



Kirin Group Financial Results for 3Q FY2023

November 8, 2023

Kirin Holdings Company, Limited

- I am Takaoka from Kirin Holdings.
- I will now explain the third quarter financial results. First, please refer to page 3.

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.

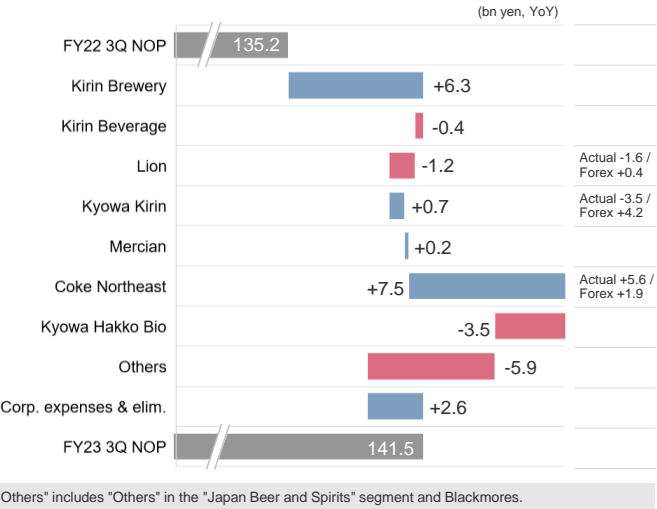
- Achieved an increase in both Revenue and Normalized OP through aggressive marketing investments and price revisions, etc.

(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.

- For the third quarter, Consolidated revenue increased 6.2% from the previous year to 1,547.9 billion yen, and Consolidated Normalized operating profit increased 4.7% from the previous year to 141.5 billion yen. This was due to aggressive marketing investments and price revisions in each operating company.
- Profit before tax was 142.4 billion yen, down -30.3% from the previous year, mainly due to the rebound of the gain on the sale of China Resources Kirin Beverages that occurred in the third quarter of last year.
- Profit attributable to owners of the Company was 83.9 billion yen, decreased by -35.0%, due to a decline in profit before tax.
- As for the Normalized EPS, it increased by 12 yen to 134 yen, mainly due to an increase in Consolidated Normalized operating profit and share of profit of equity-accounted investees.
- We have not revised our full-year forecast for the third quarter, and we continue to aim to achieve Normalized operating profit of 192.0 billion yen.

➤ 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**

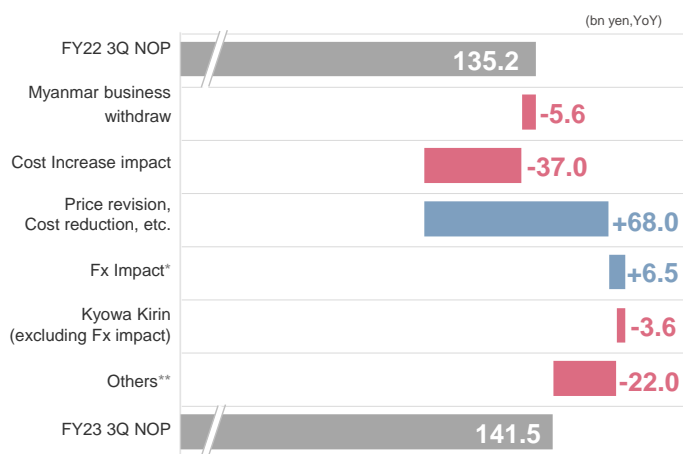
➤ Includes -5.6 bn yen impact of the exclusion of Myanmar.
- Corporate Expenses and Inter-Segment Eliminations**

➤ Unexpensed expenses, etc.

- Page 4 shows the changes in the Normalized operating profit by operating company, please check the details later.

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

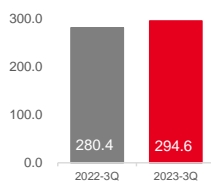
2024 Forecast

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.

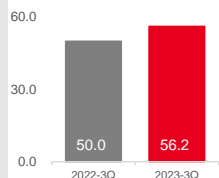
- Please see page 5.
- Looking at the changes in Normalized operating profit by factor, the negative impact of soaring cost was approximately 37.0 billion yen, but the implementation of price revisions and cost reductions resulted in a positive impact of approximately 68.0 billion yen, which was able to offset the deterioration in business performance.
- However, these effects do not include the impact of sales volume reductions due to price revisions, so we will continue to closely monitor market conditions and invest the profits gained in marketing investments.
- There is no significant change at this time in the annual cost increase forecast for the current year.
- We can see that costs will continue to increase in each operating company in the next fiscal year, but 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)



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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.

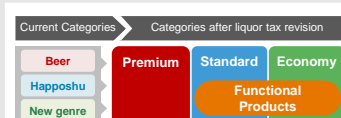
Progress during January-September

Initiatives from October

The Beer Market Forecast Beyond 2026

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

- 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.



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 'shikwasa 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.



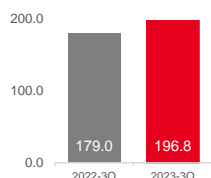
*Year on year growth (sales volume)

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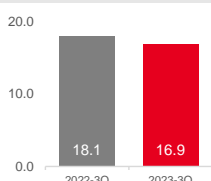
- I will explain each business starting from page 6. First, Kirin Brewery.
- Both Revenue and Normalized operating profit increased due to the contribution of higher unit prices resulting from the price revision implemented in October 2022, as well as solid sales of core brands as a result of increased marketing investment.
- As many of you may know, the main topic of the Japanese beer market is the second revision of the liquor tax, which will be implemented this October, and the unification of the liquor tax for the three categories of beer, happoshu, and new genre is also scheduled for 2026.
- Our forecast assumes that even after the unification of liquor taxes, there will be a total of three price categories: premium, standard, and economy, as well as functional categories.
- The most recent market forecast indicates that while there will be a shift to some extent towards premium and standard beer, a significant percentage of the economy and functional category will remain.
- Under these future market projections, we believe that having strong brands in all four categories (mentioned above) will be a significant advantage in capturing customer demand, and we are working to strengthen our brand portfolio.
- Through September, our beer products' performance is progressing as planned. We are seeing positive results, particularly in the recovery of the trend towards KIRIN ICHIBAN Zero Sugar, which has been a challenge for some time.
- In the RTD category, which is expected to grow in the future, the Hyoketsu sugar-free showed strong growth, increasing 40% year on year, partly due to the contribution of new products.
- From October and beyond, we will continue to take aggressive measures in each category to capture the changing demands of our consumers.

3Q Results

Revenue (bn yen)



Normalized OP (bn Yen)



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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%*.	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.

*Sales volume % change from previous year

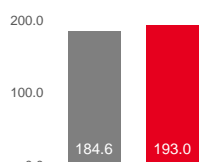
**Total of 3 brands: XXXX, Tooheys, Hahn

7

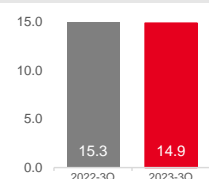
- Next is LION, please see page 7.
- As for Australia, we are continuing to nurture brands, and some brands are performing well, but the local economy continues to face a challenging market environment such as continued inflation, and therefore, need to nurture brands from a medium- to long-term perspective.
- Sales of Hahn and Stone & Wood were strong, and both categories of core brands & craft beers saw cumulative volume growth year on year
- However, there is one additional explanation: since the implementation of the current ERP system, Lion has managed its financial results not on a calendar year, but on a 52-week cycle, i.e. 364 days, one day less per year.
- Therefore, the annual adjustment must be made for each year in which the missing day is one week and that year is the current year.
- This July-September will have an extra week of sales volume added to it.
- We have not yet reached the point where all of our brands are performing well, so we will continue to work to capture demand for XXXX and Hahn as our top priority brand as we head into the coming peak season.
- As for US craft, as we have reported in the past, Voodoo Ranger has been performing well, and the Bell's brand is gaining momentum as the effect of the integration is further demonstrated, such as the utilization of sales channels on the US craft platform.
- We will continue to work to achieve further growth.

3Q Results

Revenue (bn yen)



Normalized OP (bn yen)



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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.



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.)

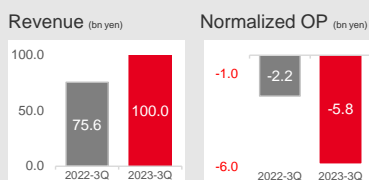


*Year on year growth (revenue)

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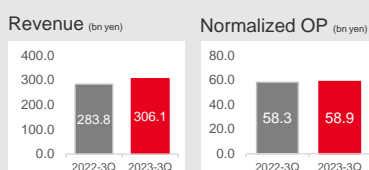
- Please see page 8 for Kirin Beverage.
- The soft drinks market in Japan also continues to face a challenging business environment, but we are working to strengthen our brand power rather than restrict marketing investment in the second half of the year as we have done in the past.
- In the health science domain, which we are focusing our efforts, the number of purchasers of LC-Plasma containing beverages have surpassed that of competing brands, and we are steadily expanding our Coverage.
- Since winter is the peak season for immune care, we aim to further expand and establish Kirin Oishii Immune Care through new products with functions that also improve the quality of sleep.
- In addition, we will also work to establish Calolimit Blended Tea, a product launched in October in collaboration with FANCL by leveraging the strong brand power of the Calolimit brand.
- Kirin Beverage has been working to increase the composition of products in the mid-to-high price range and will continue to expand the range of products with higher unit prices than standard products, such as Calolimit Blended Tea, Nama-cha Rich, and limited editions of Gogo-no-Kocha.

Health Science Domain



Aggregate figures for administrative purposes, including health science related products of Kirin Brewery and Kirin Beverage.
Including Blackmores from 3Q FY2023.

Kyowa Kirin



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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](#)



- Next is page 9, the Health Science domain.
- LC-Plasma related revenue have grown by a significant 45%, due to the strengthening of activities such as raising awareness of the importance of immunity in the spring and summer, when awareness of the prevention of infectious diseases has tended to be lower.
- With supplements, the iMUSE Immune Care W Care Series, which also offers additional individual health issue measures, has been selling well despite its high unit price.
- A new product is being prepared for launch by the end of this year, and we will continue our efforts to make immune care a habit and strengthen profitability.
- The acquisition of Blackmores was completed in August, and the company's current performance has been solid. Please see page 21 of the Appendix for more details on the incorporation to this year's Kirin Group results.
- Kyowa Kirin, in the pharmaceutical domain, continues to work on the growth of its global strategic products, and recently announced the conclusion of an agreement for the acquisition of Orchard to expand its pipeline from a medium- to long-term perspective. Please refer to Kyowa Kirin's disclosure materials for further details.

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.

* 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

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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.



- Please see page 10 for the ESG update.
- At the United Nations Principles for Responsible Investment Annual Conference, we gave a presentation on Kirin Group's TNFD initiatives.
- In addition, Kirin Group's efforts have been highly praised, including the disclosure of risks related to water stress in the TNFD's case studies.
- Regarding social initiatives, a social bond was issued in October to finance the acquisition of Blackmores.
- We believe that the acquisition of Blackmores through a social bond will enable the two companies to achieve continued growth in the health science business within each business domain in which they operate and create further economic and social value by solving more health issues for people worldwide.
- We have also received a third-party accreditation for compliance with international sociality guidelines for these initiatives.
- We will continue to place CSV at the core of our management to strengthen our business, and at the same time, we will aim to achieve both economic and social value by being highly evaluated from an ESG perspective.
- This concludes my presentation of the progress of the third quarter financial results.

Appendix

Joy brings us together



(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)

		3Q FY2023 Actual	3Q FY2022 Actual	YoY	%
Revenue		1,547.9	1,457.2	90.7	6.2%
Japan Beer and Spirits		515.7	502.0	13.6	2.7%
	Kirin Brewery	487.1	480.4	6.7	1.4%
	Other and elimination	28.6	21.7	6.9	32.0%
Japan Non-alcoholic Beverages		190.9	182.7	8.2	4.5%
	Kirin Beverage	193.0	184.6	8.4	4.5%
	Elimination	-2.1	-1.9	-0.2	-
Oceania Adult Beverages		196.7	178.9	17.9	10.0%
	Lion	196.8	179.0	17.8	10.0%
	Elimination	-0.1	-0.1	0.0	-
Pharmaceuticals		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	-
Others		338.8	310.1	28.7	9.3%
	Mercian	45.2	42.2	3.1	7.3%
	Coke Northeast	187.7	158.2	29.5	18.6%
	Kyowa Hakko Bio	38.1	37.5	0.6	1.7%
	Other and elimination	67.8	72.3	-4.4	-6.1%

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

Normalized OP by Segment

(bn yen)

		3Q FY2023 Actual	3Q FY2022 Actual	YoY	%
Normalized OP		141.5	135.2	6.4	4.7%
Japan Beer and Spirits		60.6	53.0	7.6	14.4%
	Kirin Brewery	56.2	50.0	6.3	12.5%
	Others	4.4	3.0	1.4	45.8%
Japan Non-alcoholic Beverages		14.9	15.3	-0.4	-2.7%
	Kirin Beverage	14.9	15.3	-0.4	-2.7%
Oceania Adult Beverages		16.9	18.1	-1.2	-6.6%
	Lion	16.9	18.1	-1.2	-6.6%
Pharmaceuticals		58.9	58.3	0.7	1.1%
	Kyowa Kirin	58.9	58.3	0.7	1.1%
Others		26.7	29.6	-2.8	-9.6%
	Mercian	-0.6	-0.8	0.2	-
	Coke Northeast	26.5	19.1	7.5	39.2%
	Kyowa Hakko Bio	-5.1	-1.6	-3.5	-
	Other	5.9	12.9	-6.9	-53.9%
Corporate expenses/inter-segment		-36.6	-39.1	2.6	-

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

(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)	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
	-11.6	Increase in raw material costs
	-0.3	Increase in advertising expenses -1.5 Decrease in sales promotion expenses 1.1 (Total 45.0→ 45.3)
	-1.7	Increase in electricity and fuel costs, etc.
	6.3	Subtotal
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 Shikwasa 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	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 cost -3.0, Increase in material cost -4.1, Increase in processing cost -1.4
	-1.8	Decrease in sales promotion expenses 0.2, Increase in advertising expenses -2.1 (Total 16.1 → 17.9)
	0.3	
	-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

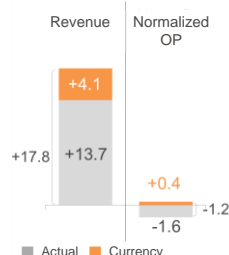
Australia & NZ (million \$)

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

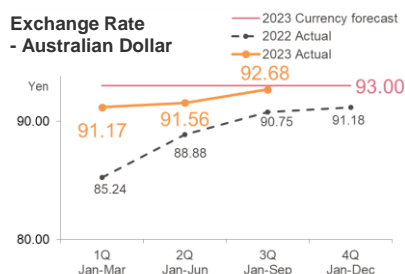
* Includes Corporate costs

• 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



Note

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%



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	-	-
Total	103.1	85.1	21.3	17.5

Read Kyowa Kirin's earnings announcement here.

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



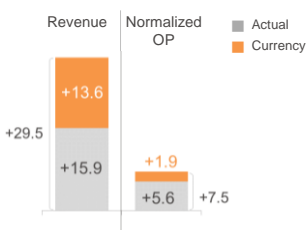
Yen base (bn yen)

	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%

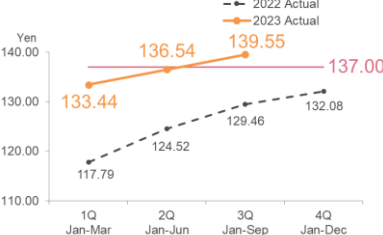
USD base (million \$)

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

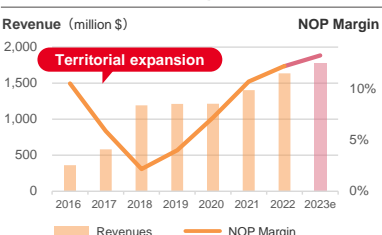
Consolidated foreign exchange
impact (vs. prior year)
Actual results for 3Q FY2023 (bn yen)



Exchange Rate - US Dollar



Revenue and NOP Margin



補足

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).

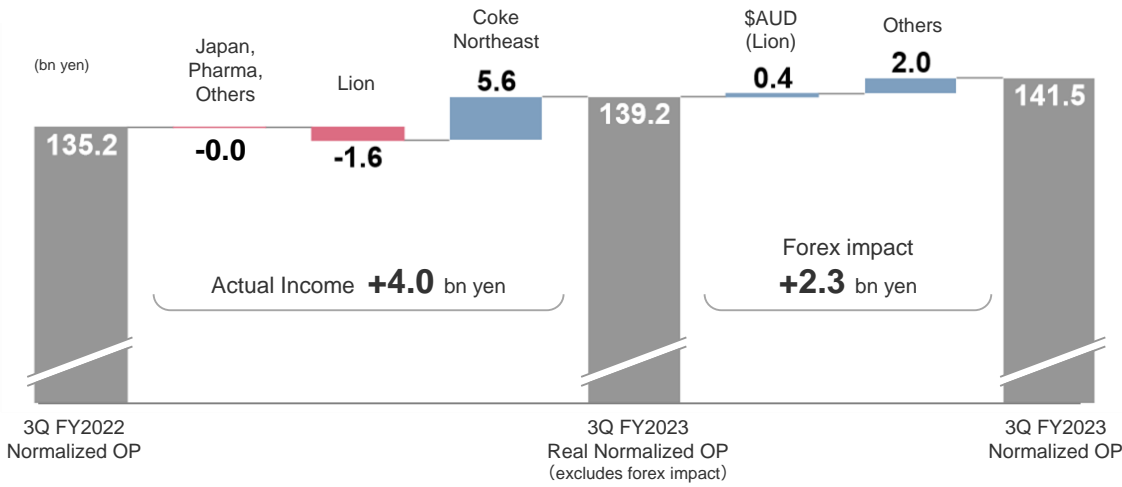
Normalized OP

- 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).

FY2023 3Q Results:
Forex Impact on Consolidated Results



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



- 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	

*The above is an image, and the scale of each asset and liability differs from the actual scale.

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 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))



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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