriptions of "Beer, Spirits, and Wine", "Dairy and Drinks" and "Corporate" of Lion have been omitted from 2021.

2Q FY2021 Results Kirin Brewery



(1,000 HL)	2Q FY21 Actual	2Q FY20 Actual	YoY %
Beer products total	7,400	7,570	-2.3%
Beer	2,100	1,910	10.2%
Happo-shu	1,870	1,820	2.7%
New genre	3,430	3,840	-10.8%
RTD	2,180	1,910	13.7%
Non-alcohol beverages	240	210	13.1%

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 FY21 Actual	2Q FY20 Actual	YoY	%
Revenue	300.0	287.2	12.8	4.4%
Revenue excl. liquor tax	174.9	171.7	3.2	1.9%
Normalized OP	25.4	31.5	-6.1	-19.3%

2Q FY20 Normalized OP (bn yen)		31.5	Description
YoY change (bn yen)	Increase in marginal profit of alcohol beverages, etc.	2.1	Total beer products -0.7 (increase in beer 190,000HL, increase in happo-shu 50,000HL, decrease in new genre - 420,000HL) Total other than beer products 1.7 (increase in RTD 260,000HL, increase in non-alcohol beverages 30,000HL, etc.) Difference of change in composite of products, etc. 1.1
	Decrease in raw material cost	0.7	
	Increase in selling expenses	-8.8	Increase in sales promotion -1.9, increase in advertising -6.9 (Total 25.6 ⇒ 34.4)
	Increase in other expenses	-0.1	
Subtotal		-6.1	
2Q FY21 Normalized OP		25.4	



Note

Japan alcoholic beverages market

- › Beer market sales volume was down by approx. -6%.
- › Sales volumes in on-premise channels declined by approx. -30 to -40%.
- › Health-consciousness continues to increase.

Sales Volume

- › Almost all beer and RTD categories outperformed the market due to strong sales of new products in addition to mainstay brands.
- › Sales volume of *Kirin Ichiban* (total brand / can) significantly increased by 45%.

Details on Financial Performance

- › Marginal profit increased by 2.1 bn yen due to higher sales volume of off-premise beer, happo-shu and RTDs and the impact of product mix up with high value-added products despite the difficult market.
- › Raw material costs decreased by 0.7 bn yen due to cost reduction efforts.
- › Selling expenses increased by 8.8 bn yen due to strengthened investment in brands from a long-term perspective.

Revisions of FY2021 Forecast: Kirin Brewery

(1,000 HL)	FY2021 New Forecast	FY2020 Actual	YoY %	FY2021 Initial Forecast	Change
Beer products total	16,580	16,380	1.2%	16,650	-70
Beer	5,190	4,560	13.8%	5,340	-150
Happo-shu	3,800	3,840	-1.1%	3,610	190
New genre	7,600	7,980	-4.9%	7,700	-100
RTD	4,700	4,290	9.5%	4,500	200
Non-alcohol beverages	510	440	15.3%	550	-40

(bn yen)	FY2021 New Forecast	FY2020 Actual	YoY	%	FY2021 Initial Forecast	Change
Revenue	674.5	632.2	42.3	6.7%	673.6	0.9
Revenue excl. liquor tax	393.1	373.1	20.0	5.4%	392.3	0.8
Normalized OP	75.0	73.2	1.8	2.5%	75.0	—

FY2020 Normalized OP (bn yen)	73.2	Description
YoY change (bn yen)		Total beer products 6.5 (increase in beer 630,000HL, decrease in happo-shu -40,000HL, decrease in new genre -390,000HL)
	10.6	Total other than beer products 3.9 (increase in RTD 410,000HL, increase in non-alcohol beverages 70,000HL, etc.)
		Difference of change in composite of products, etc. 0.2
	0.0	Decrease in raw material cost
	-10.4	Increase in selling expenses
	1.6	Decrease in other expenses
Subtotal	1.8	
FY2021 Normalized OP (New Forecast)	75.0	

	73.2	
YoY change (bn yen)		Increase in marginal profit of alcohol bevs., etc
	10.3	
		Decrease in raw material cost
	0.8	
	-9.3	Increase in selling expenses
	0.0	Decrease in other expenses
Subtotal	1.8	
FY2021 Normalized OP (Initial Forecast)	75.0	



Note

Sales Volume Target

- ▶ Sales volume of each category of beer remained at the level of the initial plan.
- ▶ Focus on the key products such as *Kirin Ichiban*, *Kirin Ichiban Zero Sugar*, and *Honkirin* to make up for the shortfall in the on-premise channel in the first half of the year.

Revenue and Normalized Operating Profit

- ▶ Marginal profit is expected to improve from the initial plan, being slightly positive despite an increase in distribution costs which is higher than expected.
- ▶ Sales costs are expected to increase due to further investment in *Home Tap*, which has seen steady growth in membership.
- ▶ Other expenses are revised to reflect the expected decrease due to restrictions on business activities caused by the impact of COVID-19.

2Q FY2021 Results Kirin Beverage

Sales Volume (10,000 cases)		2Q FY21 Actual	2Q FY20 Actual	YoY %
Category	Black tea	2,309	2,440	-5.4%
	Japanese tea	1,400	1,482	-5.6%
	Coffee	1,217	1,127	8.0%
	Fruit and veg. juice	1,190	1,110	7.2%
	Carbonated beverages	646	731	-11.7%
	Functional beverages	547	481	13.7%
	Water	1,720	2,042	-15.7%
	Others	649	753	-13.7%
By Container	Can	1,185	1,251	-5.3%
	Large PET bottle	3,137	3,747	-16.3%
	Small PET bottle	4,465	4,334	3.0%
	Others	892	834	7.0%
Total		9,679	10,166	-4.8%

(bn yen)	2Q FY21 Actual	2Q FY20 Actual	YoY	%
Revenue	115.3	119.7	-4.5	-3.8%
Normalized OP	8.0	7.5	0.5	7.2%

2Q FY20 Normalized OP (bn yen)	
YoY change (bn yen)	Decrease in marginal profit
	Decrease in raw material costs, etc.
	Decrease in selling expenses
	Decrease in other expenses
Subtotal	
2Q FY21 Normalized OP	

7.5	Description
-2.9	Decrease in sales volume -4.88 million cases, -2.2 Difference of change in products mix and in composition ratio of containers, etc. -0.6
0.4	Increase in raw material cost -0.0, decrease in material cost 0.4, increase in processing cost -0.0
2.6	Decrease in sales promotion 1.9, decrease in advertising 0.8 (Total 15.5 ⇒ 12.9)
0.4	
0.5	
8.0	



Note

Soft Drink Market

- Soft drink market is estimated to slightly grow by approx. +1%.

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 LC-PLASMA related products increased by 46% due to the rise in consumer health awareness.

Details on Financial Performance

- Revenue declined due to a decrease in sales volume despite improvement in the difference of change in product mix and of container mix ratio, etc.
- Marginal profit decreased due to a decline in sales volume and a deterioration in difference of change in products mix and of container mix ratio, etc., caused by changes in sales channel proportions.
- Normalized OP increased due to a decrease in raw material costs and other costs, as well as reductions in sales promotion and advertising expenses.

Revisions of FY2021 Forecast: Kirin Beverage

Sales Volume (10,000 cases)		FY2021 New Forecast	FY2020 Actual	YoY %	FY2021 Initial Forecast	Change
Category	Black tea	5,494	5,064	8.5%	5,635	-141
	Japanese tea	3,266	3,257	0.3%	3,420	-154
	Coffee	2,407	2,334	3.1%	2,379	28
	Fruit and veg. juice	2,379	2,314	2.8%	2,247	132
	Carbonated beverages	1,385	1,529	-9.4%	1,552	-167
	Functional beverages	1,148	1,141	0.6%	1,389	-241
	Water	3,938	4,169	-5.5%	3,907	31
	Others	1,572	1,630	-3.6%	1,627	-55
	Total	21,589	21,439	0.7%	22,157	-568
By Container	Can	2,525	2,603	-3.0%	2,647	-122
	Large PET bottle	7,337	7,624	-3.8%	7,483	-146
	Small PET bottle	9,876	9,416	4.9%	10,219	-343
	Others	1,851	1,796	3.1%	1,808	43

(bn yen)		FY2021 New Forecast	FY2020 Actual	YoY	%	FY2021 Initial Forecast	Change
Revenue		256.7	254.2	2.5	1.0%	267.1	-10.4
Normalized OP		20.5	21.8	-1.3	-5.8%	23.0	-2.5

FY2020 Normalized OP (bn yen)		21.8	Description		21.8
YoY change (bn yen)	Increase in marginal profit	1.4	Increase in sales volume 1.50 million cases, 0.7, Difference of change in products mix and in composition ratio of containers, etc. 0.7	YoY change (bn yen)	7.1
	Decrease in raw material costs, etc.	0.1	Increase in raw material cost -0.7, decrease in material cost 0.6, decrease in processing cost 0.2		0.8
	Increase in selling expenses	-1.7	Increase in sales promotion and advertising -1.7 (Total 30.7→32.4)		-3.9
	Increase in other expenses	-1.1	Increase in labor costs, etc.		-2.8
	Subtotal	-1.3			1.2
FY2021 Normalized OP (New Forecast)		20.5		FY2021 Normalized OP (Initial Forecast)	23.0



Note

Sales Volume and Revenue

- Based on the impact of COVID-19 in the first half of the year, the sales volume of soft drinks as a whole is revised downward by 5.68 million cases from the initial plan for the year.
- Revenue is revised downward from the previous forecast due to a decrease in sales volume and a deterioration of channel mix.

Normalized Operating Profits

- Marginal profit is revised downward from the previous forecast due to a decrease in sales volume and a deterioration of differences in product mix and in container mix ratio, etc.
- The decline is expected to be minimized by optimizing sales costs (sales promotion expenses and advertising expenses).
- Although sales costs are expected to decrease from the initial plan, investment in the second half of the year is at the same level as the initial plan in order to strengthen the core brands and the *iMUSE* brand as done in the previous year.

Yen base (bn yen)

	2Q FY21 Actual	2Q FY20 Actual	YoY	%
Revenue	108.7	131.9	-23.2	-17.6%
Normalized OP	12.8	4.4	8.4	192.9%
(Ref.) formerly segmentation	2Q FY21 Actual	2Q FY20 Actual	YoY	%
Revenue (BSW)	99.0	77.8	21.2	27.3%
Revenue (LDD)	9.8	54.1	-44.4	-82.0%
Normalized OP (BSW)	16.0	7.6	8.4	111.2%
Normalized OP (LDD)	0.9	-0.6	1.5	—
Normalized OP (Corporate)	-4.1	-2.6	-1.5	—

BSW = Beer, Spirits & Wine, LDD = Lion Dairy & Drinks

Change in sales volume*			4.3%
	2Q FY20 Actual		108
Adult Beverages	AU&NZ	Sales	11
Normalized OP		Volume	
YoY		Other	70
(million AUS\$)		Global craft, etc.**	3
	2Q FY21 Actual		192

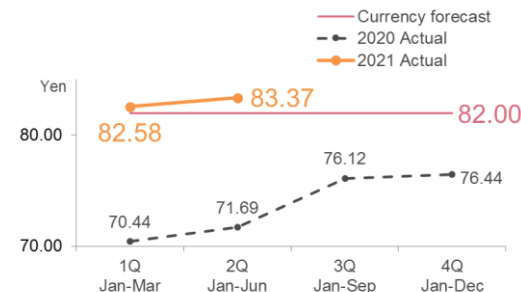
* Inclusive of Global Craft etc. volume among others.
YoY change in sales volume for excluding Global
Craft etc, was +2.8%

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

AUS dollar base (million AUS\$)

2Q FY21 Actual	2Q FY20 Actual	YoY	%
1,304	1,857	-553	-29.8%
154	63	91	145.6%
2Q FY21 Actual	2Q FY20 Actual	YoY	%
1,187	1,095	92	8.4%
117	762	-645	-84.6%
192	108	85	78.5%
11	-9	19	—
-49	-36	-13	—

Exchange Rate - Australian Dollar



The average AUD exchange rate used is based on the
average forex rate for the period specified above, in effect from
2021 1Q. 2020 Actual is shown on 3 months average basis.



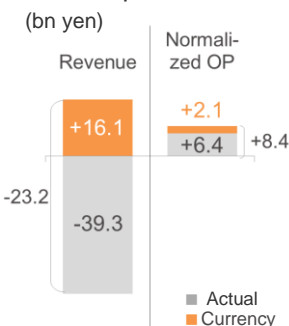
Revenue

- Total revenue decline was mainly driven by LDD exiting the group (\$-645m AUD). Revenue of alcoholic beverage business increased by \$92m AUD.
- Australia & NZ revenue increased due to steady sales this year, whereas the on-premise channel was significantly affected by COVID-19 last year.
- Overseas craft and other sales increased due to strong sales of North American craft, including the Voodoo Ranger brand.
- LDD business results recorded only up to January 25 due to the sale of the business.

Normalized OP

- Total Normalized OP increased significantly due to recovery in the alcoholic beverage business.
- Australia & NZ Normalized OP increased substantially due to recovery in the on-premise channels and the absence of keg buybacks and suspension of hospitality operations that occurred in the same period of the previous year.
- Normalized OP of overseas craft business and others increased due to strong sales, despite the impact of the weaker U.S. dollar and stronger Australian dollar.
- The increase in head office expenses was mainly due to higher depreciation and maintenance costs associated with the ERP implementation and higher costs for cyber security investments.

Forex Impact



Revisions of FY2021 Forecast: Lion

Yen base (bn yen)

	FY2021 New Forecast	FY2020 Actual	YoY	%	FY2021 Initial Forecast	Change
Revenue	220.3	292.2	-71.8	-24.6%	212.3	8.0
Normalized OP	29.7	22.1	7.6	34.1%	30.6	-1.0

Assumed exchange rate: ¥82.00 (AUD)

(Ref.) formerly segmentation	FY2021 New Forecast	FY2020 Actual	YoY	%	FY2021 Initial Forecast	Change
Revenue (BSW)	210.7	177.5	33.2	18.7%	202.7	8.0
Revenue (LDD)	9.6	114.7	-105.1	-91.6%	9.6	0.0
Normalized OP (BSW)	39.3	24.4	14.8	60.8%	39.3	-0.1
Normalized OP (LDD)	0.9	3.1	-2.3	-72.2%	0.1	0.8
Normalized OP (Corporate)	-10.4	-5.4	-5.0	-	-8.8	-1.7

AUS dollar base (million AUS\$)

	FY2021 New Forecast	FY2020 Actual	YoY	%	FY2021 Initial Forecast	Change
Revenue	2,687	3,958	-1,271	-32.1%	2,654	33
Normalized OP	362	295	67	22.8%	383	-21

	FY2021 New Forecast	FY2020 Actual	YoY	%	FY2021 Initial Forecast	Change
Revenue (BSW)	2,569	2,402	168	7.0%	2,534	36
Revenue (LDD)	117	1,556	-1,439	-92.5%	120	-3
Normalized OP (BSW)	479	328	151	46.1%	492	-13
Normalized OP (LDD)	11	40	-30	-73.8%	1	10
Normalized OP (Corporate)	-127	-73	-54	-	-110	-18



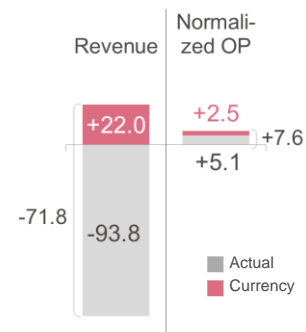
Revenue

- › Lion's FY2021 total sales revenue will increase due to the upward revision of alcoholic beverage business.
- › Revenue from the alcoholic beverages business is expected to increase from the initial plan in light of strong sales of the craft beer products in North America.
- › LDD business revised in line with 1Q results.

Normalized OP

- › While the forecast for the LDD business is revised upward in line with 1Q results, the profit plan for the alcoholic beverages business is partially revised downward due to the renewed lockdown in major Australian cities due to the spread of COVID-19.
- › The increase in head office expenses has been partially revised to reflect the reactionary impact of cost reductions in the previous year, and additional impact from the current lockdown has been taken into account and is partially held in reserve.

Impact of Currency (bn yen)



2Q FY2021 Results / Revisions of FY2021 Forecast

Kyowa Kirin

Joy brings us together



(bn yen)

	2Q FY21 Actual	2Q FY20 Actual	YoY	%
Revenue	164.7	157.5	7.2	4.6%
Kyowa Kirin	165.0	157.8	7.2	4.6%
Elimination	-0.3	-0.3	0.0	—
Normalized OP	30.1	34.6	-4.5	-13.0%
Kyowa Kirin	30.1	34.6	-4.5	-13.0%

(bn yen)

	FY2021 New Forecast	FY2020 Actual	YoY	%	FY2021 Initial Forecast	Change
Revenue	350.3	317.8	32.5	10.2%	350.3	—
Kyowa Kirin	351.0	318.4	32.6	10.3%	351.0	—
Elimination	-0.7	-0.6	-0.1	—	-0.7	—
Normalized OP	64.0	59.0	5.0	8.4%	64.0	—
Kyowa Kirin	64.0	59.0	5.0	8.4%	64.0	—



Note

Revenue

- The decline in revenue in Japan was due to the decrease in *Darbepoetin Alfa Injection Syringe [KKF]* and *Romiplate*, NHI drug price revision and the termination of co-marketing of some products, although sales of the new product line were steady; *Crysvita* grew while *Haruropi* and *Duvrog* steadily penetrated the domestic market.
- Overseas sales increased due to steady growth in global strategic products, *Crysvita*, *Poteligeo* and *Nourianz*.
- Technology licensing revenue increased due to higher royalties related to *Fasenra* and receipt of upfront payment for licensing of anti-LIGHT antibody, resulting in overall increase in sales revenue.

Normalized OP

- Although gross margin increased due to an increase in overseas sales revenue mainly from global strategic products, Normalized OP decreased YoY mainly due to an increase in SG&A expenses and research and development expenses etc. for maximizing the value of global strategic products and quickly establishing a competitive global business foundation.



Note

Revisions of FY2021 Forecast

- Both revenue and normalized OP are unchanged from the initial plan.
- While some products such as *Duvrog*, *Haruropi* in Japan, *Poteligeo* in Europe and *Nourianz* in the U.S. are lagging behind, some products such as *Crysvita*, *Darbepoetin Alfa Injection Syringe [KKF]*, *Allelock* and *Patanol* are progressing according to plan.
- SG&A and R&D expenses are progressing as planned at the beginning of the fiscal year, and make investments as planned in the second half.

2Q FY2021 Results / Revisions of FY2021 Forecast

Myanmar Brewery

Yen base (bn yen)

	2Q FY21 Actual	2Q FY20 Actual	YoY	%	Kyat base (bn MMK)	2Q FY21 Actual	2Q FY20 Actual	YoY	%
Revenue	11.1	16.3	-5.2	-31.8%	152	212	-60	-28.3%	
Normalized OP	4.7	7.1	-2.5	-34.6%	64	93	-29	-31.3%	

Yen base (bn yen)

	FY2021 New Forecast	FY 2020 Actual	YoY	%	FY2021 Initial Forecast	Change	Kyat base (bn MMK)	FY2021 New Forecast	FY 2020 Actual	YoY	%	FY2021 Initial Forecast	Change
Revenue	20.6	31.8	-11.2	-35.2%	38.6	-18.0	290	409	-118	-29.0%		489	-199
Normalized OP	6.2	13.8	-7.6	-55.3%	16.0	-9.8	87	177	-90	-51.0%		202	-115

Assumed exchange rate: ¥71.00 ('000 MMK)



FY2021 2Q Results

- Sales volume in the beer market declined by approx. 20% due to the spread of COVID-19 as well as the impact of the political upheaval and supply chain disruption in Myanmar.
- Myanmar Brewery's sales volumes were down approx. 30% YoY.
- Both Revenue and Normalized OP decreased due to a decline in sales volume.

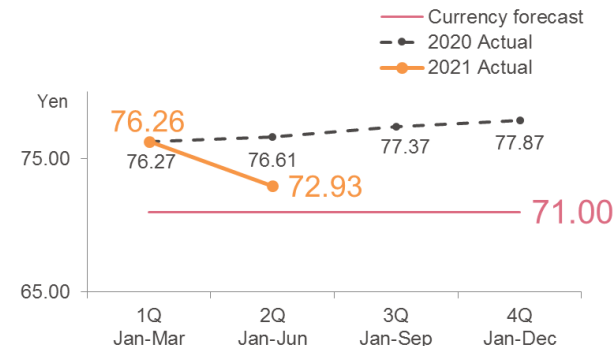
Revisions of FY2021 Forecast

- Sales volume is expected to decline by 30%, the same as in the first half, due to an expected impact of the resurgence of COVID-19 for some time.
- Normalized OP deteriorated due to lower sales volume and higher raw material costs caused by exchange rate effects and other factors.

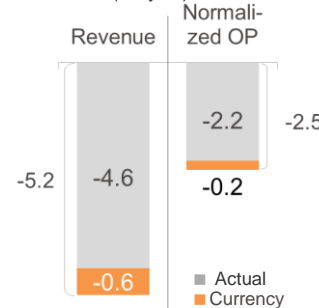
JV Dissolution

- Discussions are underway to dissolve the JV with MEHPCL.
- Dividends from Myanmar Breweries Ltd. continue to be suspended.

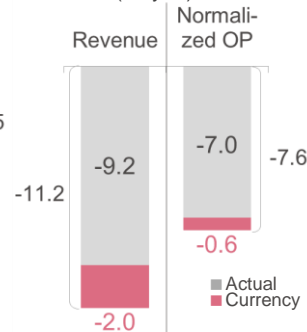
Exchange Rate - 1,000 Myanmar Kyat



Forex 2Q FY2021 Impact YoY (bn yen)



Forex FY2021 Impact YoY (bn yen)



2Q FY2021 Results / Revisions of FY2021 Forecast

Coke Northeast

Yen base (bn yen)

	2Q FY21 Actual	2Q FY20 Actual	YoY	%
Revenue	71.7	63.9	7.8	12.2%
Normalized OP	7.0	3.5	3.5	99.7%

Yen base (bn yen)

	FY2021 New Forecast	FY 2020 Actual	YoY	%	FY2021 Initial Forecast	Change
Revenue	142.5	129.4	13.1	10.1%	130.0	12.4
Normalized OP	12.7	9.3	3.4	36.6%	9.1	3.6

U.S. dollar base (million \$)

	2Q FY21 Actual	2Q FY20 Actual	YoY	%
Revenue	661	590	71	12.0%
Normalized OP	64	32	32	99.4%

U.S. dollar base (million \$)

	FY2021 New Forecast	FY 2020 Actual	YoY	%	FY2021 Initial Forecast	Change
Revenue	1,295	1,216	79	6.5%	1,238	57
Normalized OP	115	87	28	32.2%	87	28

Assumed exchange rate: ¥110.00 (USD)



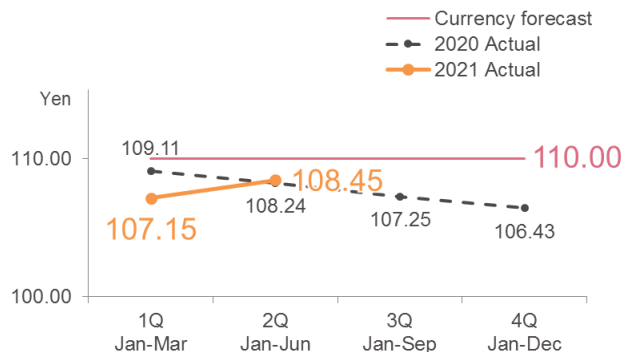
FY2021 2Q Results

- Sales volume and sales revenue both increased. Revenue increased following 1Q due to price revisions and improved channel mix, taking advantage of the opportunity of the rapid recovery of the economy and consumer demand in North America.
- Normalized OP also increased significantly following 1Q. In addition to the increase in Revenue, steady cost control was implemented, including continuous efforts to reduce SG&A expenses. Normalized OP margin rose from approx. 5% in the same period of the previous year to approx. 10%.

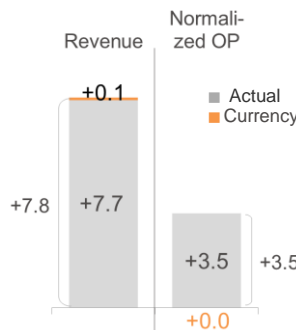
FY2021 Forecasts

- Upward revision of revenue due to reassessment of sales plan. Revenue is expected to increase through appropriate pricing and continued improvement in the channel mix, despite the highly competitive market environment.
- Normalized OP is also revised upward from the initial plan. Although labor costs and some raw material costs are expected to increase, the company aims to increase profits through sales revenue growth and cost reductions that will outweigh these increased expenses.

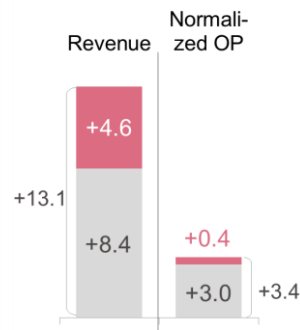
Exchange Rate - US Dollar



Forex 2Q FY2021 Impact YoY (bn yen)



Forex FY2021 Impact YoY (bn yen)



Equity-method Affiliate

Performance of San Miguel Brewery

- Operating income increased despite lower sales due to the impact of COVID-19. Cash dividends per share unchanged YoY.

San Miguel Brewery domestic consolidated results (January 2020 - March 2021)

Period consolidated to 2Q

	Jan.-Mar. 2020		Apr.-Jun. 2020		Jul.-Sep. 2020		Oct.-Dec. 2020		FY2020 Total		Jan.-Mar. 2021	
(million PHP)	Actual	YoY %	Actual	YoY %	Actual	YoY %	Actual	YoY %	Actual	YoY %	Actual	YoY %
Sales *	28,404	-18%	14,389	-59%	29,689	-12%	35,446	-8%	107,928	-24%	28,846	2%
Operating Income *	5,383	-44%	1,976	-79%	7,450	-20%	9,658	-8%	24,467	-37%	6,751	25%
Operating Income Ratio	19.0%	-	13.7%	-	25.1%	-	27.2%	-	22.7%	-	23.4%	-

* Based on disclosure

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

Equity-method Incorporation (October 2020 - March 2021)

(bn yen)	2Q FY21	2Q FY20	YoY
Net income (SMB)	25.8	23.7	9.0%
Consolidated net income (included in the consolidated results)	12.5	11.5	8.7%

Exchange rate: 1 peso = ¥2.21 (previous year: ¥2.17)

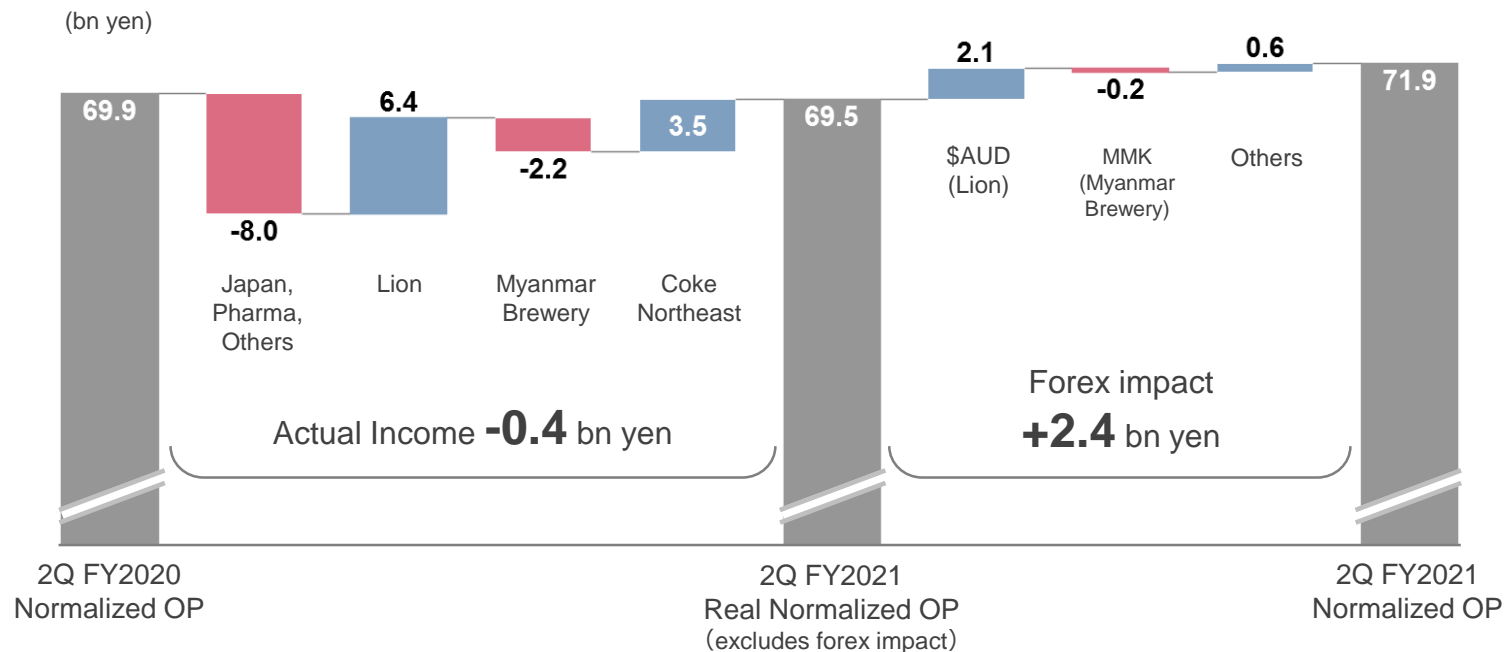
Kirin Holdings' dividend income from San Miguel Brewery

	2Q FY21	2Q FY20	YoY
Dividends (bn yen)	8.4	7.9	6.3%
Cash dividends declared per share (peso)	0.50	0.50	-

Dividends are recorded on a cash-in basis.

2Q FY21 Results: Forex Impact on Consolidated Results

- Consolidated forex impact of +2.4 bn yen due to the appreciation of the Australian dollar (AUD) against the yen.



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