

KIRIN HOLDINGS COMPANY, LIMITED

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2021 (UNDER IFRS)

(UNAUDITED)

February 14, 2022

(English Translation)

Fiscal year ended December 31, 2021

KIRIN HOLDINGS COMPANY, LIMITEDNAKANO CENTRAL PARK SOUTH, 10-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan (URL <https://www.kirinholdings.com/en/>)

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
Scheduled date of general meeting of shareholders held:	March 30, 2022
Commencement date of dividend distribution scheduled:	March 31, 2022
Submission date of securities report scheduled:	March 30, 2022
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 current fiscal year

(January 1, 2021 - December 31, 2021)

[Unit: Japanese yen (¥)]

(1) Results of operations:

(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 (%)
Fiscal year ended						
December 31, 2021	1,821,570	(1.5)	165,430	2.0	99,617	(20.0)
December 31, 2020	1,849,545	(4.7)	162,115	(15.0)	124,550	6.6

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company (¥ millions)	Percentage change (%)	Total comprehensive income (¥ millions)	Percentage change (%)
Fiscal year ended						
December 31, 2021	68,424	(31.5)	59,790	(16.9)	117,316	27.7
December 31, 2020	99,842	22.6	71,935	20.6	91,834	16.4

	Basic earnings per share (¥)	Diluted earnings per share (¥)	Ratio of profit to equity attributable to owners of the Company (%)	Ratio of profit before tax to total assets (%)	Ratio of normalized operating profit to revenue (%)
Fiscal year ended					
December 31, 2021	71.73	71.70	6.9	4.0	9.1
December 31, 2020	85.57	85.54	8.2	5.1	8.8

Reference: Share of profit of equity-accounted investees

Fiscal year ended December 31, 2021

¥34,490 million

Fiscal year ended December 31, 2020

¥24,752 million

Operating profit	Fiscal year ended December 31, 2021	¥68,084 million	(33.8%)
	Fiscal year ended December 31, 2020	¥102,919 million	17.3%
Ratio of operating profit to revenue	Fiscal year ended December 31, 2021	3.7%	
	Fiscal year ended December 31, 2020	5.6%	

* 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	Equity per share attributable to owners of the Company
	(¥ millions)	(¥ millions)	(¥ millions)	(%)	(¥)
As of					
December 31, 2021	2,471,933	1,147,990	894,179	36.2	1,072.69
December 31, 2020	2,459,363	1,095,939	838,584	34.1	1,005.96

(3) Cash flows:

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(¥ millions)	(¥ millions)	(¥ millions)	(¥ millions)
Fiscal year ended December 31, 2021	219,303	(56,408)	(180,463)	149,488
Fiscal year ended December 31, 2020	164,839	(115,981)	(52,474)	161,667

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended December 31, 2020	—	32.50	—	32.50	65.00
Fiscal year ended December 31, 2021	—	32.50	—	32.50	65.00
Fiscal year ending December 31, 2022 (Forecast)	—	32.50	—	32.50	65.00

	Total amount of dividends	Dividend pay-out ratio	Ratio of dividends to equity attributable to owners of the Company
	(¥ millions)	(%)	(%)
Fiscal year ended December 31, 2020	54,185	76.0	6.3
Fiscal year ended December 31, 2021	54,208	90.6	6.3
Fiscal year ending December 31, 2022 (Forecast)		47.3	

3. Forecast consolidated business results for the next fiscal year (January 1, 2022 - December 31, 2022)

(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, 2022	1,950,000	7.1	166,000	0.3	177,000	77.7

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company (¥ millions)	Percentage change (%)	Basic earnings per share (¥)
Fiscal year ending December 31, 2022	139,500	103.9	114,500	91.5	137.36
Reference: Operating profit			Fiscal year ending December 31, 2022		¥143,000 million 110.0%

* Notes

- (1) Changes in significant subsidiaries for the fiscal year ended December 31, 2021 Yes
 (Changes in specified subsidiaries accompanying change in scope of consolidation):

Newly included:-

Excluded: 2 companies

Lion-Dairy & Drinks Pty Ltd
 Berri Pty Limited

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

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

For details, please see "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CHANGES IN ACCOUNTING ESTIMATES)" on page 19.

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

- i. Number of shares outstanding at the end of the period (including treasury shares)
- | | |
|-------------------------|--------------------|
| As of December 31, 2021 | 914,000,000 shares |
| As of December 31, 2020 | 914,000,000 shares |
- ii. Number of treasury shares at the end of the period
- | | |
|-------------------------|-------------------|
| As of December 31, 2021 | 80,414,185 shares |
| As of December 31, 2020 | 80,385,352 shares |
- iii. Average number of shares during the period
- | | |
|---|--------------------|
| For the fiscal year ended December 31, 2021 | 833,598,578 shares |
| For the fiscal year ended December 31, 2020 | 840,688,862 shares |

Note: Number of treasury shares at the end of the period includes shares held in the BIP (Board Incentive Plan) Trust (385,135 shares at December 31, 2021 and 388,000 shares at December 31, 2020).

These shares are excluded in calculation of the average number of shares during the period.

* The summary of consolidated financial results is not subject to audit 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, Monday, February 14, and will post the presentation materials and the main Q&A from the financial results presentation content (video) to be held on Tuesday, February 15, on the Company's website as soon as possible.
 (URL of the Company's website)
<https://www.kirinholdings.com/en/investors/>

ATTACHED MATERIALS

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1. KIRIN GROUP'S CURRENT BUSINESS PERFORMANCE

(1) STATEMENT OF BUSINESS ACTIVITIES AND RESULTS

Like 2020, 2021 was greatly affected by COVID-19. A new COVID-19 variant is spreading worldwide, and the virus is still not under control. In this environment, the Kirin Group moved forward toward becoming a leading global CSV^{*1} company based on its *Kirin Group Vision 2027 (KV 2027)*, long-term management statement. Seeing the solving of social issues as opportunities for growth, Kirin Holdings has sought to achieve both social and economic value in the three domains of Food & Beverages, Pharmaceuticals, and Health Science, which Kirin Holdings has cultivated through its strengths in fermentation - from its beginnings as a beer business - and biotechnology.

1. Food & Beverages Domain

In the Food & Beverages business, Kirin Holdings built a strong brand system by concentrating investment in core products, while focusing on providing products and services that lead to the creation of new value, thereby mitigating the decline in earnings caused by COVID-19.

2. Pharmaceuticals Domain

In the Pharmaceuticals field, the global strategic products grew steadily as a result of the 'ongoing transformation to a global organizational structure' that began in 2019. Kirin Holdings also made steady progress in the development of next-generation strategic products.

3. Health Science Domain

This was a year in which Kirin Holdings' efforts to date to promote ingredient research and product development using R&D technology - one of its strengths - yielded great results. LC-Plasma^{*2} (*Lactococcus lactis* strain Plasma), a strategic ingredient in the immunology field, took the Gold Prize the '1st STOP Infectious Disease Grand Prix in the '1st Japan Resilience Awards 2021' conducted by the Resilience Japan Promotion Council^{*3}. LC-Plasma was highly commended for factors including its discovery, product development into a functional food. In addition, Kirin Holdings expanded its lineup of products containing LC-Plasma, and with the rise in health consciousness, sales grew significantly, up 50% from the previous year, contributing to solving consumers' health issues.

Despite the above efforts, consolidated revenue decreased due to the impact of the re-emergence of COVID-19 on sales of alcohol beverages and soft drinks in Japan and overseas, and the sale of Lion's dairy drinks business.

The Japan Beer and Spirits business and Myanmar Brewery^{*4} posted a decrease in profits, Coke Northeast^{*4} the Oceania Adult Beverages business, as well as Kyowa Hakko Bio^{*4} all saw an increase in profits, resulting in an overall increase in normalized operating profit^{*5}.

Profit attributable to owners of the Company decreased due to the recording of an impairment loss in the Myanmar business.

On the other hand, Kirin Holdings received high marks from society in terms of ESG (Environment, Society, and Governance). In the Environment area, Kirin Holdings has been working to reduce GHG^{*6} emissions, promote the use of renewable energy, and recycle and promote a [virtuous 'cycle of recycling' among other initiatives](#) in line with the *Kirin Group Environmental Vision 2050* formulated in February 2020. [As a result, Kirin Holdings received the Gold Award in the Environmentally Sustainable Company category at the Finance Awards Japan \(Minister of the Environment Award\)](#). In addition, Kirin Holdings has been selected for the CDP's^{*7} 'A List' in both climate change and water security for the third year in a row.

In the Society area, Kirin Holdings was selected as a 'Nadeshiko Brand' among publicly listed companies that excel in promoting the advancement of women. For the fifth year in a row, Kirin Holdings was recognized as a ['Certified Health & Productivity Management Outstanding Organization \(Large Enterprise Category \[White 500\]\)'](#) (Ministry of Economy, Trade and Industry) for practicing particularly excellent health management.

Furthermore, Kirin Holdings has received high praise for its overall ESG initiatives, with a focus on Governance. The company's overall ESG initiatives - with a focus on governance - were highly commended; and for the third year in a row it received the highest ranking in the [Nikkei Research Inc.'s SDGs Management Survey](#), which commends corporate efforts to meet the Sustainable Development Goals (SDGs). [In the MSCI ESG Index^{*8}](#) - which is calculated by Morgan Stanley Capital International (MSCI) and is also used by Japan's [Government Pension Investment Fund](#) - Kirin Holdings received the 'AA' rating, which is in line with the world's leading CSV companies. In the midst of an uncertain social climate, Kirin Holdings has been able to increase employee engagement^{*9} in its management by promoting the significance of its CSV management initiatives.

Employee engagement^{*9}, which is a key performance indicator in the *Kirin Group 2019-2021 Medium-Term Business Plan (2019-2021 MTBP)*, was at the same level as in 2020, when the score had improved significantly. In the midst of an uncertain social climate, Kirin Holdings has worked to disseminate the significance of its commitment to CSV management, which has increased employee engagement with management and helped Kirin Holdings achieve the goals set in the 2019-2021 MTBP.

1 Creating Shared Value: Combined added value for consumers as well as for society at large.

2 *Lactococcus lactis* strain Plasma is a lactic acid bacterium that supports the maintenance of immune function in healthy people. Named after plasma cytoid dendritic cells (pDCs), which are immune cells, the Kirin Group has published many papers and presented at many conferences in collaboration with universities and research institutions in Japan and overseas.

3 The JRPJC is an organization established for the purpose of building a resilient nation through the collective efforts of industry, academia, government, and the private sector. Its goal is to promote and achieve the Japanese government's Fundamental Plan for National Land

Resilience - itself based on the Basic Act for National Resilience Contributing to Preventing and Mitigating Disasters for Developing Resilience in the Lives of the Citizenry.

4 Myanmar Brewery, Kyowa Hakko Bio, and Coke Northeast are subsidiaries listed in the "Other Business" segment.

5 This is a profit indicator that measures the ordinary performance of the business by deducting the cost of sales and selling, general and administrative expenses from revenue.

6 Greenhouse gas.

7 CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 590 investors with over \$110 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Over 14,000 organizations around the world disclosed data through CDP in 2021, including more than 13,000 companies worth over 64% of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative.

8 A measure of a company's resilience to significant long-term environmental, social and governance risks in the industry and is rated AAA-CCC.

9 An indicator of the degree of trust employees have in the company and their willingness to voluntarily contribute to the company by empathizing with its direction.

Consolidated revenue	1,821.6 billion yen, down 1.5%
Consolidated normalized operating profit	165.4 billion yen, up 2.0%
Consolidated profit before tax	99.6 billion yen, down 20.0%
Consolidated profit attributable to owners of the Company (Key performance indicators)	59.8 billion yen, down 16.9%
ROIC	4.2%
Normalized EPS*	156 yen, up 14.7%

* Normalization: Non-recurring items such as Other operating income or expenses, etc. have been removed to more accurately reflect actual earnings.

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

Results by segment are as follows.

Japan Beer and Spirits Business (Kirin Brewery Company, Limited)

In the domestic alcoholic beverage market, sales of products for the on-premise market continued to be sluggish and off-premise sales grew due to effects of COVID-19 - as in the previous year - however the beer segment expanded following tax reductions in the October 2020 revision of the liquor tax. At Kirin Brewery Company, Limited, canned *KIRIN ICHIBAN*, the mainstay brand, as well as *KIRIN ICHIBAN Zero Sugar*¹⁰ - which captured growing health consciousness - performed well. As a result, sales volume of canned *KIRIN ICHIBAN* brand products grew significantly, up 20% year on year.

With more time spent at home due to COVID-19, there is also a need to make that time more fulfilling. Canned craft beer *SPRING VALLEY Hojun 496* captured this demand, selling 1 million cases¹¹ in just six months after its launch - growing at an unusually fast pace for a craft beer. In addition, the number of *KIRIN Home Tap* (which allows people to enjoy authentic craft beer at home) subscribers, providing more than 100,000 customers with the special taste of beer directly from the brewery.

In the on-premise market, Kirin Brewery worked closely with on-premise establishments to provide Kirin's unique value propositions, such as *TAPPY*, which can provide fresh and tasty draft beer, and *Tap Marché*, which can provide four types of craft beer in one unit. As a result, although the beer category's overall sales volume decreased due to the decline in the on-premise market, these efforts helped Kirin Brewery outperform the market trend for the fourth consecutive year. In the RTD¹² category - which is mainly for home use - the *Kirin Hyoketsu Sugar-Free* performed very well, and the *Kirin Hyoketsu*® brand¹³ achieved record sales, surpassing 16 billion cans in cumulative sales. *Kirin Koji Lemon Sour*, as well as the *Kirin Honshibori*TM *Chuhai* high value-added brand that focuses on ingredients and manufacturing methods also performed well, with total RTD category sales volume increasing year on year.

As a result, sales volume of beer increased in off-premise channel, and sales volume of total beer products outperformed the market. Revenue increased due to higher sales volumes of beer, happo-shu, RTD and non-alcohol beverages.

Normalized operating profit decreased due to an increase in selling expenses as a result of strengthened investment in brands from a long-term perspective.

[10 According to food labeling standards products containing less than 0.5g of sugar per 100ml can be labeled "zero sugar."](#)

11 633ml x 20 per case.

12 Abbreviation for Ready to Drink, a canned cocktail.

13 250ml conversion.

Japan Beer and Spirits Business 2021 results:

Consolidated revenue	661.3 billion yen, up 1.5%
Consolidated normalized operating profit	70.5 billion yen, down 6.6%

Japan Non-alcoholic Beverages Business: Kirin Beverage Company, Limited

The domestic beverage market saw a gradual recovery in sales volume from April onward with the gradual lifting of the state of emergency declaration, but the re-emergence of COVID-19 and unseasonable weather conditions resulted in only a slight

increase over the previous year. In addition, FOSHU and foods with functional claims as well as the sugar-free and low-sugar categories continued to expand due to the further rise in health consciousness.

Kirin Beverage Company, Ltd. (Kirin Beverage) focused on the health science domain as one of the pillars of its business in addition to its existing beverage business and invested aggressively in health-focused initiatives based on a [‘post-COVID recovery based on CSV’](#) thinking.

In the existing beverage business, Kirin Beverage took the growing demand for sugar-free products as an opportunity to strengthen the lineup of the *Kirin Gogo-no-Kocha Oishii Muto (sugar-free)* series under the *Kirin Gogo-no-Kocha* brand. In addition to focusing on the health area, Kirin Beverage also focused on environmental initiatives. For the *Kirin Nama-cha* brand, Kirin Beverage launched *Kirin Nama-cha* in R100 PET bottles, which are made of 100% recycled PET plastic, as well as labelless PET bottles to cater to growing consumer environmental awareness.

In the health science domain, Kirin Beverage worked to instill an ‘immune care’ habit in consumers by rolling out beverages that contain LC-Plasma, labeled as foods with functional claims for immune function. In addition to reinforcing the *iMUSE* brand, Kirin Beverage launched [Kirin Gogo-no-Kocha Milk Tea Plus and Kirin Nama-cha Life Plus Immune Assist](#) to make it easier for people who want more access to immunity-related products to get LC-Plasma. As a result, Kirin Beverage was able to achieve the annual sales target of 5 million cases of beverages containing LC-Plasma, which Kirin Beverage revised upward during the term.

While the operating environment remained severe due to the impact of COVID-19 and other factors, overall sales volume of soft drinks decreased slightly, but Kirin Beverage worked to improve profitability through structural reforms in the vending machine business and further focusing on small-sized PET products.

As a result, revenue decreased due to a decline in sales volume. In addition, despite efforts to reduce sales promotion and advertising expenses, normalized operating profit decreased due to a decline in sales volume and difference of change in products mix and in composition ratio of containers, etc. caused by the worsening competitive environment.

Japan Non-alcoholic Beverages Business 2021 results:

Consolidated revenue	244.4 billion yen, down 3.1%
Consolidated normalized operating profit	21.1 billion yen, down 3.0%

Oceania Adult Beverages Business: Lion Pty Limited (Lion)

Following the sale of the dairy beverage business in January 2021, sales revenue for Lion Pty Limited (Lion) declined significantly. In the alcoholic beverages business, the on-premise market in Australia and New Zealand was affected by COVID-19, however the market has been recovering since mid-October with the gradual lifting of COVID-related movement restrictions, and sales volume in the premium beer and craft beer categories increased year on year.

In Lion’s craft beer business - positioned as a future growth area - New Belgium Brewing in the United States’ *Voodoo Ranger*, which is highly popular among young people, accurately captured demand for home use and sales were strong.

In addition, to further solidify the Australian craft beer business Lion also completed the acquisition of Fermentum, Australia’s largest independent craft brewer, and announced the acquisition of Bell’s Brewery in the United States to create synergies in Lion’s overseas craft beer business. In these ways, Kirin Holdings achieved an increase in profit through progress in its craft beer strategy and cost reduction efforts.

Oceania Adult Beverages Business 2021 results:

Consolidated revenue	216.3 billion yen, down 26.0%
Consolidated normalized operating profit	26.6 billion yen, up 20.0%

Pharmaceuticals Business: Kyowa Kirin Co., Ltd.

In the first year of the [2021 Medium Term Business Plan, Kyowa Kirin Co., Ltd. \(Kyowa Kirin\) has established a new mission statement to guide it through to 2030¹⁴, and worked to achieve growth as a Japan-based Global Specialty Pharmaceutical company¹⁵.](#)

In 2021, while the global pharmaceutical environment continued to be affected by COVID-19 as in the previous year - limiting Kyowa Kirin’s business activities - Kyowa Kirin steadily grew its global strategic products, including *Crysvita*¹⁶ and *Poteligeo*¹⁷.

Kyowa Kirin also made steady progress in the development of next-generation strategic products such as *KHK4083*¹⁸ and *ME-401*¹⁹ (*zandelisib*) in the field of oncology. On the other hand, Kyowa Kirin was unable to obtain approval for the *KW-6002*²⁰ (*istradefylline*) global strategic product in Europe. Kyowa Kirin will continue to closely monitor the decisions of the authorities in each country and respond appropriately for the products that are pending filing and approval.

Kyowa Kirin has positioned this [‘contributing to the health and well-being of people around the world’ as CSV management, and as part of its patient-centered approach to addressing healthcare needs.](#) Kyowa Kirin is continuously engaged in disease awareness-raising activities to increase public understanding of kidney disease, as well as [rickets and osteomalacia](#), among others, which are not widely recognized as diseases themselves.

As a result, revenue increased due to an increase in overseas pharmaceutical sales, particularly of global strategic products. Despite

an increase in selling, general and administrative expenses related to sales of global strategic products, normalized operating profit increased due to an increase in gross profit resulting from higher revenue.

14 [Kyowa Kirin will realize the successful creation and delivery of life-changing value that ultimately makes people smile, as a Japan-based Global Specialty Pharmaceutical company built on the diverse team of experts with shared passion for innovation.](#)

15 A pharmaceutical company that continuously creates, develops, and markets innovative new drugs on a global scale using cutting-edge biotechnologies centered on antibody technologies in the fields of nephrology, oncology, immunology/allergy, and central nervous system.

16 A drug for the treatment of rare diseases that cause disorders of bone growth and metabolism mainly due to genetic causes. In Japan, it is marketed under the *CRYSVITA* product name.

17 A drug for the treatment of certain types of leukemia. It is already marketed in Japan under the *POTELIGEO* brand name.

18 A drug for the treatment of atopic dermatitis.

19 A drug for the treatment of certain types of leukemia.

20 A treatment for Parkinson's disease. Sold as *Nourianz* in the United States and as *Nourias* in Japan.

Pharmaceuticals Business 2021 results:

Consolidated revenue	351.7 billion yen, up 10.7%
Consolidated normalized operating profit	61.2 billion yen, up 3.7%

Other Businesses

Consolidated revenue	347.9 billion yen, up 3.5%
Consolidated normalized operating profit	31.3 billion yen, up 7.0%
Revenue Composition	19.1%

■ KYOWA HAKKO BIO CO., LTD. (Kyowa Hakko Bio)

Since receiving administrative punishment for deviating from manufacturing methods at the end of 2019, Kyowa Hakko Bio has rebuilt its entire business system with quality as the basis for all operations.

Kyowa Hakko Bio has positioned 2021 as a year to move from revitalization to growth. With quality as the foundation of all its operations, Kyowa Hakko Bio has worked to restore the trust of consumers by gradually reviving its manufacturing volume.

At the end of December, Kyowa Hakko Bio transferred control of its consumer products business to Kirin Holdings, and by concentrating on BtoB business, Kyowa Hakko Bio established an operating structure that will accelerate the development of new ingredients by utilizing cutting-edge fermentation technologies and biotechnology knowhow it has cultivated over many years.

Despite challenges such as the sharp rise in raw material and fuel costs, etc. due to the impact of COVID-19, Kyowa Hakko Bio worked to reform its organizational culture, improve its product portfolio, and reform its operating structure, among others, resulting in a return to profitability in 2021.

■ Mercian Corporation (Mercian)

Mercian worked to expand the number of wine drinkers and improve profitability in the off-premise (home) wine market. In the midst of diversifying consumer wine tastes due to environmental changes such as the impact of COVID-19, Mercian debuted *MOCK Bar*, a non-alcoholic sangria that offers the luxury of fruit juice and the lingering taste of wine. In addition, development of high-quality products in the organic wine category that are environmentally friendly were well-received by consumers. In the Chateau Mercian business, the Mariko Winery was selected as one of the World's Best Vineyards 2021^{*21} for the second year in a row.

21 The awards are presented by William Reed Business Media, the UK-based organizer of the world's premier wine competition, the International Wine Challenge. In 2021, more than 2,000 wineries were nominated, and Chateau Mercian Mariko Winery was ranked 33rd in the world.

■ Myanmar Brewery Ltd. (Myanmar Brewery)

In Myanmar, the off-premise market declined significantly due to the reemergence of COVID-19 and the political changes that occurred in February 2021. In Myanmar, the beer market shrank by about 20% due to the effects of financial and supply chain disruptions. In addition, due to a decrease in production volume caused by material shortages and other factors, as well as restrictions on sales activities, Myanmar Brewery's sales volume decreased by approximately 30% compared to the same period of the previous year.

■ [Coca-Cola Beverages Northeast, Inc.](#) (Coke Northeast)

The United States beverage market overall sales volume increased due to the expansion of e-commerce sales and a significant increase in household consumption due to the impact of COVID-19, as well as a recovery in the on-premise market associated with an increase in the COVID-19 vaccination rate. On the other hand, inflation occurred as the supply of goods and services could not keep up with the recovery in consumer spending. In the midst of these market changes, Coke Northeast achieved the highest profit in its history through price revisions, continuous cost reduction, and operational efficiency.

<Outlook for 2022>

In the 2022-2024 MTBP, KV2027's basic direction will remain unchanged and Kirin Holdings will continue to strengthen its existing businesses and create new value by promoting CSV as the core of its management. Specifically, Kirin Holdings will make growth investments and strategic investments in the following three domains: (1) Increase profit in the Food & Beverages Domain, (2) Strengthen the operating base of the Pharmaceuticals Domain's global base, and (3) Scaling up the Health Science Domain, aiming for sustainable growth.

To achieve these goals, Kirin Holdings will continue to work on strengthening the Kirin Group's organizational capabilities towards innovation. In addition, Kirin Holdings will build a solid organizational foundation by thoroughly adhering to the Kirin Group's DNA of focusing on quality, building an SCM¹ system that balances efficiency and sustainability, and strengthening governance to support value creation. Through these efforts, Kirin Holdings will achieve its financial targets of a normalized EPS CAGR of at least 11% by 2024² and ROIC of at least 10% as of 2024, and ride a new growth track toward achieving KV2027.

1 An abbreviation for Supply Chain Management, which refers to the efficient establishment and management of the supply chain, including the procurement of raw materials, production at factories, and the supply, demand, and distribution of products.

2 Standard is FY2021.

Consolidate Earnings Forecasts for the Fiscal Year 2022:

Consolidated revenue	1,950.0 billion yen, up 7.1%
Consolidated normalized operating profit	166.0 billion yen, up 0.3%
Consolidated profit before tax	177.0 billion yen, up 77.7%
Consolidated profit attributable to owners of the Company	114.5 billion yen, up 91.5%
(Key performance indicators)	
ROIC	8.3%
Normalized EPS*	157 yen, up 0.6%

1. Food & Beverages Domain

In the Food & Beverages Domain, Kirin Holdings will build a strong brand system, strengthen the Kirin Group's profitability and financial base, and explore as well as expand new businesses.

Kirin Brewery, will build a strong brand system by strengthening investment in its mainstay *KIRIN ICHIBAN* brand, *KIRIN ICHIBAN Zero Sugar*, which caters to health-conscious consumers, and *SPRING VALLEY Hojun 496*, a high-value-added, highly profitable brand. *KIRIN Home Tap* appeal will further be enhanced through strengthening its craft beer lineup, with the aim of revitalizing the craft beer market and make it more attractive. In the RTD category, Kirin Brewery will boost the development of high-value-added products that meet the needs of people who want to enjoy quality time when at home.

Lion will focus on improving profitability through marketing reform and supply chain optimization. Moreover, Lion will promote the integration of its acquired craft beer businesses and create synergies in order to accelerate the growth of the craft beer business in North America and Australia.

Mercian will launch *Mercian Wines* as a new imported wine brand. Mercian will reestablish the inherent value of wine in Japan, make the wine market more attractive to consumers, and co-create high-quality imported wines that suit the Japanese palate with wineries that are sincerely committed to sustainable winemaking - including consideration for the environment.

Kirin Beverage will further promote CSV management and strengthen the profitability of the existing beverage business through focusing on its strengths. At the same time, Kirin Beverage will strengthen its Health Science domain by transforming itself into a beverage company with health as a new company pillar.

For the mainstay *Gogo-no-Kocha* brand, Kirin Beverage will focus on developing *Kirin Gogo-no-Kocha Oishii Muto (sugar-free)* and achieve renewed growth of the brand by expanding low-sugar product offerings. Kirin Beverage will promote the use of sustainable PET plastic in the development of *Kirin Nama-cha* products, aiming to win the goodwill of society and consumers as a brand that contributes to their health and the environment.

In the Health Science field, Kirin Holdings will contribute to better consumer health and open up new markets by expanding the development of beverages containing LC-Plasma. This includes the addition of *Kirin iMUSE Morning Immune Care*, a yogurt-tasting beverage in a 100ml PET bottle, to be launched nationwide in March, and further development of beverages containing LC-Plasma in collaboration with FANCL ("fahn-kell") Corporation.

Coke Northeast will build a structure capable of generating stable and high profits on an ongoing basis. Coke Northeast will continue to further increase its share of the highly profitable carbonated beverage market and cater to distribution needs with a sense of urgency, keeping an eye on trends in other beverage categories. In addition, Coke Northeast will adapt to changes in customer needs and strengthen DX³ to promote internal operational efficiency.

3 An abbreviation for 'digital transformation.' It is the transformation of people's lives for the better through the penetration of advanced digital technologies.

2. Pharmaceuticals Domain

The environment surrounding the pharmaceutical industry in recent years has undergone severe changes, including the promotion of measures to curb drug costs, a decrease in spending on pharmaceuticals due to the promotion of generics, and increased costs and complexity of processes in the new drug development, etc. At the same time, there are also moves to encourage the development of new drug discovery methods that enable innovative treatments through advances in science and technology.

In addition, breakthrough drugs for unmet medical needs⁴ are still eagerly awaited around the world. Moreover, new medical needs are emerging as the overall social environment undergoes major changes, such as the development and penetration of digital technology and the diversification of consumer touchpoints.

In this environment, Kyowa Kirin will achieve further growth as a Global Specialty Pharmaceutical company by promoting the development of next-generation global strategic products such as *KHK4083*, *ME-401 (zandelisib)*, and *KW-6356*⁵ in addition to the *Crysvita*, *Poteligeo* and *Nourianz* global strategic products. Kirin Holdings will also promote the development of new drugs for the domestic market, such as *KHK-7791*⁶ (*Tenapanor*), and *RTA402*⁷ (*bardoxolone methyl*).

4 Refers to medical needs for diseases for which no cure has yet been found.

5 Next generation of *KW-6002* (*Nourianz* in the United States, *Nourias* in Japan) drugs for Parkinson's disease.

6 A treatment that inhibits phosphorus absorption for hemodialysis patients.

7 A treatment for patients with Alport syndrome and diabetic kidney disease

Kyowa Kirin will achieve business growth as a [Japan-based Global Specialty Pharmaceutical Company](#) by implementing [Kyowa Kirin's New Vision for 2030](#), which was announced in February 2021 in conjunction with the five-year mid-term business plan, and strategies for achieving this vision.

3. Health Science Domain

In KV2027, the Kirin Group launched the Food & Beverage, Pharmaceuticals, and Health Science Business, which is important for CSV management. As COVID-19 continues to expand on a global scale after 2020, interest in health and disease prevention is increasing even more. Seeing this as a new opportunity, Kirin Holdings will strengthen its investment in the Health Science domain and expand the domain's scale in the 2022-2024 MTBP. Kirin Holdings will also explore new growth opportunities for further business growth. In particular, Kirin Holdings will use the expansion of LC-Plasma in the immunology field as a springboard for growth in the brain function and intestinal environment fields.

In 2022, the first year of the mid-term plan, Kirin Holdings will continue to focus on accelerating the expansion of the LC-Plasma business. Kirin Holdings will also boost the development of yogurt and supplements that are easy to take up as a daily habit, aiming to further instill an 'immune care' habit. In line with the expansion of the Kirin Group's business, Kirin Holdings will increase LC-Plasma production facilities and increase the beverage production line at the Kirin Beverage's Shonan Plant. In addition, Kirin Holdings will proceed with verifying of the effect of LC-Plasma on tropical infectious diseases at the research base of the University of Malaya.

In overseas markets, Kyowa Hakko Bio will accelerate its B-to-B business, focusing on mainly in the United States and Southeast Asia for LC-Plasma, and boosting overall sales of *Citicoline*^{*8} will be sold in the United States. In 2022, Kyowa Hakko Bio will begin production of human milk oligosaccharides^{*9} – in which Kyowa Hakko Bio succeeded in developing the world's first production technology using its proprietary fermentation technology - at its plant in Thailand with the aim of launching the product overseas.

Kirin Holdings will continue to engage in joint research and new product development with FANCL, utilizing the ingredients and technologies of both companies. In addition, Kirin Holdings will aim to create synergies by utilizing the knowledge of the online shopping business, which is one of FANCL's strengths, within the Kirin Group and by strengthening organizational capabilities through personnel exchanges.

In order to contribute to the health and well-being of consumers, Kirin Holdings will vigorously pursue business development in the areas of physical vitality centered on ornithine, as well as move forward with new business exploration, internal ventures, and corporate venture capital. In addition, Kirin Holdings will move forward with new business exploration, intrapreneurial ventures, and corporate venture capital^{*10} to solve social issues related to the health of consumers at all touchpoints.

In order to increase the scale of these initiatives, Kirin Holdings will establish a Health Science Business Headquarters in the spring of 2022 to oversee strategy and business collaboration in the Health Science domain. This will strengthen the governance structure to create synergies within the Group and improve the speed of promoting company strategy understanding internally and implementation.

8 An ingredient found in the body that maintains the cell membranes of the brain and nerve cells, and has been used for many years around the world in medicines for brain diseases and health foods that support the improvement of cognitive functions. In Japan, it is currently classified as a pharmaceutical product.

9 A generic term for oligosaccharides contained in breast milk. More than 250 types of oligosaccharides are currently contained in breast milk, and the results of research contributing to "immunity" and "brain function" have been reported.

10 Refers to an organization for operating companies to contribute their own funds to form a fund to invest in startup companies or to invest in

startup companies. Many operating companies invest in companies that are related to their own business, aiming to create synergies and new businesses.

About Myanmar Business

With regard to the business of Myanmar Brewery Company Limited, over the following year, Kirin Holdings took every measure to find a way forward that would allow it to continue to contribute to Myanmar's economy and society through the beer business. These included discussions with Myanma Economic Holdings Public Company Limited (MEHPCL) and filing for arbitration in Singapore, seeking to terminate the joint venture. In the end, Kirin Holdings determined that it would be difficult to quickly terminate the joint venture in the manner it desires.

Therefore, Kirin Holdings has now commenced and is proceeding with discussions with MEHPCL in order to withdraw from the business in Myanmar, giving top priority to the termination of the joint venture as soon as possible.

In Closing

Finally, in order to achieve KV2027 and sustainable corporate growth, Kirin Holdings' Board of Directors regularly will discuss the optimal business portfolio. Kirin Holdings will accelerate creating value in areas ranging from Food & Beverages to Pharmaceuticals by applying its highly-acclaimed governance to transform its business portfolio.

Kirin Holdings sincerely thanks the Kirin Group's shareholders for their continued understanding and support.

(2) FINANCIAL POSITION

Total assets at the end of the current consolidated fiscal year were 2,471.9 billion yen, an increase of 12.6 billion yen from the end of the previous consolidated fiscal year mainly due to an increase in inventories, goodwill, and trade and other receivables which more than offset a decrease in assets held for sale from sale of subsidiary.

Equity increased by 52.1 billion yen from the end of the previous consolidated fiscal year to 1,148.0 billion yen mainly due to an increase in reserves due to foreign exchange fluctuations.

Liabilities decreased by 39.5 billion yen from the end of the previous consolidated fiscal year to 1,323.9 billion yen mainly due to a decrease in bonds and borrowings caused by a decrease in commercial papers, etc.

The balance of cash and cash equivalents (hereinafter referred to as “net cash”) at the end of the current consolidated fiscal year was 149.5 billion yen, a decrease of 12.2 billion yen from the end of the previous consolidated fiscal year. Consolidated cash flows were as follows:

Cash flows from operating activities

Net cash provided by operating activities increased by 54.5 billion yen year on year to 219.3 billion yen. Outflow of working capital increased by 20.6 billion yen, while income taxes paid decreased by 25.0 billion yen.

Cash flows from investing activities

Net cash used in investing activities decreased by 59.6 billion yen year on year to 56.4 billion yen. Outflow for acquisition of property, plant and equipment and intangible assets decreased by 6.7 billion yen year on year to 86.3 billion yen. Outflow of 45.5 billion yen for acquisition of shares of subsidiaries were incurred while there was inflow of 42.9 billion yen for sale of shares of subsidiaries and 22.1 billion yen for sale of investments.

Cash flows from financing activities

Net cash used in financing activities increased by 128.0 billion yen year on year to 180.5 billion yen. While proceeds of 70.0 billion yen were received from issuance of bonds, outflow of 82.0 billion yen for decrease in commercial paper, 65.4 billion yen for dividends paid, 50.0 billion yen for repayment of long-term borrowings, and 40.0 billion yen for redemption of bonds were incurred.

(3) BASIC POLICY AND DISTRIBUTION OF PROFITS AND DIVIDEND FOR 2021 AND 2022

Based on the capital policy formulated in the 2022-2024 MTBP, Kirin will allocate resources to its businesses and distribute profits to its shareholders as set out below.

Regarding resource allocation to businesses, giving top priority to investments that contribute to further developing businesses with a focus on the Health Science domain, Kirin will make investments that contribute to enhancement of existing businesses and profit improvement. Kirin will also implement a stable and continuous allocation of resources to intangible assets (such as brands, research and development, information and communication technology (ICT), and human resources) that sustain the growth of future cash flows. Kirin will take a disciplined approach to investments in terms of maintaining and improving the Kirin Group's capital efficiency.

Kirin also views the appropriate distribution of profits to shareholders as a key management matter. Kirin has stably and continuously provided dividends based on a consolidated dividend payout ratio on normalized EPS of at least 40%. In addition, Kirin will consider opportunities to acquire treasury shares as additional shareholder returns, comprehensively taking into account various factors including optimum capital structure, market conditions and reserve funds after investments.

With regard to the distribution of surplus funds for 2021, based on a consolidated dividend payout ratio on normalized EPS of at least 40%, Kirin's Board of Directors made a resolution for an interim dividend of 32.5 yen per share and a year-end dividend of 32.5 yen per share, for an annual dividend totaling 65 yen per share. The year-end dividend of 32.5 yen will be determined at the 183rd General Meeting of Shareholders scheduled for March 30, 2022.

As for the distribution of surplus funds for 2022, Kirin aims for a consolidated dividend payout ratio on normalized EPS of at least 40%, and plans to pay a full-year dividend of 65 yen per share.

2. BASIC RATIONALE FOR SELECTION OF ACCOUNTING STANDARDS

The Kirin Group has adopted International Financial Reporting Standards (“IFRS”) from the fiscal year ended December 31, 2017 to enhance the international comparability of its financial information in the capital market.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ millions)

	At December 31, 2020	At December 31, 2021
Assets		
Non-current assets		
Property, plant and equipment	521,919	533,859
Goodwill	245,709	264,225
Intangible assets	209,291	196,341
Equity-accounted investees	387,467	399,367
Other financial assets	105,740	117,431
Other non-current assets	21,162	24,736
Deferred tax assets	101,533	109,354
Total non-current assets	1,592,821	1,645,313
Current assets		
Inventories	217,176	247,229
Trade and other receivables	372,146	387,921
Other financial assets	7,948	7,910
Other current assets	33,941	34,071
Cash and cash equivalents	161,667	149,488
(Sub-total)	792,878	826,620
Assets held for sale	73,664	—
Total current assets	866,542	826,620
Total assets	2,459,363	2,471,933

(¥ millions)

	At December 31, 2020	At December 31, 2021
Equity		
Share capital	102,046	102,046
Share premium	24,940	25,104
Retained earnings	980,903	998,177
Treasury shares	(201,783)	(201,801)
Reserves	(67,522)	(29,347)
Equity attributable to owners of the Company	838,584	894,179
Non-controlling interests	257,355	253,811
Total equity	1,095,939	1,147,990
Liabilities		
Non-current liabilities		
Bonds and borrowings	393,610	449,970
Other financial liabilities	140,343	145,453
Defined benefit liability	66,890	61,954
Provisions	4,456	4,707
Liabilities from application of equity method	—	19,426
Other non-current liabilities	3,408	32,875
Deferred tax liabilities	17,243	10,606
Total non-current liabilities	625,950	724,990
Current liabilities		
Bonds and borrowings	249,033	101,502
Trade and other payables	220,277	229,552
Other financial liabilities	63,781	65,907
Current tax liabilities	8,707	22,162
Provisions	3,961	1,901
Other current liabilities	164,692	177,929
(Sub-total)	710,451	598,953
Liabilities directly associated with assets held for sale	27,024	—
Total current liabilities	737,475	598,953
Total liabilities	1,363,424	1,323,943
Total equity and liabilities	2,459,363	2,471,933

(2) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(¥ millions)

	Year ended December 31, 2020	Year ended December 31, 2021
Revenue	1,849,545	1,821,570
Cost of sales	1,045,662	998,728
Gross profit	803,883	822,842
Selling, general and administrative expenses	641,768	657,412
Normalized operating profit	162,115	165,430
Other operating income	6,376	8,239
Other operating expenses	65,572	105,585
Operating profit	102,919	68,084
Finance income	5,400	4,087
Finance costs	8,521	7,044
Share of profit of equity-accounted investees	24,752	34,490
Profit before tax	124,550	99,617
Income tax expense	24,709	31,193
Profit	99,842	68,424
Profit attributable to:		
Owners of the Company	71,935	59,790
Non-controlling interests	27,907	8,634
Profit	99,842	68,424
Earnings per share (Yen)		
Basic earnings per share	85.57	71.73
Diluted earnings per share	85.54	71.70

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(¥ millions)

	Year ended December 31, 2020	Year ended December 31, 2021
Profit	99,842	68,424
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	(10,513)	(1,824)
Remeasurements of defined benefit plans	512	6,592
Share of other comprehensive income of equity-accounted investees	(139)	203
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(1,028)	31,843
Cash flow hedges	407	1,185
Share of other comprehensive income of equity-accounted investees	2,754	10,892
Total other comprehensive income	(8,008)	48,891
Comprehensive income	91,834	117,316
Comprehensive income attributable to:		
Owners of the Company	64,028	109,631
Non-controlling interests	27,806	7,685
Comprehensive income	91,834	117,316

(3) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2020

(¥ 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, 2020	102,046	24,853	958,292	(124,999)	41,410	—
Profit	—	—	71,935	—	—	—
Other comprehensive income	—	—	—	—	(10,095)	(554)
Comprehensive income	—	—	71,935	—	(10,095)	(554)
Dividends from surplus	—	—	(55,326)	—	—	—
Acquisition of treasury shares	—	—	—	(76,796)	—	—
Disposal of treasury shares	—	(1)	—	3	—	—
Share-based payments	—	28	—	9	—	—
Changes in the ownership interest in a subsidiary without a loss of control	—	60	—	—	(0)	—
Transfer from reserves to retained earnings	—	—	6,003	—	(6,557)	554
Other	—	1	—	—	—	—
Total transactions with owners of the Company	—	87	(49,323)	(76,784)	(6,558)	554
Balance at December 31, 2020	102,046	24,940	980,903	(201,783)	24,757	—

	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, 2020	(94,043)	(983)	(53,615)	906,576	240,249	1,146,825
Profit	—	—	—	71,935	27,907	99,842
Other comprehensive income	2,337	406	(7,907)	(7,907)	(101)	(8,008)
Comprehensive income	2,337	406	(7,907)	64,028	27,806	91,834
Dividends from surplus	—	—	—	(55,326)	(10,946)	(66,273)
Acquisition of treasury shares	—	—	—	(76,796)	—	(76,796)
Disposal of treasury shares	—	—	—	2	—	2
Share-based payments	—	—	—	38	(155)	(118)
Changes in the ownership interest in a subsidiary without a loss of control	4	—	3	63	371	434
Transfer from reserves to retained earnings	—	—	(6,003)	—	—	—
Other	0	—	0	1	31	32
Total transactions with owners of the Company	4	—	(6,000)	(132,020)	(10,700)	(142,720)
Balance at December 31, 2020	(91,702)	(577)	(67,522)	838,584	257,355	1,095,939

Year ended December 31, 2021

(¥ 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, 2021	102,046	24,940	980,903	(201,783)	24,757	—
Profit	—	—	59,790	—	—	—
Other comprehensive income	—	—	—	—	(1,251)	6,137
Comprehensive income	—	—	59,790	—	(1,251)	6,137
Dividends from surplus	—	—	(54,184)	—	—	—
Acquisition of treasury shares	—	—	—	(27)	—	—
Disposal of treasury shares	—	(0)	—	1	—	—
Share-based payments	—	83	2	7	—	—
Changes in the ownership interest in a subsidiary without a loss of control	—	81	—	—	—	—
Transfer from reserves to retained earnings	—	—	11,666	—	(5,529)	(6,137)
Other	—	—	—	—	—	—
Total transactions with owners of the Company	—	164	(42,516)	(18)	(5,529)	(6,137)
Balance at December 31, 2021	102,046	25,104	998,177	(201,801)	17,978	—

	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, 2021	(91,702)	(577)	(67,522)	838,584	257,355	1,095,939
Profit	—	—	—	59,790	8,634	68,424
Other comprehensive income	43,767	1,187	49,841	49,841	(950)	48,891
Comprehensive income	43,767	1,187	49,841	109,631	7,685	117,316
Dividends from surplus	—	—	—	(54,184)	(11,182)	(65,366)
Acquisition of treasury shares	—	—	—	(27)	—	(27)
Disposal of treasury shares	—	—	—	1	—	1
Share-based payments	—	—	—	92	(181)	(89)
Changes in the ownership interest in a subsidiary without a loss of control	—	—	—	81	104	185
Transfer from reserves to retained earnings	—	—	(11,666)	—	—	—
Other	—	—	—	—	31	31
Total transactions with owners of the Company	—	—	(11,666)	(54,036)	(11,228)	(65,265)
Balance at December 31, 2021	(47,935)	610	(29,347)	894,179	253,811	1,147,990

(4) CONSOLIDATED STATEMENT OF CASH FLOWS

(¥ millions)

	Year ended December 31, 2020	Year ended December 31, 2021
Cash flows from operating activities		
Profit before tax	124,550	99,617
Depreciation and amortization	82,109	81,130
Impairment losses	29,619	77,390
Interest and dividends received	(2,752)	(2,718)
Share of profit of equity-accounted investees	(24,752)	(34,490)
Interest paid	4,890	4,448
Gain on sale of property, plant and equipment and intangible assets	(1,629)	(3,061)
Loss on disposal and sale of property, plant and equipment and intangible assets	1,704	1,782
Gain on sale of shares of subsidiaries	(42)	(23)
(Increase) decrease in trade receivables	3,781	(9,106)
(Increase) decrease in inventories	(6,081)	(20,353)
Increase (decrease) in trade payables	(1,106)	3,514
Increase (decrease) in liquor taxes payable	(392)	1,586
Other	(7,100)	32,289
Sub-total	202,800	232,004
Interest and dividends received	21,470	21,036
Interest paid	(4,791)	(4,145)
Income taxes paid	(54,641)	(29,592)
Cash flows from (used in) operating activities	164,839	219,303

(¥ millions)

	Year ended December 31, 2020	Year ended December 31, 2021
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(93,026)	(86,335)
Proceeds from sale of property, plant and equipment and intangible assets	2,083	6,977
Acquisition of investments	(606)	(2,907)
Proceeds from sale of investments	19,401	22,122
Acquisition of shares of subsidiaries, net of cash acquired	(39,628)	(45,455)
Proceeds from sale of shares of subsidiaries, net of cash disposed of	18	42,886
Acquisition of equity-accounted investees	(1,885)	(162)
Proceeds from sale of equity-accounted investees	—	5,101
Other	(2,339)	1,365
Cash flows from (used in) investing activities	(115,981)	(56,408)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	356	4,641
Increase (decrease) in commercial paper	28,003	(81,994)
Proceeds from long-term borrowings	135,000	1,000
Repayment of long-term borrowings	(86,570)	(50,000)
Proceeds from issuance of bonds	60,000	70,000
Payment for redemption of bonds	(20,000)	(40,000)
Repayment of lease liabilities	(16,554)	(18,420)
Payment for acquisition of treasury shares	(76,811)	(34)
Payment for acquisition of treasury shares by a consolidated subsidiary	(14)	(23)
Payment for settlement of derivatives	(5,091)	—
Dividends paid	(55,326)	(54,184)
Dividends paid to non-controlling interests	(14,815)	(11,182)
Other	(652)	(266)
Cash flows from (used in) financing activities	(52,474)	(180,463)
Effect of exchange rate changes on cash and cash equivalents	(388)	5,388
Net increase (decrease) in cash and cash equivalents	(4,004)	(12,180)
Cash and cash equivalents at beginning of year	165,671	161,667
Cash and cash equivalents at end of year	161,667	149,488

(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(GOING CONCERN ASSUMPTION)

There are no matters to report under this item.

(CHANGES IN ACCOUNTING ESTIMATES)

Alcoholic Beverages business in Myanmar has been facing a continuing high level of uncertainty for the operating environment due to the circumstances in Myanmar in turmoil caused by the coup d'état which occurred in February 2021, and Kirin Holdings has started negotiations with MEHPCL on the premise that Kirin Holdings will withdraw from the business in Myanmar. An impairment test was performed for certain business assets related to the Alcoholic Beverages business in Myanmar based on the latest available information and possible risks. As a result, the recoverable amount was measured at zero, thus impairment losses of non-current assets of 68,049 million yen were recognized for the fiscal year ended December 31, 2021.

(SEGMENT INFORMATION)

(1) Summary of reportable segments

The reportable segments of the Group are determined based on the operating segments which are constituent units of the Group whose separate financial information is readily available, and which are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating the business results. The Group has identified four reportable segments, namely, "Japan Beer and Spirits Businesses," "Japan Non-alcoholic Beverages Business," "Oceania Adult Beverages Business" and "Pharmaceuticals Business."

"Japan Beer and Spirits Businesses," for which Kirin Brewery Company, Limited oversees the operations, conducts production and sale of alcoholic beverages, such as beer, happo-shu, new genre, wine, whiskey and spirits, in Japan.

"Japan Non-alcoholic Beverages Business," for which Kirin Beverage Company, Limited oversees the operations, conducts production and sale of soft drinks in Japan.

"Oceania Adult Beverages Business," for which Lion Pty Limited oversees the operations, conducts production and sale of beer, whiskey, spirits and other products in the Oceania region.

"Pharmaceuticals Business," for which Kyowa Kirin Co., Ltd. oversees the operations, conducts production and sale of pharmaceutical products.

Accounting policies for segment information are generally the same as those in the Company's consolidated financial statements.

Inter-segment revenue is based on actual market prices.

(2) Explanation of renaming of Reportable segment

The Group identified the reportable segments, namely, "Japan Beer and Spirits Businesses," "Japan Non-alcoholic Beverages Business," "Oceania Integrated Beverages Business" and "Pharmaceuticals Business" until the year ended December 31, 2020. Since the transfer of the Oceania Non-alcoholic Beverages Business was completed on January 25, 2021, "Oceania Integrated Beverages" segment has been renamed "Oceania Adult Beverages" segment from the year ending December 31, 2021.

This name change of the reportable segment has no impact of the presented financial figures. In addition, the reportable segment for the year ended December 31, 2020 is also presented by the changed name.

(3) Information on reportable segments

Information related to each reportable segment is set out below.

At and for the fiscal year ended December 31, 2020

(¥ millions)

	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated	
	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Adult Beverages	Pharmaceu- ticals				
Revenue from unaffiliated customers	651,424	252,173	292,120	317,797	336,030	—	1,849,545	
Inter-segment revenue	2,022	2,046	46	554	72,519	(77,187)	—	
Total revenue	653,446	254,219	292,167	318,352	408,550	(77,187)	1,849,545	
Segment income (Note 3)	75,491	21,758	22,130	59,015	29,291	(45,569)	162,115	
							Other operating income	6,376
							Other operating expenses	65,572
							Finance income	5,400
							Finance costs	8,521
							Share of profit of equity- accounted investees	24,752
							Profit before tax	124,550

(¥ millions)

	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated
	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Adult Beverages	Pharmaceu- ticals			
Segment assets	424,416	149,864	471,312	741,697	871,649	(199,574)	2,459,363
Other items							
Depreciation and amortization	14,187	7,170	14,021	19,112	20,462	7,156	82,109
Impairment losses (excluding financial assets)	—	1,277	20,258	2,857	5,228	—	29,619
Equity-accounted investees	12,342	—	8,632	9,463	357,030	—	387,467
Capital expenditures	12,701	8,207	14,475	35,888	28,440	19,124	118,835

Notes: 1. "Others" includes the Wine business in Japan, the Alcoholic Beverages business in Myanmar, the Non-alcoholic Beverage business in North America, and the Bio-chemicals business, etc.

2. Adjustments are as follows:

(1) Adjustment in segment income mainly includes inter-segment eliminations and corporate expenses not attributable to any reportable segment. The expenses are mainly group administrative expenses incurred in the Company, a holding company, and administrative expenses relating to some reportable segments incurred in shared services companies.

(2) Adjustment in segment assets includes inter-segment asset and liability eliminations and corporate assets not attributable to any reportable segment. The assets mainly consist of surplus funds (cash), long-term investments (equity instruments) and assets of the administrative department of the Company, a holding company, and shared services companies.

3. Segment income represents normalized operating profit which is calculated by deducting the total of cost of sales and selling, general and administrative expenses from revenue.

At and for the fiscal year ended December 31, 2021

(¥ millions)

	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated
	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Adult Beverages	Pharmaceu- ticals			
Revenue from unaffiliated customers	661,326	244,386	216,258	351,696	347,902	—	1,821,570
Inter-segment revenue	1,784	2,208	55	550	70,293	(74,890)	—
Total revenue	663,111	246,594	216,314	352,246	418,196	(74,890)	1,821,570
Segment income (Note 3)	70,541	21,099	26,562	61,197	31,334	(45,303)	165,430
					Other operating income		8,239
					Other operating expenses		105,585
					Finance income		4,087
					Finance costs		7,044
					Share of profit of equity- accounted investees		34,490
					Profit before tax		99,617

(¥ millions)

	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated
	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Adult Beverages	Pharmaceu- ticals			
Segment assets	432,806	139,176	475,861	862,091	859,811	(297,812)	2,471,933
Other items							
Depreciation and amortization	15,053	7,100	13,337	19,341	20,021	6,279	81,130
Impairment losses (excluding financial assets)	—	70	624	5,286	69,679	1,730	77,390
Equity-accounted investees	13,343	—	8,837	—	377,188	—	399,367
Capital expenditures	24,739	7,212	13,298	29,258	25,959	18,522	118,987

Notes: 1. "Others" includes the Wine business in Japan, the Alcoholic Beverages business in Myanmar, the Non-alcoholic Beverage business in North America, and the Bio-chemicals business, etc.

2. Adjustments are as follows:

- (1) Adjustment in segment income mainly includes inter-segment eliminations and corporate expenses not attributable to any reportable segment. The expenses are mainly group administrative expenses incurred in the Company, a holding company, and administrative expenses relating to some reportable segments incurred in shared services companies.
- (2) Adjustment in segment assets includes inter-segment asset and liability eliminations and corporate assets not attributable to any reportable segment. The assets mainly consist of surplus funds (cash), long-term investments (equity instruments) and assets of the administrative department of the Company, a holding company, and shared services companies.

3. Segment income represents normalized operating profit which is calculated by deducting the total of cost of sales and selling, general and administrative expenses from revenue.

(4) Geographic information

1) Revenue

(¥ millions)

	Year ended December 31, 2020	Year ended December 31, 2021
Japan	1,180,205	1,167,445
Oceania	257,469	175,048
America	249,313	318,221
Others	162,560	160,856
Total	1,849,545	1,821,570

Note: Revenue is classified by country or area based on customer location.

2) Non-current assets

(¥ millions)

	At December 31, 2020	At December 31, 2021
Japan	489,489	510,385
Oceania	219,214	277,730
America	107,271	119,266
Others	162,625	90,626
Total	978,599	998,008

Note: Non-current assets exclude financial instruments, deferred tax assets and defined benefit assets.

(5) Major customer

The unaffiliated customer which accounted for 10% or more of revenue on the consolidated statement of profit or loss was as follows:

(¥ millions)

	Related segment	Year ended December 31, 2020	Year ended December 31, 2021
Mitsubishi Shokuhin Co., Ltd.	Japan Beer and Spirits, Japan Non-alcoholic Beverages, and other	223,675	225,518

(PER SHARE INFORMATION)

(1) Basis of calculation of basic earnings per share

The basis of calculation of basic earnings per share was as follows:

1) Profit attributable to ordinary shareholders of the Company (basic)

(¥ millions)

	Year ended December 31, 2020	Year ended December 31, 2021
Profit attributable to owners of the Company	71,935	59,790
Profit not attributable to ordinary shareholders of the Company	—	—
Profit attributable to ordinary shareholders of the Company	71,935	59,790

2) Weighted-average number of ordinary shares (basic)

(Thousands of shares)

	Year ended December 31, 2020	Year ended December 31, 2021
Weighted-average number of ordinary shares	840,689	833,599

(2) Basis of calculation of diluted earnings per share

Diluted earnings per share were calculated as follows based on profit attributable to ordinary shareholders of the Company and weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares:

1) Profit attributable to ordinary shareholders of the Company (diluted)

(¥ millions)

	Year ended December 31, 2020	Year ended December 31, 2021
Profit attributable to ordinary shareholders of the Company	71,935	59,790
Adjustments for potential ordinary shares issued by subsidiary	(22)	(18)
Profit attributable to ordinary shareholders of the Company (diluted)	71,913	59,772

2) Weighted-average number of ordinary shares (diluted)

(Thousands of shares)

	Year ended December 31, 2020	Year ended December 31, 2021
Weighted-average number of ordinary shares (basic)	840,689	833,599
Effect of dilution	—	—
Weighted-average number of ordinary shares (diluted)	840,689	833,599

(SIGNIFICANT SUBSEQUENT EVENTS)

(Acquisition of shares of the Company)

At the meeting of the Board of Directors held on February 14, 2022, the Company resolved to acquire shares of the Company based on the provisions of Article 156 of the Companies Act, as applied mutatis mutandis pursuant to the provisions of Article 165, Paragraph 3 of the Act.

1) Reason for the acquisition of shares of the Company

The Company will repurchase shares to enhance shareholder returns.

2) Details of the acquisition

- | | |
|--|--|
| 1. Class of shares to be acquired | Shares of common stock of the Company |
| 2. Maximum number of shares to be acquired | 30,000,000 shares (representing 3.6% of total outstanding shares (excluding treasury shares)) |
| 3. Total acquisition cost | Up to ¥50,000 million |
| 4. Period for acquisition | February 15, 2022 to February 14, 2023 |

Change of Directors and Board Members

Kirin Holdings Company, Limited hereby announces the change of Directors and Board Members as follows (Scheduled at the end of March 2022).

1. Change of Representatives

(1) New Representative Director

None

(2) Retiring Representative Director

None

Note: Yoshinori Isozaki (President & CEO) and Keisuke Nishimura (Representative Director of the Board, Executive Vice President) are scheduled to be reappointed.

2. Changes of Other Directors of the Board

(1) New Director of the Board

Name	New	Current
Takeshi Minakata	Director of the Board, Senior Executive Officer of Kirin Holdings	Senior Executive Officer of Kirin Holdings.

(2) Retiring Director of the Board

Name	New	Current
Noriaki Kobayashi		Director of the Board, Senior Executive Officer of Kirin Holdings

Note: (i) Toshiya Miyoshi, Noriya Yokota; and (ii) Masakatsu Mori, Hiroyuki Yanagi, Chieko Matsuda, Noriko Shiono, Rod Eddington, George Olcott, Kaoru Kato are scheduled to be reappointed as (i) Director of the Board, Senior Executive Officer, and (ii) Non-executive Director of the Board, respectively.

3. Change of Audit & Supervisory Board Members

(1) New Audit & Supervisory Board Members

Name	New	Current
Shobu Nishitani	Standing Audit & Supervisory Board Member of Kirin Holdings	Executive Officer, General Manager, Internal Audit Department of Kirin Holdings
Kenichi Fujinawa	Audit & Supervisory Board Member of Kirin Holdings	Senior Counsel of Nagashima Ohno & Tsunematsu

(2) Retiring Audit & Supervisory Board Members

Name	New	Current
Akihiro Ito		Standing Audit & Supervisory Board Member of Kirin Holdings
Nobuo Nakata		Audit & Supervisory Board Member of Kirin Holdings

Note: Keiji Kuwata as Standing Audit & Supervisory Board Member, and Yoshiko Ando, and Kaoru Kashima as Audit & Supervisory Board Member are during their term of office.

END

Profile of candidates for the new Director of the Board

Takeshi Minakata

Date of birth:	December 31, 1961
Experience:	
March 2020-present	Senior Executive Officer of Kirin Holdings Company, Limited
March 2018	Director of the Board, President and CEO of Kyowa Hakko Bio Company, Limited (Retirement in December 2021)
April 2016	President and CEO of Myanmar Brewery Company, Limited
March 2016	Senior Executive Officer of Kirin Holdings Company, Limited (Retirement in March 2018)
March 2015	Senior Executive officer, Corporate Strategy Director of Kirin Holdings Company, Limited and Senior Executive officer, General Manager, Corporate Planning Department of Kirin Company, Limited
January 2013	Executive officer, General Manager, Corporate Planning Department of Kirin Company, Limited and Kirin Brewery Company, Limited
March 2012	General Manager, Corporate Planning Department of Kirin Brewery Company, Limited
April 1984	Joined Kirin Brewery Company, Limited

Profile of the candidate for the new Audit & Supervisory Board Member

Shobu Nishitani

Date of birth: November 29, 1963

Experience:

April 2019-present Executive Officer, General Manager, Internal Audit Department of Kirin Holdings Company, Limited

March 2019-present Audit & Supervisory Board Member of China Resources Kirin Beverages (Greater China) Company, Limited

March 2017 Executive Officer, General Manager, Accounting Department of Kirin Company, Limited

April 2016 General Manager, Accounting Department of Kirin Company, Limited

March 2016 Director of the Board of Lion (Australia)

March 2014 Group Finance Director of Kirin Holdings Company, Limited

October 2011 Director of the Board of San Miguel Brewery Inc.

April 1987 Joined Kirin Brewery Company, Limited

Kenichi Fujinawa

Date of birth: February 18, 1955

Experience:

January 2020-present Senior Counsel of Nagashima Ohno & Tsunematsu

January 2015 Chairman of Nagashima Ohno & Tsunematsu

January 2004 Managing Partner of Nagashima Ohno & Tsunematsu

January 2000 Partner of Nagashima Ohno & Tsunematsu

October 1988 Partner of Nagashima & Ohno

April 1980 Registered as lawyer in Japan
Joined Nagashima & Ohno

**Supplementary Documents to
the Consolidated Financial Statements
for the Year Ended December 31, 2021**

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
5. Summary of Consolidated Statement of Cash Flows

**KIRIN HOLDINGS COMPANY, LIMITED
February 14, 2022**

1.SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ billions)

	As of December 31, 2021, Actual	As of December 31, 2020, Actual	Increase (decrease)	Description of changes
Non-current assets	1,645.3	1,592.8	52.5	
Property, plant and equipment	533.9	521.9	11.9	
Goodwill	264.2	245.7	18.5	
Intangible assets	196.3	209.3	(13.0)	
Equity-accounted investees	399.4	387.5	11.9	
Other	251.5	228.4	23.1	
Current assets	826.6	866.5	(39.9)	
Inventories	247.2	217.2	30.1	
Trade and other receivables	387.9	372.1	15.8	
Cash and cash equivalents	149.5	161.7	(12.2)	
Other	42.0	115.6	(73.6)	Assets held for sale, etc.
Total assets	2,471.9	2,459.4	12.6	
Equity	1,148.0	1,095.9	52.1	
Equity attributable to owners of the Company	894.2	838.6	55.6	
Non-controlling interests	253.8	257.4	(3.5)	
Non-current liabilities	725.0	625.9	99.0	
Bonds and borrowings	450.0	393.6	56.4	Increase due to new borrowings, etc.
Other	275.0	232.3	42.7	
Current liabilities	599.0	737.5	(138.5)	
Bonds and borrowings	101.5	249.0	(147.5)	Decrease in commercial paper, etc.
Trade and other payables	229.6	220.3	9.3	
Other	267.9	268.2	(0.3)	
Total liabilities	1,323.9	1,363.4	(39.5)	
Total equity and liabilities	2,471.9	2,459.4	12.6	

2.SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS, INDICES, etc.

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

(¥ billions)

	Year ended December 31, 2021, Actual	Year ended December 31, 2020, Actual	Increase (decrease)	
Revenue	1,821.6	1,849.5	(28.0)	(1.5%)
Gross profit	822.8	803.9	19.0	2.4%
Selling, general and administrative expenses	657.4	641.8	15.6	2.4%
Normalized operating profit	165.4	162.1	3.3	2.0%
Other operating income	8.2	6.4	1.9	29.2%
Other operating expenses	105.6	65.6	40.0	61.0%
Operating profit	68.1	102.9	(34.8)	(33.8%)
Finance income	4.1	5.4	(1.3)	(24.3%)
Finance costs	7.0	8.5	(1.5)	(17.3%)
Share of profit of equity-accounted investees	34.5	24.8	9.7	39.3%
Profit before tax	99.6	124.6	(24.9)	(20.0%)
Income tax expense	31.2	24.7	6.5	26.2%
Profit	68.4	99.8	(31.4)	(31.5%)
Owners of the Company	59.8	71.9	(12.1)	(16.9%)
Non-controlling interests	8.6	27.9	(19.3)	(69.1%)
ROIC	4.2%	6.0%		
Normalized EPS	¥156	¥136	¥20	14.7%
Revenue (excluding liquor tax)	1,536.0	1,572.6	(36.6)	(2.3%)
Normalized operating profit ratio (excluding liquor tax)	10.8%	10.3%		
ROE	6.9%	8.2%		
Normalized EBITDA	245.9	244.0	1.9	0.8%
Gross Debt Equity Ratio	0.62	0.77		

(Reference) Indices excluding the impact of fluctuation in exchange rate *

	Year ended December 31, 2021, Actual
Normalized operating profit	163.2
ROIC	3.6%
Normalized EPS	¥151

* Converted foreign currency amounts of the actual results at the exchange rate of the initial forecast announced on February 15, 2021.

ROIC= Profit after tax before interest / (Average total interest-bearing liabilities at beginning and end of the period + Average total equity at beginning and end of the period)

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

* 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

(¥)

	Year ended December 31, 2021, Actual	Year ended December 31, 2020, Actual
Lion (AUD)	82.67	75.09
Myanmar Brewery (MMK ('000))	68.36	77.87
Coke Northeast (USD)	110.37	106.43

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

	Year ended December 31, 2021, Actual	Year ended December 31, 2020, Actual
San Miguel Brewery	From October 2020 to September 2021	From October 2019 to September 2020

3. REVENUE DETAILS

(1) Revenue Details

(¥ billions)

	Year ended December 31, 2021, Actual	Year ended December 31, 2020, Actual	Increase (decrease)	
Revenue	1,821.6	1,849.5	(28.0)	(1.5%)
Japan Beer and Spirits	661.3	651.4	9.9	1.5%
Kirin Brewery	638.3	632.2	6.1	1.0%
Other and elimination	23.0	19.3	3.8	19.6%
Japan Non-alcoholic Beverages	244.4	252.2	(7.8)	(3.1%)
Kirin Beverage	246.6	254.2	(7.6)	(3.0%)
Elimination	(2.2)	(2.0)	(0.2)	—
Oceania Adult Beverages	216.3	292.1	(75.9)	(26.0%)
Lion	216.3	292.2	(75.9)	(26.0%)
Elimination	(0.1)	(0.0)	(0.0)	—
Pharmaceuticals	351.7	317.8	33.9	10.7%
Kyowa Kirin	352.2	318.4	33.9	10.6%
Elimination	(0.5)	(0.6)	0.0	—
Other	347.9	336.0	11.9	3.5%
Mercian	57.9	62.1	(4.2)	(6.8%)
Myanmar Brewery	19.3	31.8	(12.5)	(39.3%)
Coke Northeast	154.9	129.4	25.5	19.7%
Kyowa Hakko Bio	53.0	57.3	(4.3)	(7.5%)
Other and elimination	62.8	55.4	7.4	13.3%

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.

(Reference) Revenue excluding liquor tax

(¥ billions)

	Year ended December 31, 2021, Actual	Year ended December 31, 2020, Actual
Kirin Brewery	371.3	373.1

(2) Sales Volume Details of Major Business Companies

a. Kirin Brewery

	Year ended December 31, 2021		Year ended December 31, 2020	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	475	4.1%	456	(18.6%)
<i>Happo-shu</i>	387	0.9%	384	(2.1%)
New genre	709	(11.2%)	798	4.6%
Sub-total	1,571	(4.1%)	1,638	(4.5%)
RTD	449	4.7%	429	12.3%
Non-alcohol beverages	49	10.9%	44	10.8%

The above sales volume excludes exports and liquor tax exempts.

b. Kirin Beverage Group

	Year ended December 31, 2021		Year ended December 31, 2020	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	4,991	(1.4%)	5,064	(11.3%)
Japanese tea	3,104	(4.7%)	3,257	(4.7%)
Coffee	2,585	10.7%	2,334	(15.4%)
Fruit and vegetable juice	2,407	4.0%	2,314	(5.7%)
Carbonated beverage	1,313	(14.2%)	1,529	(20.7%)
Functional beverage	1,177	3.1%	1,141	(0.2%)
Water	3,673	(11.9%)	4,169	(2.0%)
Other	1,525	(6.5%)	1,630	(14.7%)
Total	20,775	(3.1%)	21,439	(9.1%)
Container Type				
Can	2,421	(7.0%)	2,603	(17.8%)
Large-sized PET bottles (2L, 1.5L, etc.)	6,726	(11.8%)	7,624	(3.1%)
Small-sized PET bottles (500ml, 280ml, etc.)	9,726	3.3%	9,416	(10.8%)
Other	1,903	5.9%	1,796	(10.3%)
Total	20,775	(3.1%)	21,439	(9.1%)

4. PROFIT DETAILS

(1) Normalized Operating Profit Details

(¥ billions)

	Year ended December 31, 2021, Actual	Year ended December 31, 2020, Actual	Increase (decrease)	
Normalized operating profit	165.4	162.1	3.3	2.0%
Japan Beer and Spirits	70.5	75.5	(5.0)	(6.6%)
Kirin Brewery	68.0	73.2	(5.2)	(7.1%)
Others	2.6	2.3	0.3	11.0%
Japan Non-alcoholic Beverages	21.1	21.8	(0.7)	(3.0%)
Kirin Beverage	21.1	21.8	(0.7)	(3.0%)
Oceania Adult Beverages	26.6	22.1	4.4	20.0%
Lion	26.6	22.1	4.4	20.0%
Pharmaceuticals	61.2	59.0	2.2	3.7%
Kyowa Kirin	61.2	59.0	2.2	3.7%
Other	31.3	29.3	2.0	7.0%
Mercian	2.3	3.6	(1.2)	(35.1%)
Myanmar Brewery	6.6	13.8	(7.2)	(52.2%)
Coke Northeast	16.5	9.3	7.2	78.3%
Kyowa Hakko Bio	0.4	(2.3)	2.6	—
Others	5.6	4.9	0.6	13.0%
Corporate expenses and inter-segment eliminations	(45.3)	(45.6)	0.3	—

Each normalized operating profit in each segment is calculated by adding back management fees paid to the Company to normalized operating profit.

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.

(2) Normalized Operating Profit Breakdown of Major Business Companies

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Increase in marginal profit of alcohol beverages, etc.	0.7	Total beer products (3.9) Sales increase in beer 19 thousand KL Sales increase in happo-shu 4 thousand KL Sales decrease in new genre (90) thousand KL Total other than beer products 2.0 Sales increase in RTD 20 thousand KL Sales increase in non-alcohol beverages 5 thousand KL, etc. Difference of change in composite of products, etc. 2.6
	Increase in raw material cost of alcohol beverages	(0.4)	
	Increase in selling expenses	(7.3)	Increase in sales promotion (2.0), increase in advertising (5.2) (Total 59.2→66.5)
	Decrease in other expenses	1.8	
Total		(5.2)	
Kirin Beverage	Decrease in marginal profit of soft drink beverages	(4.2)	Decrease in sales volume (6.63) million cases (3.1) Difference of change in products mix and composition ratio of containers, etc. (1.1)
	Increase in raw material cost, etc.	(0.4)	Increase in raw material cost (0.8), decrease in material cost 0.7, Increase in processing cost (0.3)
	Decrease in selling expenses	3.4	Decrease in sales promotion 3.4, advertising 0.0 (Total 30.7→27.2)
	Decrease in other expenses	0.5	
Total		(0.7)	

(3) Other Operating Income and Other Operating Expenses

(¥ billions)

	Year ended December 31, 2021, Actual	Year ended December 31, 2020, Actual	Increase (decrease)
Other operating income	8.2	6.4	1.9
Gain on sale of property, plant and equipment and intangible assets	3.1	1.6	1.4
Gain on sale of shares of subsidiaries	0.0	0.0	(0.0)
Other	5.2	4.7	0.4
Other operating expenses	105.6	65.6	40.0
Impairment losses	77.4	29.6	47.8
Business restructuring expenses	2.0	7.1	(5.1)
Software development expenses	14.8	14.4	0.4
Loss on disposal and sale of property, plant and equipment and intangible assets	2.0	1.9	0.1
Other	9.3	12.5	(3.2)

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

(¥ billions)

	Year ended December 31, 2021, Actual	Year ended December 31, 2020, Actual	Increase (decrease)
Finance income	4.1	5.4	(1.3)
Interest income	2.0	1.6	0.4
Dividend income	0.7	1.1	(0.4)
Foreign exchange gains (net)	0.9	—	0.9
Other	0.5	2.6	(2.2)
Finance costs	7.0	8.5	(1.5)
Interest paid	4.4	4.9	(0.4)
Foreign exchange losses (net)	—	1.2	(1.2)
Change in the fair value of contingent consideration	1.3	—	1.3
Other	1.3	2.4	(1.1)
Share of profit of equity-accounted investees	34.5	24.8	9.7
San Miguel Brewery	21.7	19.1	2.6
Others	12.8	5.7	7.1

5. SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

(1) Summary of Statement of Cash Flows

(¥ billions)

	Year ended December 31, 2021, Actual	Year ended December 31, 2020, Actual	Increase (decrease)
Cash flows from operating activities	219.3	164.8	54.5
Profit before tax	99.6	124.6	(24.9)
Depreciation and amortization	81.1	82.1	(1.0)
Other	38.6	(41.8)	80.4
Cash flows from investing activities	(56.4)	(116.0)	59.6
Acquisition of property, plant and equipment and intangible assets	(86.3)	(93.0)	6.7
Other	29.9	(23.0)	52.9
Cash flows from financing activities	(180.5)	(52.5)	(128.0)
Increase (decrease) in interest-bearing liabilities	(96.4)	116.8	(213.1)
Dividends paid	(65.4)	(70.1)	4.8
Other	(18.7)	(99.1)	80.4
Exchange rate changes.	5.4	(0.4)	5.8
Net increase (decrease) in cash and cash equivalents	(12.2)	(4.0)	(8.2)

(2) Information by Segment

As of December 31, 2021, Actual

(¥ billions)

	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Adult Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	12.4	6.3	10.3	15.9	16.2	1.3	62.4
Acquisition of property, plant and equipment and intangible assets	17.4	8.0	9.3	19.3	18.5	13.9	86.3
Normalized EBITDA	82.9	27.4	36.8	77.1	65.5	(44.0)	245.9

Depreciation and amortization exclude those from right-of-use assets.

As of December 31, 2020, Actual

(¥ billions)

	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Adult Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	12.7	6.4	10.6	15.8	16.7	2.2	64.4
Acquisition of property, plant and equipment and intangible assets	11.2	6.6	8.2	32.8	19.3	14.9	93.0
Normalized EBITDA	88.2	28.2	32.7	74.8	63.4	(43.3)	244.0

Depreciation and amortization exclude those from right-of-use assets.

**Supplementary Documents to the Forecast
Consolidated Business Results
for the Year Ending December 31, 2022**

1. Summary of Consolidated Statements of Profit or Loss, Indices, etc.
2. Revenue Details
3. Profit Details
4. Information by Segment

**KIRIN HOLDINGS COMPANY, LIMITED
February 14, 2022**

1. SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS, INDICES, etc.

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

(¥ billions)

	Year ending December 31, 2022, Forecast	Year ended December 31, 2021, Actual	Increase (decrease)	
Revenue	1,950.0	1,821.6	128.4	7.1%
Normalized operating profit	166.0	165.4	0.6	0.3%
Other operating income	3.1	8.2	(5.1)	(62.5%)
Other operating expenses	26.1	105.6	(79.5)	(75.3%)
Operating profit	143.0	68.1	74.9	110.0%
Finance income	2.1	4.1	(2.0)	(47.9%)
Finance costs	4.5	7.0	(2.5)	(35.8%)
Share of profit of equity-accounted investees	36.4	34.5	1.9	5.5%
Profit before tax	177.0	99.6	77.4	77.7%
Income tax expense	37.5	31.2	6.3	20.2%
Profit	139.5	68.4	71.1	103.9%
Owners of the Company	114.5	59.8	54.7	91.5%
Non-controlling interests	25.0	8.6	16.4	189.5%
ROIC	8.3%	4.2%		
Normalized EPS	¥157	¥156	¥1	0.6%
Revenue (excluding liquor tax)	1,637.0	1,536.0	101.0	6.6%
Normalized operating profit ratio (excluding liquor tax)	10.1%	10.8%		
ROE	12.6%	6.9%		
Normalized EBITDA	250.6	245.9	4.7	1.9%
Gross Debt Equity Ratio	0.56	0.62		

ROIC = Profit after tax before interest / (Average total interest-bearing liabilities at beginning and end of the period + Average total equity at beginning and end of the period)

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

* 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

(¥)

	Year ending December 31, 2022, Forecast	Year ended December 31, 2021, Actual
Lion (AUD)	82.00	82.67
Coke Northeast (USD)	113.00	110.37

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

	Year ending December 31, 2022, Forecast	Year ended December 31, 2021, Actual
San Miguel Brewery	From October 2021 to September 2022	From October 2020 to September 2021

2. REVENUE DETAILS

(1) Revenue Details

(¥ billions)

	Year ending December 31, 2022, Forecast	Year ended December 31, 2021, Actual	Increase (decrease)	
Revenue	1,950.0	1,821.6	128.4	7.1%
Japan Beer and Spirits	721.7	661.3	60.4	9.1%
Kirin Brewery	695.5	638.3	57.2	9.0%
Other and elimination	26.2	23.0	3.1	13.6%
Japan Non-alcoholic Beverages	256.7	244.4	12.3	5.0%
Kirin Beverage	258.8	246.6	12.2	4.9%
Elimination	(2.1)	(2.2)	0.1	—
Oceania Adult Beverages	239.9	216.3	23.6	10.9%
Lion	239.9	216.3	23.6	10.9%
Elimination	(0.0)	(0.1)	0.0	—
Pharmaceuticals	379.3	351.7	27.6	7.9%
Kyowa Kirin	380.0	352.2	27.8	7.9%
Elimination	(0.7)	(0.5)	(0.1)	—
Other	352.4	347.9	4.5	1.3%
Mercian	60.4	57.9	2.5	4.3%
Myanmar Brewery	—	19.3	(19.3)	—
Coke Northeast	160.3	154.9	5.5	3.5%
Kyowa Hakko Bio	55.6	53.0	2.6	4.9%
Other and elimination	76.1	62.8	13.3	21.2%

Business forecast for Myanmar Brewery Limited includes significant uncertainty. Considering the possible events that will occur in the future, the financial impact of Myanmar Brewery Limited is not expected to be material, thus both sales revenue and normalized operating profit is set nil, leading to be included in 'Other and elimination' from 2022.

(Reference) Revenue excluding liquor tax

(¥ billions)

	Year ending December 31, 2022, Forecast	Year ended December 31, 2021, Actual
Kirin Brewery	404.4	371.3

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Year ending December 31, 2022		Year ended December 31, 2021	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	598	25.9%	475	4.1%
<i>Happo-shu</i>	361	(6.8%)	387	0.9%
New genre	716	1.0%	709	(11.2%)
Sub-total	1,675	6.6%	1,571	(4.1%)
RTD	492	9.5%	449	4.7%
Non-alcohol beverages	58	17.8%	49	10.9%

The above sales volume excludes exports and liquor tax exempts.

b. Kirin Beverage Group

	Year ending December 31, 2022		Year ended December 31, 2021	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	5,541	11.0%	4,991	(1.4%)
Japanese tea	3,381	8.9%	3,104	(4.7%)
Coffee	2,584	(0.0%)	2,585	10.7%
Fruit and vegetable juice	2,345	(2.6%)	2,407	4.0%
Carbonated beverage	1,369	4.3%	1,313	(14.2%)
Water	3,301	(10.1%)	3,673	(11.9%)
Other	2,618	(3.1%)	2,702	(2.5%)
Total	21,138	1.7%	20,775	(3.1%)
Container Type				
Can	2,534	4.7%	2,421	(7.0%)
Large-sized PET bottles (2L, 1.5L, etc.)	6,309	(6.2%)	6,726	(11.8%)
Small-sized PET bottles (500ml, 280ml, etc.)	10,417	7.1%	9,726	3.3%
Other	1,878	(1.3%)	1,903	5.9%
Total	21,138	1.7%	20,775	(3.1%)
Domain				
Food & Beverage domain	18,820	0.4%	18,739	(5.1%)
Health science domain	2,318	13.9%	2,036	20.9%
Lactococcus lactis strain Plasma	758	45.0%	523	65.1%
Total	21,138	1.7%	20,775	(3.1%)

'Functional beverage' is included in 'Other' from 2022.

3. PROFIT DETAILS

(1) Normalized Operating Profit Details

(¥ billions)

	Year ending December 31, 2022, Forecast	Year ended December 31, 2021, Actual	Increase (decrease)	
Normalized operating profit	166.0	165.4	0.6	0.3%
Japan Beer and Spirits	82.5	70.5	11.9	16.9%
Kirin Brewery	80.0	68.0	12.0	17.7%
Others	2.5	2.6	(0.1)	(3.3%)
Japan Non-alcoholic Beverages	18.0	21.1	(3.1)	(14.7%)
Kirin Beverage	18.0	21.1	(3.1)	(14.7%)
Oceania Adult Beverages	34.5	26.6	7.9	29.8%
Lion	34.5	26.6	7.9	29.8%
Pharmaceuticals	64.0	61.2	2.8	4.6%
Kyowa Kirin	64.0	61.2	2.8	4.6%
Other	23.5	31.3	(7.9)	(25.1%)
Mercian	1.5	2.3	(0.8)	(34.2%)
Myanmar Brewery	—	6.6	(6.6)	—
Coke Northeast	17.2	16.5	0.7	4.0%
Kyowa Hakko Bio	0.5	0.4	0.1	38.0%
Others	4.3	5.6	(1.3)	(22.9%)
Corporate expenses and inter-segment eliminations	(56.4)	(45.3)	(11.1)	—

Business forecast for Myanmar Brewery Limited includes significant uncertainty. Considering the possible events that will occur in the future, the financial impact of Myanmar Brewery Limited is not expected to be material, thus both sales revenue and normalized operating profit is set nil, leading to be included in 'Others' from 2022.

(2) Normalized Operating Profit Breakdown of Major Business Companies

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Increase in marginal profit of alcohol beverages, etc.	19.5	Total beer products 16.2 Sales increase in beer 123 thousand KL Sales decrease in <i>happo-shu</i> (26) thousand KL Sales increase in new genre 7 thousand KL Total other than beer products 4.8 Sales increase in RTD 43 thousand KL Sales increase in non-alcohol beverages 9 thousand KL, etc. Difference of change in composite of products, etc. (1.5)
	Increase in raw material cost of alcohol beverages	(3.0)	Increase in market prices, etc.
	Increase in selling expenses	(0.6)	Increase in sales promotion and advertising (0.6) (Total 66.5→67.1), etc.
	Increase in other expenses	(3.9)	Increase in expenditures, etc.
Total		12.0	
Kirin Beverage	Increase in marginal profit of soft drink beverages	7.6	Increase in sales volume 3.62 million cases 1.7 Difference of change in products mix and composition ratio of containers, etc. 5.9
	Increase in raw material cost, etc.	(5.3)	Increase in raw material cost (3.7), increase in material cost (0.5), increase in processing cost (1.1)
	Increase in selling expenses	(2.5)	Increase in sales promotion and advertising (2.5) (Total 27.2→29.7)
	Increase in other expenses	(2.9)	Increase in sales equipment cost (0.8) and increase in business consignment expenses (0.8).
Total		(3.1)	

4. INFORMATION BY SEGMENT

Year ending December 31, 2022, Forecast

(¥ billions)

	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Adult Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	12.7	7.3	8.9	16.8	14.9	6.2	66.9
Acquisition of property, plant and equipment and intangible assets	16.9	10.9	16.4	25.6	33.3	5.3	108.5
Normalized EBITDA	95.2	25.3	43.4	80.8	56.1	(50.2)	250.6

Depreciation and amortization exclude those from right-of-use assets.

Year ended December 31, 2021, Actual

(¥ billions)

	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Adult Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	12.4	6.3	10.3	15.9	16.2	1.3	62.4
Acquisition of property, plant and equipment and intangible assets	17.4	8.0	9.3	19.3	18.5	13.9	86.3
Normalized EBITDA	82.9	27.4	36.8	77.1	65.5	(44.0)	245.9

Depreciation and amortization exclude those from right-of-use assets.