



**KIRIN**

Joy brings us together

# **Kirin Group**

## **Financial Results for 3Q FY2023**

November 8, 2023

**Kirin Holdings Company, Limited**

# Summary of 3Q FY2023 Results

## 3Q FY2023 Results

- Consolidated Revenue increased by +6.2% YoY and consolidated Normalized operating profit (OP) increased by +4.7% YoY.
- Profit before tax declined by -30.3%, mainly due to the rebound of gain from the sale of China Resources Kirin Beverages that occurred in the previous year.
- Profit attributable to owners of the Company decreased by -35.0% due to the decline in profit before tax.
- Normalized EPS increased by +12 yen YoY due to an increase in consolidated Normalized OP and share of profit of equity-accounted investees.

## Future Outlook

- At this point, there are no major changes to the full-year forecast, and we continue to aim to achieve Normalized OP of 192.0 billion yen.

# 3Q FY2023 Results

- Achieved an increase in both Revenue and Normalized OP through aggressive marketing investments and price revisions, etc.

(bn yen)	3Q FY2023 Actual	3Q FY2022 Actual	YoY	%
Revenue	1,547.9	1,457.2	90.7	6.2%
Normalized OP ※1	141.5	135.2	6.4	4.7%
Profit before tax	142.4	204.3	-61.9	-30.3%
Profit attributable to owners of the Company	83.9	129.1	-45.1	-35.0%
Quantitative Target	3Q FY2023 Actual	3Q FY2022 Actual	YoY	%
Normalized EPS ※2	134 yen	122 yen	12 yen	9.8%

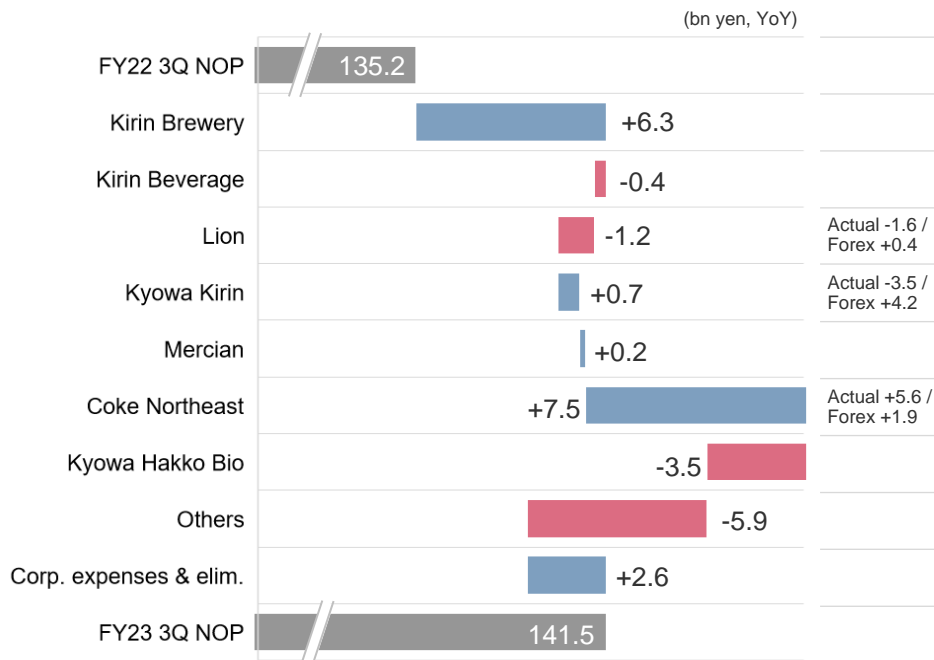
※1 A profit indicator for measuring recurring performance which is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

※2 See p.12 for details.

# Changes in Consolidated Normalized OP by Operating Company



## ➤ Normalized OP increased for the Group, continued to be driven by Kirin Brewery and Coke Northeast



Note

### Kirin Brewery

- Increased due to effect of price revisions exceeding the increase in raw material costs.

### Kirin Beverage

- Decreased due to lower sales volume and higher selling expenses, despite the effect of price revisions offsetting the impact of higher raw material costs, etc.

### Lion

- Decreased due to continued marketing investment in the core brands, despite an increase in revenue.

### Kyowa Kirin

- Increased due to sales of global strategic brands mainly in the US and higher technology out-licensing revenue, despite an increase in SG&A and R&D expenses.

### Coke Northeast

- Increased due to revenue growth mainly from the effect of price revisions and cost-optimization measures.

### Kyowa Hakko Bio

- Decreased due to lower-than-expected sales of amino acids.

### Others

- Includes -5.6 bn yen impact of the exclusion of Myanmar.

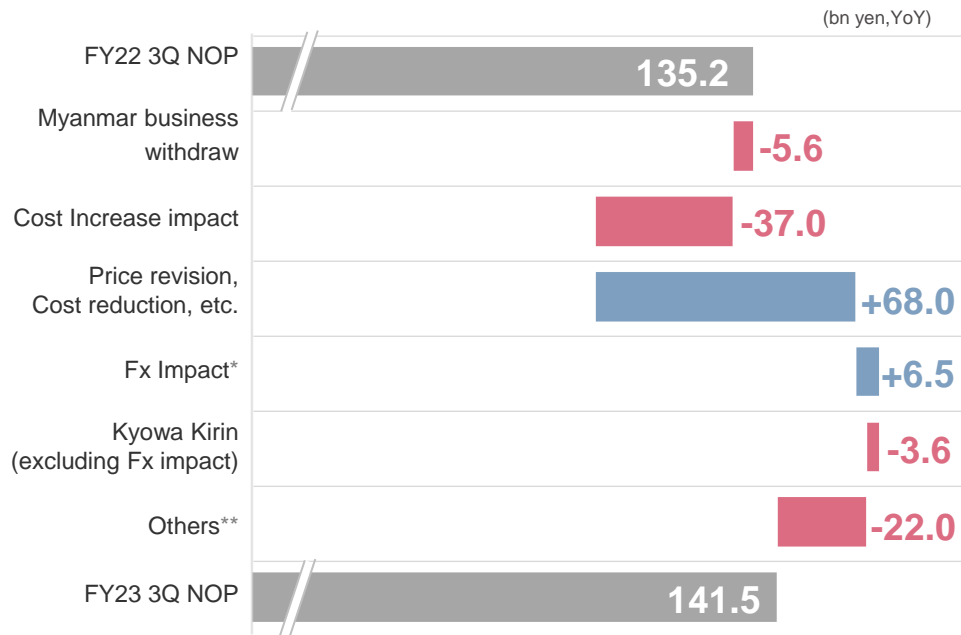
### Corporate Expenses and Inter-Segment Eliminations

- Unexpensed expenses, etc.

"Others" includes "Others" in the "Japan Beer and Spirits" segment and Blackmores.

# Changes in Consolidated Normalized OP by Factor

- Increased in Normalized OP due to price revisions and cost reductions, etc., which exceeded the continued impact of raw materials and other costs



\* Forex impact is the total of the forex impact of Lion, Kyowa Kirin, and Coke Northeast shown on page 4. Foreign exchange impact of imported raw materials, etc., mainly in the domestic business is included in the "cost increase impact".

\*\* "Others" is the total impact of increase/decrease in sales volume, marketing investment, corporate expenses, etc. in each business.

## 3Q Results: Cost hike impact

**Group total: approx. 37.0 billion yen**

Kirin Brewery Approx. 12.0 billion yen    Kirin Beverage Approx. 9.0 billion yen  
Lion Approx. 9.0 billion yen    Coke Northeast Approx. 2.0 billion yen  
etc.

Main items: raw material costs, fuel costs, transportation costs, labor costs, etc.

## 3Q Results: Price revisions, cost reductions, etc.

**Group total: approx. 68.0 billion yen** \*Due to price revision Excluding impact of decrease in sales volume

Kirin Brewery Approx. 30.0 billion yen    Kirin Beverage Approx. 15.0 billion yen  
Lion Approx. 9.0 billion yen    Coke Northeast Approx. 6.0 billion yen  
etc.

Main items: Impact of price revisions, SCM cost reductions, other SG&A cost reductions, etc. (Measures to increase sales volume and to improve the mix are not included.)

## Annual Forecast

**Impact of soaring costs:** Approx. 45.0-48.0 billion yen

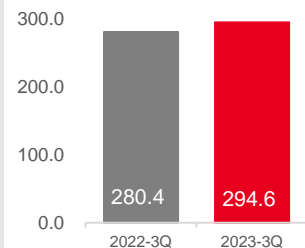
**Price revision, cost reduction etc.:** Approx. 74.0-77.0 billion yen

## 2024 Forecast

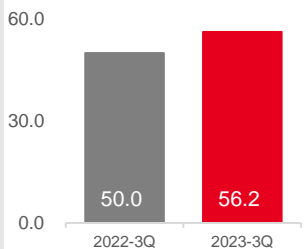
**Although costs are expected to increase vs FY2023, we aim to continue to implement profitability improvement measures in the next fiscal year to offset these costs for the entire Group.**

## 3Q Results

Liquor tax-excluded  
Revenue (bn yen)



Normalized OP (bn yen)



Both Revenue and Normalized OP increased due to strong core brands and the effect of price revisions, despite the impact of the temporary demand rebound in September of last year.

We aim to achieve our Normalized OP plan by making appropriate marketing investments and responding to changes in demand after the liquor tax revision.

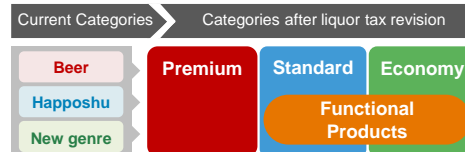
## Progress during January-September

### The Beer Market Forecast Beyond 2026

- After the liquor tax revision in 2023, the price gap between narrowly defined beer and new genre beer has narrowed, and products such as craft beer have become more diversified, Premium and standard beers will grow.
- In addition, RTDs, where the liquor tax will remain the same and are relatively inexpensive, are also expected to grow.
- On the other hand, even after 2026 when the liquor tax will be unified, there will be a certain price gap between standard beer and the economy category, and the economy category is expected to remain at certain level.
- The Functional products are present in several categories and will remain strong.

**While the premium and standard categories are growing, demand for economy category is expected to remain at certain level.**

## Initiatives from October



## Establish a strong brand portfolio

### Beer products total

**Progressed as planned**

- The beer, happoshu, and new genre categories were in line with the plan.

### KIRIN ICHIBAN Brand Total

**Slight increase\***

- Sales of KIRIN ICHIBAN cans were in line with the plan.
- KIRIN ICHIBAN Zero Sugar recovered its trend after the July renewal activity and achieved the mid-year plan.



### Kirin Hyoketsu Brand Total

**+4%\***

### Kirin Hyoketsu Sugar Free

**approx. +40%\***

- Hyoketsu Standard's sub-flavors and limited editions performed well.
- In addition to the existing Hyoketsu Sugar Free product, the new 'shikuwasa citrus' product also performed well and contributed to the increase in sales.

## Capture demand in categories where demand is growing

- KIRIN ICHIBAN brand will launch new products to attract new users and revitalize the brand.
- Spring Valley brand will release 'Afterdark (Black)' on December 18 in addition to 'JAPAN ALE (Kaoru)'. Through integrated efforts, we will communicate the appeal of its product lineup to attract entry-level consumers.
- The RTD category will be strengthened with a focus on the Hyoketsu brand.



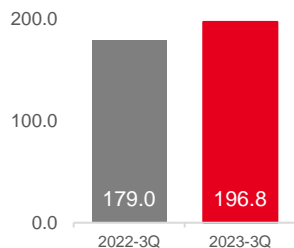
## Establish a solid position in the economy and functional products categories

- After the liquor tax revision, it is expected for lower-selling brands of happoshu and new genre beer to be weeded out.
- We will launch advertising and communications when the temporary demand rebound recovers.
- We will establish a firm position within the economy and functional products categories with HonKirin and Tanrei Green Label.

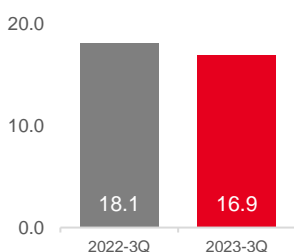


## 3Q Results

Revenue (bn yen)



Normalized OP (bn Yen)



Revenue increased due to continued growth in US Craft beer, and some brands performing well in the difficult Australian market. Profitability improvement through structural reforms is on track, and the company aims to achieve Normalized OP through continued brand investment.

### Progress during January-September

### Initiatives from October

Australia

#### Strengthen Core brands and Craft beers

Total On/Off-premise **Slight increase\***

- Consumption environment is recovering compared to April-June.

Core brands\*\* **Slight increase\***

- Hahn brand total approx +10%\* due to strong sales of new low carb products.
- Revenue of XXXX increased year-on-year.

RTD Category **First deployment of Hyoketsu in Australia**

Kirin *Hyoketsu* sold as planned in the growing RTD market.



Craft Category **Slight increase\***

- Revenue increase mid single-digit % year-on-year.
- Stone&Wood sales are strong, up approx 30%\*.



Total On/Off-premise **Estimated achievement of annual plan**

#### Maximize demand initiatives during peak season

- Focus on XXXX and Hahn as top priority brands.
- New attempt to develop products with consumer participation.



Continue to strengthen the *Hyoketsu* brand, including consideration of flavor expansion.



#### Expansion of distribution channels for Stone&Wood

US

#### Maximizing US Platform

US Crafts Total **+9%\***

- Accelerating growth in a soft market with strong Voodoo Ranger brand plus improving momentum at Bell's.

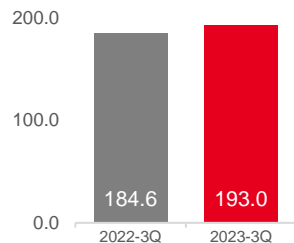
#### Growth of Bell's Brand

- Continue to expand the number of stores handling Bell's Brand through the US Platform.

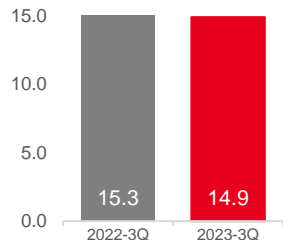


## 3Q Results

Revenue (bn yen)



Normalized OP (bn yen)



Although the competitive environment remained severe, we did not reduce marketing investment and focused on strengthening the brands.

We will continue to nurture the brand by investing in further initiatives for fall and winter, when awareness of Immune care and demand for tea will increase.

## Progress during January-September

### Focus on Health Science domain

Revenue **+35%\***

#### Strengthen the customer base for LC-Plasma containing beverages

- July-September Revenue approx. +70%\*
- Achieved a higher number of purchasers (Coverage) compared to a competing brand, which we have set as a target, through continuous sales promotion and the launch of new products.
- The percentage of total sales volume improved by approx. 1.5 ppt YoY, contributing to an improvement in the unit sales price.

### Reinforce Core Brands (*Gogo-no-Kocha* and *Nama-cha*)

Total revenue of both brands **approx. +5%\***

- Newly Launch of *Nama-cha Rich*.
- The *Gogo-no-Kocha Muto* (sugar-free) series, which went through a renewal in September, increased approx. +30% in September.



## Initiatives from October

Revenue Annual Plan **Achieve over +50%\* as Planned**

#### Strengthen the initiative for winter, when awareness of Immune care.

- The launch of [*Kirin Oishii Immune Care Sleep*] will be an opportunity to further expand the reach of the Kirin Oishii Immune care series and make immune care a habit.



#### Solid establishment of the "Calolimit" brand FANCL KIRIN

- Expanded the brand lineup with the launch of [*Calolimit Blended Tea*].
- We will leverage the brand's strength of approx. 60% recognition to increase the product mix ratio, which will lead to an improvement in the unit price.



Launch on 10/3

#### Continue to nurture the brand through measures and new products launch

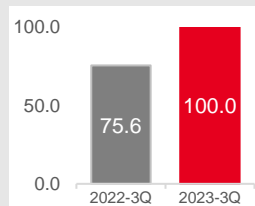
- Gogo-no-Kocha*: Implement initiatives for fall and winter, when demand for tea is expected to increase. (Hot milk tea initiatives, high unit price limited edition products launch, etc.)



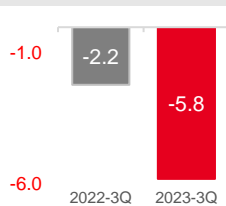


## Health Science Domain

Revenue (bn yen)



Normalized OP (bn yen)

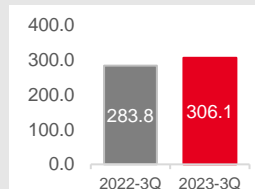


Aggregate figures for administrative purposes, including health science related products of Kirin Brewery and Kirin Beverage.

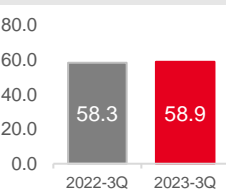
Including Blackmores from 3Q FY2023.

## Kyowa Kirin

Revenue (bn yen)



Normalized OP (bn yen)



## Progress during January-September

### Expand the LC-Plasma business

#### LC-Plasma related revenue (YoY)

**+45%**

To aim for demand throughout the year, we strengthened activities in the spring and summer to stimulate demand not only in the winter, when awareness of Immune care increases.

**Strong sales in iMUSE Immune Care W Care Series** which are a high-unit-price immune care supplements.

Immune care and Individual health issue measures



### Blackmores

**Progress made as expected** in July-September

Held Health Science Day on 9/27

[Access here for more information](#)



### Growth of Global Strategic Products (YoY growth rate for Japan and overseas, yen-basis)



**+21%**



**+22%**

## Initiatives from October

**Maximize demand during the peak season** by promoting "Winter is the time for immune care".

**Continue to strengthen highly profitable habit-forming items** (supplements, ultra-small beverages, etc.)

**Launch in late November**



iMUSE Immune Care W Care Series New Product

**Steady progress in strategy execution in each region and PMI**

### Expansion of the Next Generation Pipeline

**Signed an agreement for the acquisition of shares of Orchard Therapeutics**

[Access here for more information](#)



## Environment

### TNFD Update

#### Presented Kirin Group's involvement in the TNFD at the PRI in Person (Principles for Responsible Investment Annual Conference)\*2023

- › Noted the importance of proactively utilizing the TNFD framework and disclosing information on natural capital



#### Kirin Group's LEAP approach to disclosure featured in TNFD's official casebook

- › Contains an assessment of risk related to water stress

Access here for more information ▶



#### Château Mercian Mariko Vineyard officially certified as a nature symbiosis site by the Ministry of the Environment

- › As "a vineyard that produces agricultural products for business purposes," we are the only case that leads to "nature positive" through a business.
- › Through our Japanese wine business, we will contribute to the achievement of "30 by 30", a global goal declared at The United Nations Biodiversity Conference (COP 15).

#### Began developing "Regenerative Tea Scorecard" in collaboration with Rainforest Alliance to support regenerative agriculture\*\* practices

- › Began development in selected tea plantations in Sri Lanka, the main producer of the tea leaves used in 「*Kirin Gogo-no-Kocha*」.
- › Pilot test to be conducted in 2024 with the aim to adopt and operate autonomous regenerative agriculture in small plantations.

## Social

#### Raised funds through social bond in October

- › The largest SDG bond ever issued by a Japanese food company (60.0 billion yen), and the first social bond issued by a Japanese food company that used the proceeds solely for corporate acquisition.

#### Kirin Group wins two awards at NutraIngredients-Asia Awards

- › iMUSE Brand with "LC-Plasma" received "Product of the Year" for the third year in a row.
- › Dr. Lesley Braun of Blackmores, our group company, received the Nutra Champion Award, given to those who have left a lasting impact on the nutrition industry.



\* An international conference where asset owners, investment managers, policy makers, and broader financial experts from around the world gather to share the latest information and exchange views on responsible investment and ESG investment. This is the 15th conference to be held around the world, and the first to be held in Japan.

\*\* Improve soil health, conserve on-site biodiversity, restore ecosystems, and improve productivity of suitable crops for a better quality of life

# Appendix

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# Normalized EPS Details

(bn yen)		3Q FY2023	3Q FY2022
Profit attributable to Owners of the Company	①	83.9	129.1
Other operating income/expenses after taxes and other adjustments	②	24.6	-28.1
Normalized profit	③ = ① + ②	108.6	101.0
Average number of shares during the period ('000)	④	809,847	825,333
Normalized EPS (yen)	③ ÷ ④	134 yen	122 yen

## Revenue by Segment

(bn yen)

Revenue	
Japan Beer and Spirits	Kirin Brewery
	Other and elimination
Japan Non-alcoholic Beverages	Kirin Beverage
	Elimination
Oceania Adult Beverages	Lion
	Elimination
Pharmaceuticals	Kyowa Kirin
	Elimination
Others	
	Mercian
	Coke Northeast
	Kyowa Hakko Bio
	Other and elimination

3Q FY2023 Actual	3Q FY2022 Actual	YoY	%
1,547.9	1,457.2	90.7	6.2%
515.7	502.0	13.6	2.7%
487.1	480.4	6.7	1.4%
28.6	21.7	6.9	32.0%
190.9	182.7	8.2	4.5%
193.0	184.6	8.4	4.5%
-2.1	-1.9	-0.2	-
196.7	178.9	17.9	10.0%
196.8	179.0	17.8	10.0%
-0.1	-0.1	0.0	-
305.8	283.4	22.4	7.9%
306.1	283.8	22.3	7.9%
-0.3	-0.4	0.1	-
338.8	310.1	28.7	9.3%
45.2	42.2	3.1	7.3%
187.7	158.2	29.5	18.6%
38.1	37.5	0.6	1.7%
67.8	72.3	-4.4	-6.1%

※ 「Blackmores」 is included in 'Other' in 'Others' from 3Q FY2023.

# Normalized OP by Segment

(bn yen)

Normalized OP	
Japan Beer and Spirits	Kirin Brewery
	Others
Japan Non-alcoholic Beverages	Kirin Beverage
Oceania Adult Beverages	Lion
Pharmaceuticals	Kyowa Kirin
Others	
	Mercian
	Coke Northeast
	Kyowa Hakko Bio
	Other
Corporate expenses/inter-segment	

3Q FY2023 Actual	3Q FY2022 Actual	YoY	%
141.5	135.2	6.4	4.7%
60.6	53.0	7.6	14.4%
56.2	50.0	6.3	12.5%
4.4	3.0	1.4	45.8%
14.9	15.3	-0.4	-2.7%
14.9	15.3	-0.4	-2.7%
16.9	18.1	-1.2	-6.6%
16.9	18.1	-1.2	-6.6%
58.9	58.3	0.7	1.1%
58.9	58.3	0.7	1.1%
26.7	29.6	-2.8	-9.6%
-0.6	-0.8	0.2	-
26.5	19.1	7.5	39.2%
-5.1	-1.6	-3.5	-
5.9	12.9	-6.9	-53.9%
-36.6	-39.1	2.6	-

※ 「Blackmores」 is included in 'Other' in 'Others' from 3Q FY2023.

# 3Q FY2023 Results: Kirin Brewery



(bn yen)	3Q FY2023 Actual	3Q FY2022 Actual	YoY	%
Revenue	487.1	480.4	6.7	1.4%
Revenue excl. liquor tax	294.6	280.4	14.2	5.1%
Normalized OP	56.2	50.0	6.3	12.5%

3Q FY22 Normalized OP (bn yen)	50.0	Description
YoY change (bn yen)		
Increase in marginal profit of alcoholic beverages, etc.	19.9	Total beer products -7.9 (Decrease in beer -74,000 kl) Total other than beer products -1.4 (Decrease in RTD: -21,000 kl, Decrease in non-alcoholic beverages: -4,000 kl) etc. Difference in product mix, etc. 29.2
Increase in raw material costs	-11.6	Increase in market prices, etc.
Increase in selling expenses	-0.3	Increase in advertising expenses -1.5 Decrease in sales promotion expenses 1.1 (Total 45.0→ 45.3)
Increase in other expenses	-1.7	Increase in electricity and fuel costs, etc.
Subtotal	6.3	
3Q FY23 Normalized OP	56.2	

(1,000 KL)	3Q FY2023 Actual	3Q FY2022 Actual	YoY %	Market (Category)
Beer products total*	-	-	-6.3%	-2%
RTD	309	330	-6.4%	-1%
Non-alcoholic beverage	32	36	-11.1%	-5%

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

KIRIN ICHIBAN Brand Total	263	263	0.3%	2%
SPRING VALLEY Brand Total	15	16	-3.5%	2%
Tanrei Green Label	115	123	-6.9%	11%
Honkirin	157	174	-9.6%	-12%
Hyoketsu Brand Total	209	201	3.8%	-1%

From FY2023, only the beer products will be disclosed from the beer category, with details of main brands and channels.



## Revenue

- ▶ Revenue increased due to an increase in sales volume in the on-premise channels as a result of recovery in demand for dining out and an increase in unit price due to the price revision implemented in the previous year.
- ▶ Sales volume in the on-premise channels increased by 20% over the previous year due to recovery in demand for dining out, despite a slowdown from the first half of the year.
- ▶ Sales volume in the off-premise channels fell below the previous year due to the impact of decline in demand for at-home consumption as demand for dining out recovered. Although there was temporary demand for happoshu and new genre beer before the revision of liquor tax in September, temporary demand before the price revision in all beer categories in the same period last year was larger, resulting in lower sales volume than in the same period last year.
- ▶ Sales of the core brand KIRIN ICHIBAN increased slightly year on year due to strong sales in the on-premise channels, despite a decrease in the off-premise channels in response to the temporary demand in September of last year. In addition, sales of KIRIN ICHIBAN Zero Sugar was strong as the trend recovered after the renewal activities in July.
- ▶ In the Hyoketsu brand, sales of the Hyoketsu Sugar Free series increased from the previous year due to strong sales of existing products as well as 「Hyoketsu Sugar Free Shikuwasa citrus」 after its new release in July.

	YoY %	Market
On-premise beer **	Approx. +20%	Approx. +20%
Off-premise beer**	-9%	-7%

## Off-premise beer Market

The increase in volume is due to the increase from new product launches. Most existing products continued to fall below the previous year's level.

\*\* On-premise: Total of bottles, kegs and PET products;  
Off-premise: Total of cans

## Normalized OP

- ▶ Normalized OP increased due to the effect of price revisions, which exceeded the impact of the sharp rise in raw material and other costs

(bn yen)	3Q FY2023 Actual	3Q FY2022 Actual	YoY	%
Revenue	193.0	184.6	8.4	4.5%
Normalized OP	14.9	15.3	-0.4	-2.7%

**3Q FY22  
Normalized OP (bn yen)**
**15.3** Description

YoY change (bn yen)	9.6	Increase in marginal profit of soft drinks	Decrease in sales volume -12.15 million cases -5.2 Difference in product and in composition ratio of containers, etc. 14.8
	-8.5	Increase in raw material costs, etc.	Increase in raw material cost -3.0, Increase in material cost -4.1, Increase in processing cost -1.4
	-1.8	Increase in selling expenses	Decrease in sales promotion expenses 0.2, Increase in advertising expenses -2.1 (Total 16.1 → 17.9)
	0.3	Decrease in other expenses	
	-0.4	Subtotal	

**3Q FY23 Normalized OP**
**14.9**

Sales volume (10,000 cases)		3Q FY2023 Actual	3Q FY2022 Actual	YoY %
By Domain	Food & Beverages	12,636	14,111	-10.4%
	Health Science	1,845	1,585	16.4%
	LC-Plasma products	630	450	39.9%
By Container	Can	1,593	1,699	-6.3%
	Large PET bottle	3,893	5,076	-23.3%
	Small PET bottle	7,603	7,453	2.0%
	Others	1,393	1,467	-5.1%
Subtotal		14,481	15,696	-7.7%

Sales volume (10,000 cases)		3Q FY2023 Actual	3Q FY2022 Actual	YoY %
By Brand	Gogo-no-Kocha	3,629	3,668	-1.1%
	Nama-cha	2,076	2,211	-6.1%


**Revenue**

- Revenue increased mainly due to the effect of price revisions implemented in the previous year.
- Revenue from the sales of LC-Plasma containing beverages increased significantly due to the contribution of new products such as the *Kirin Oishii Immune Care* series, in addition to the strong sales of existing products.
- Revenue from sales of core brands *Gogo-no-Kocha* and *Nama-cha* also increased due to the launch of new products with higher unit prices and limited editions, despite a decrease in volume due to price revisions implemented in the previous year.

**Normalized OP**

- Normalized OP decreased due to lower sales volume and higher selling expenses, although the impact of higher raw material and other costs was offset by the effect of price revisions.



	Yen base (bn yen)				AUD base (million \$)			
	3Q FY23 Actual	3Q FY22 Actual	YoY	%	3Q FY23 Actual	3QFY22 Actual	YoY	%
Revenue	196.8	179.0	17.8	10.0%	2,123	1,972	151	7.7%
Australia & NZ	136.7	127.4	9.3	7.3%	1,474	1,403	71	5.1%
US Craft etc.	60.1	51.6	8.5	16.5%	649	569	80	14.1%
Normalized OP	16.9	18.1	-1.2	-6.6%	183	200	-17	-8.6%
Australia & NZ	10.5	12.3	-1.8	-15.0%	113	136	-23	-16.8%
US Craft etc.	6.5	5.8	0.6	11.0%	70	64	6	8.7%

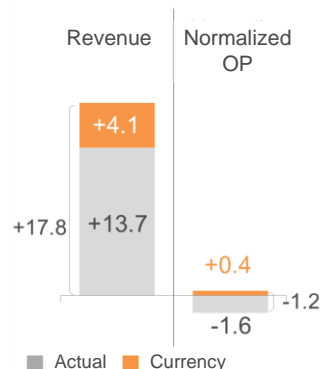
## Changes in Normalized OP Australia & NZ (million \$)

3QFY22 Normalized OP		136
Australia & NZ	Sales Volume	6
	Other*	-29
3QFY23 Normalized OP		113

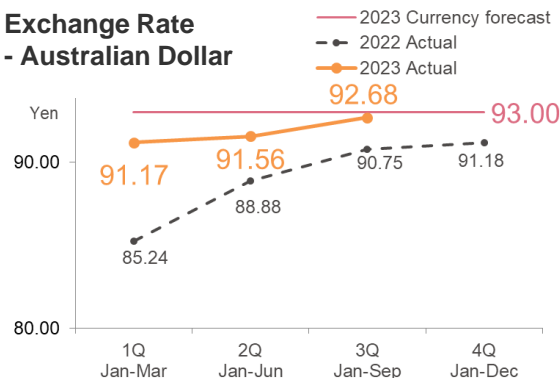
\* Includes Corporate costs

• Sales volume growth rate vs. previous year was +3% for AU, NZ, and US Craft combined, and +1% for AU alone.  
• The details of "AU & NZ" and "US Craft etc." are disclosed from 2023.

## Forex Impact (bn yen)



## Exchange Rate - Australian Dollar



## Revenue

- Revenue in both AUD and yen bases increased (+7.7% on an AUD base and 10.0% on a yen base YoY).
- In AU and NZ, sales revenue increased due to the effect of price revisions, and growth in Stone & Woods sales volume as well as strong sales in Hahn, despite the challenges in external environment which impacted consumer confidence and discretionary spend.
- In US, sales revenue of craft beer increased due to strong sales of the Voodoo Ranger brand, improvement in Bell's brands, as well as the effect of price revisions.

## Normalized OP

- Normalized OP decreased in both AUD and yen bases (-8.6% on an AUD base and -6.6% on a yen base YoY).
- Although price revisions offset the steep rise in raw material prices, Normalized OP declined as a result of increased marketing investment in core brands and other products.

(bn yen)	3Q FY2023 Actual	3Q FY2022 Actual	YoY	%
Revenue	305.8	283.4	22.4	7.9%
Kyowa Kirin	306.1	283.8	22.3	7.9%
Elimination	-0.3	-0.4	0.1	-
Normalized OP	58.9	58.3	0.7	1.1%
Kyowa Kirin	58.9	58.3	0.7	1.1%



Note

## Revenue

- Revenue increased due to the growth of global strategic products mainly in the US and the effect of foreign exchange rate fluctuations, despite negative factors such as the NHI drug price revision in Japan and the restructuring of the Europe Established business.

## Normalized OP

- Normalized OP increased due to growth in sales of global strategic products, mainly in the US, and technology out-licensing revenue, despite an increase in SG&A expenses associated with the launch of in-house sales of *Crysvita* in the US.

## Global Strategic brands Sales Revenue (Billions of Yen)

(bn yen)	Crysvita		Poteligeo	
	3Q FY2023	3Q FY2022	3Q FY2023	3Q FY2022
Japan	7.4	6.4	1.4	1.5
North America	70.2	57.4	15.1	12.6
EMEA	24.5	21.2	4.8	3.5
APAC	1.1	0.1	-	-
<b>Total</b>	<b>103.1</b>	<b>85.1</b>	<b>21.3</b>	<b>17.5</b>

Read Kyowa Kirin's earnings announcement here.

<https://ir.kyowakirin.com/en/library.html>



# 3Q FY2023 Results : Coke Northeast



## Yen base (bn yen)

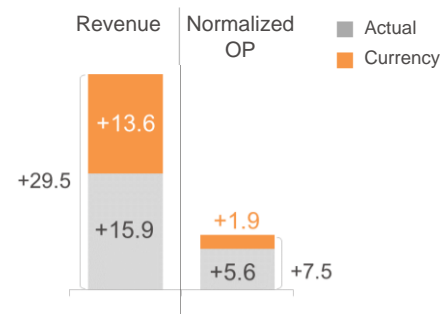
	3Q FY2023 Actual	3Q FY2022 Actual	YoY	%
Revenue	187.7	158.2	29.5	18.6%
Normalized OP	26.5	19.1	7.5	39.2%

## USD base (million \$)

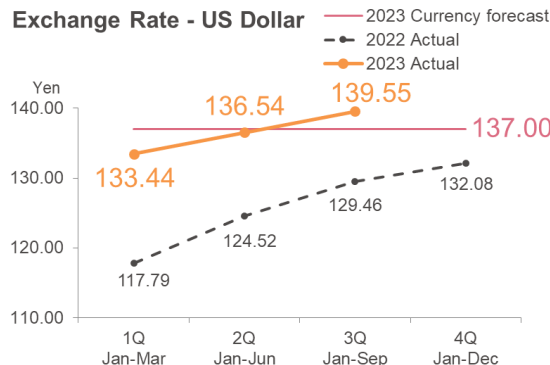
	3Q FY2023 Actual	3Q FY2022 Actual	YoY	%
Revenue	1,345	1,222	123	10.0%
Normalized OP	190	147	43	29.1%

## Consolidated foreign exchange impact (vs. prior year)

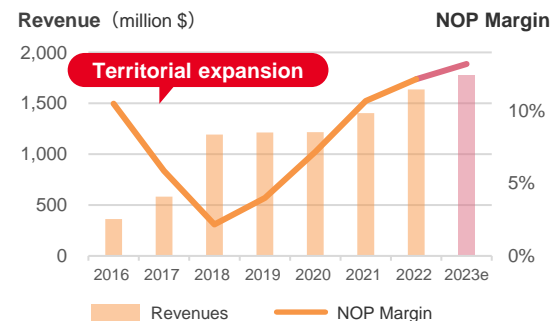
### Actual results for 3Q FY2023 (bn yen)



## Exchange Rate - US Dollar



## Revenue and NOP Margin



## Revenue

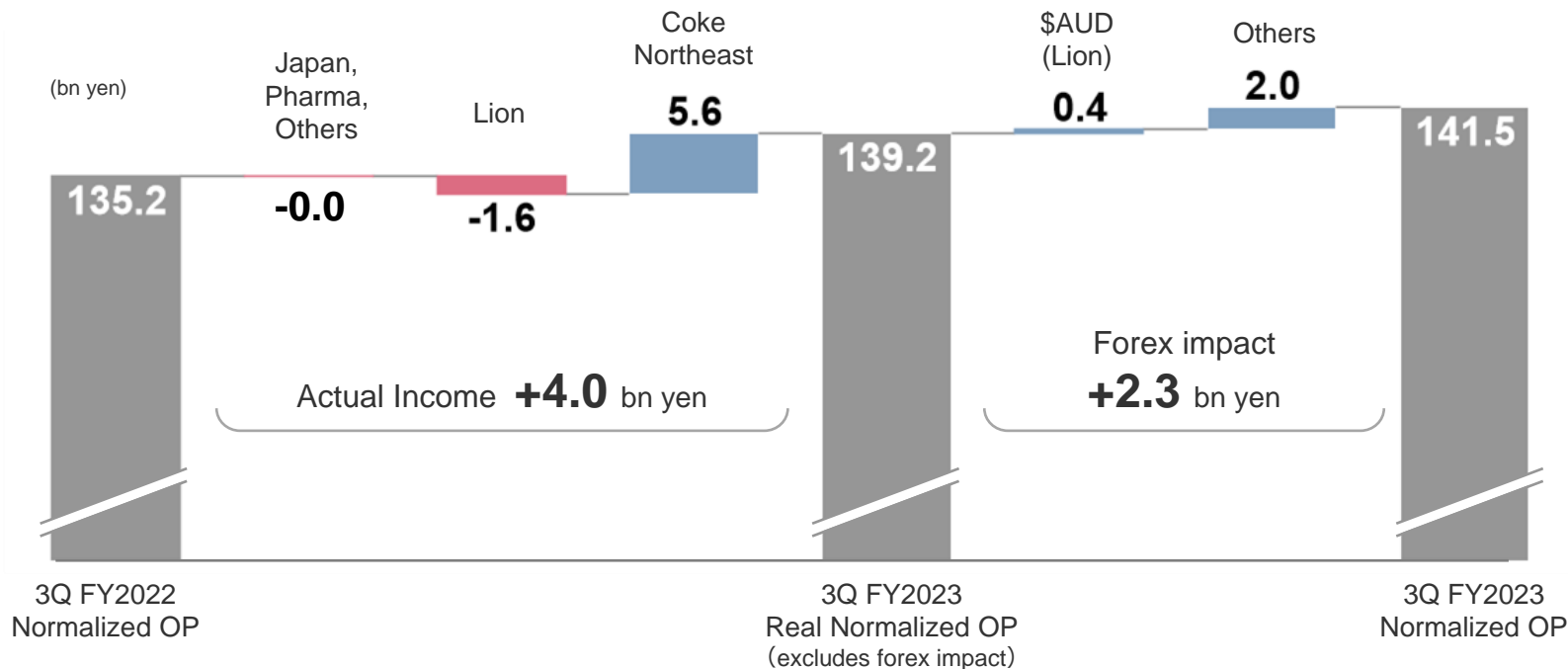
- Revenue increased due to steady consumption in the US and the continued unit price effect from the price revision. (Revenues increased by +10.0% on a USD base and by +18.6% on a yen base compared to the same period of the previous year).

## Normalized OP

- Normalized OP increased due to an increase in revenue from sales resulting from the unit price effect and improved mix, despite a continued increase in expenses, especially labor costs. (Normalized OP increased by +29.1% on a USD base and by +39.2% on a yen base compared to the same period of the previous year).

# Forex Impact on Consolidated Results

- Consolidated foreign exchange impact of +2.3 bn yen due to yen depreciation, etc.



# Financial Procedures for the Consolidation of Blackmores

- We will conduct a Purchase Price Allocation (PPA), a procedure to allocate the purchase price to the assets and liabilities of the acquired company to consolidate it upon completion of the acquisition.
- Due to the time required to examine the PPA, a tentative figure will be applied during FY2023 and finalized in 1Q of FY2024.

## Impact on BS

### At the time of 100% acquisition (purchase)

Assets	Liabilities
	Approx. 30.0 billion yen

Increase in inventories and PP&E due to fair value valuation

Purchase Price  
Approx. 160.0 billion yen

### After PPA procedure [tentative]

Current assets	Liabilities
Non-current assets	Deferred tax liabilities
Increase in intangible assets such as customer relationships and trademarks etc. due to fair value valuation	Purchase Price Approx. 160.0 billion yen
Goodwill	

## Impact on PL

**Begin to incorporate results from July, which is the beginning of the second half of the fiscal year**

- Due to the amortization of intangible assets and one-time expenses from the acquisition, the impact on the full-year result for the current fiscal year is minimal.
- FY2023 Revenue and Normalized OP are included in "Other" of "Others" for segment disclosure purposes, but will be disclosed separately from FY2024.

# Statement of Financial Position / Statement of Cash flows

(bn yen)	3Q FY2023 Actual	3Q FY2022 Actual	YoY
Total assets	2,936.0	2,542.3	393.8
Total equity	1,394.8	1,253.2	141.6
Total liabilities	1,541.3	1,289.1	252.2
ROIC ※1	-	8.5	-
Gross Debt Equity Ratio	0.67	0.53	-
Net Debt / Normalized EBITDA ※2	-	1.6	-
PBR(Price Book-value Ratio) ※3	1.5	1.7	-

ROIC and Net Debt / Normalized EBITDA will only be disclosed in 4Q.

(bn yen)	3Q FY2023 Actual	3Q FY2022 Actual	YoY
CF from operating activities	128.0	87.2	40.8
CF from from investing activities	-231.0	18.5	-249.5
Free CF	-103.0	105.7	-208.7
CF from financing activities	129.7	-121.1	250.7

※1 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)

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

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

※3 Share price at the end of the period / (Profit attributable to owners of the Company / Number of shares outstanding at the end of the period (excluding treasury shares))



Note

## Statement of Financial Position

- ▶ **Total assets:** Increased by 393.8 billion yen from the end of the previous fiscal year to 2,936.0 billion yen, mainly due to an increase in goodwill and intangible assets resulting from the acquisition of Blackmores Limited.
- ▶ **Total Equity:** Amounted to 1,394.8 billion yen, an increase of 141.6 billion yen from the end of the previous fiscal year, mainly due to an increase in other components of equity resulting from the effect of foreign exchange rate fluctuations.
- ▶ **Total liabilities:** Amounted to 1,541.3 billion yen, an increase of 252.2 billion yen from the end of the previous fiscal year, mainly due to an increase in bonds and borrowings (current), mainly due to an increase in commercial paper.
- ▶ **Gross DE ratio:** Increased from the end of the previous fiscal year due to a 42% increase in interest-bearing debt, while equity attributable to owners of the company also increased by 14%.
- ▶ **PBR:** Decreased from the end of the previous fiscal year due to a 14% increase in equity attributable to owners of the company while the closing share price at the end of the period increased by 4%.

## Statements of Cash Flows

- ▶ **CF from operating activities:** Working capital outflow increased by 11.8 billion yen and income taxes paid decreased by 32.0 billion yen.
- ▶ **CF from investing activities:** Proceeds from sales of investments in subsidiaries amounted to 8.0 billion yen and proceeds from sales of investments amounted to 6.4 billion yen. On the other hand, purchase of investments in subsidiaries increased by 115.9 billion yen from the same period last year to 162.1 billion yen, and purchase of property, plant and equipment and intangible assets resulted in an outflow of 83.5 billion yen.
- ▶ **Financing Activities:** Outflows included 71.0 billion yen for dividend payments, 32.7 billion yen for repayment of long-term debt, and 30.0 billion yen for redemption of bonds. On the other hand, there were proceeds of 157.0 billion yen from an increase in commercial paper and 119.2 billion yen from long-term debt.

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