



KIRIN

Joy brings us together

Kirin Group

Financial Results for 2Q FY2020

August 7, 2020
Kirin Holdings Company, Limited

2Q Financial result summary

- Consolidated revenue and normalized operating profit were -6.2% and -23.1% YoY respectively.
- Profit before tax was +147.2% YoY due to the previous year's impairment losses at Lion Dairy and Drinks in spite of a decline in equity method affiliates' earnings affected by COVID-19.
- Quarterly profit for owners of the parent company was +33.8 billion yen YoY.

Revision of FY20 Forecast

- Like 2Q, COVID-19 is expected to affect operating companies whose high-demand season is in the 2H of the year.
- Consolidated revenue and normalized operating profit have been revised by -8.8% and -26.7% respectively, compared to the initial plan.
Even though business will be severely impacted, the revisions will be minimized by the persistent efforts of the businesses.
- Despite the planned decrease in normalized EPS, initial dividend forecast of 65 yen (up 1 yen YoY) has been maintained.

Revenue and Normalized OP declined however net profit increased due to the reversal of last year's impairment.

(bn yen)	2Q FY20 Actual	2Q FY19 Actual	YoY	%
Revenue	872.5	929.8	-57.3	-6.2%
Normalized OP ^{*1}	69.9	90.8	-21.0	-23.1%
Profit before tax	56.0	22.7	33.3	147.2%
Profit attributable to owners of the Company	33.3	-0.5	33.8	—

Quantitative target

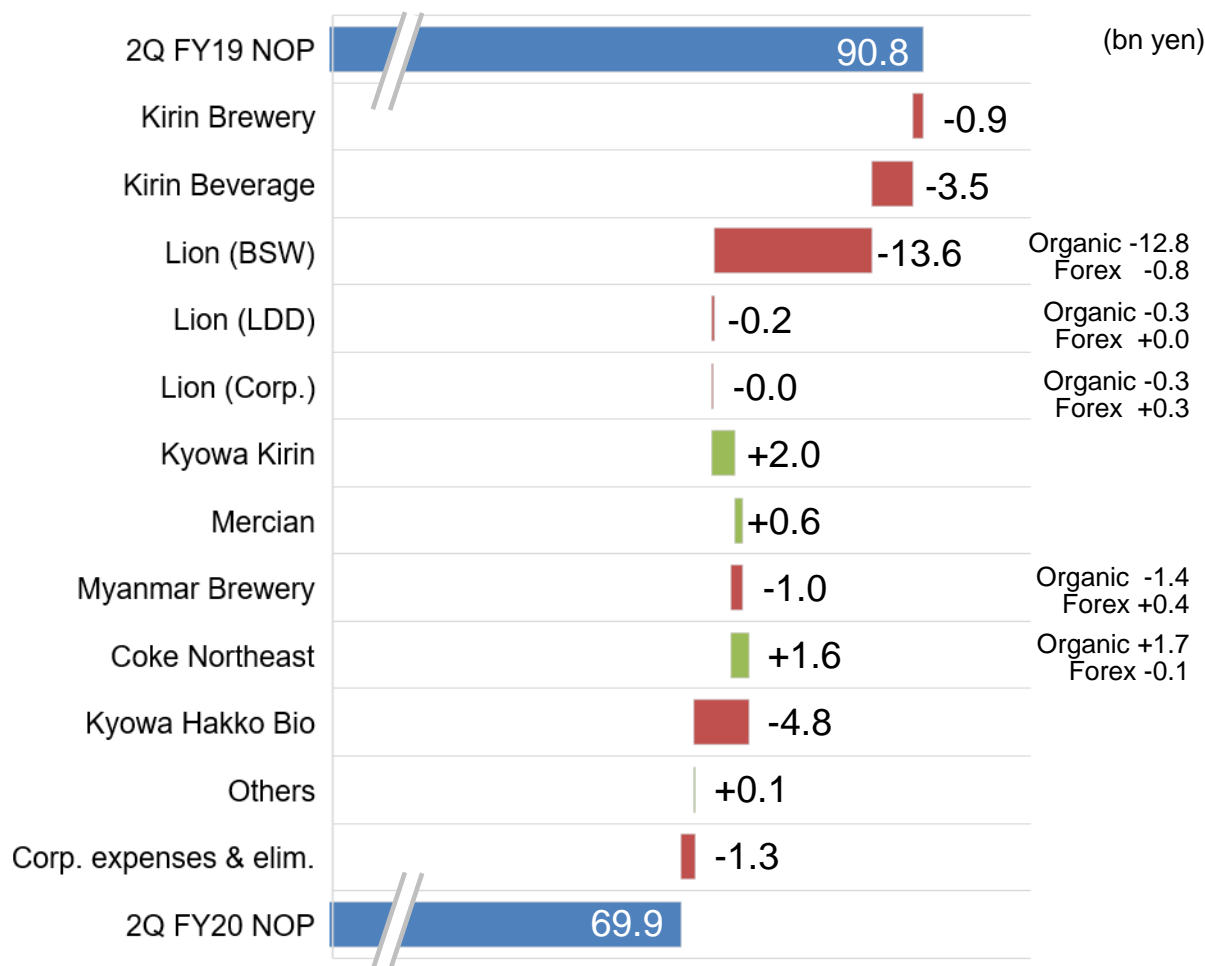
	2Q FY20 Actual	2Q FY19 Actual	YoY	%
Normalized EPS ^{*2}	56 yen	71 yen	-15 yen	-21.1%

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

^{*2} See page 38 for details.

Changes in Consolidated Normalized OP by Company

Key Businesses Outperformed the Market Amid COVID-19 Impact



Notes

Kirin Brewery

➤ Despite strong sales of key products, marginal profits decreased mainly due to decreased sales volume in on-premise channels.

Kirin Beverage

➤ Marginal profit increased by sales volume growth and price revisions of large PET products and cost reductions including advertising expenses.

Lion Beer, Spirits and Wine (BSW)

➤ Price/mix worsened and costs increased due partly to returns of kegs from on-premise customers.

Lion Dairy and Drinks (LDD)

➤ Sales of key products was steady.

Kyowa Kirin

➤ Despite greater sales of global strategic products, overseas sales and product launch expenses increased.

Myanmar Brewery

➤ Sales volume largely increased and raw material market was favorable.

Coke Northeast

➤ Sales volume increased due to steady sales performance of new products, etc.

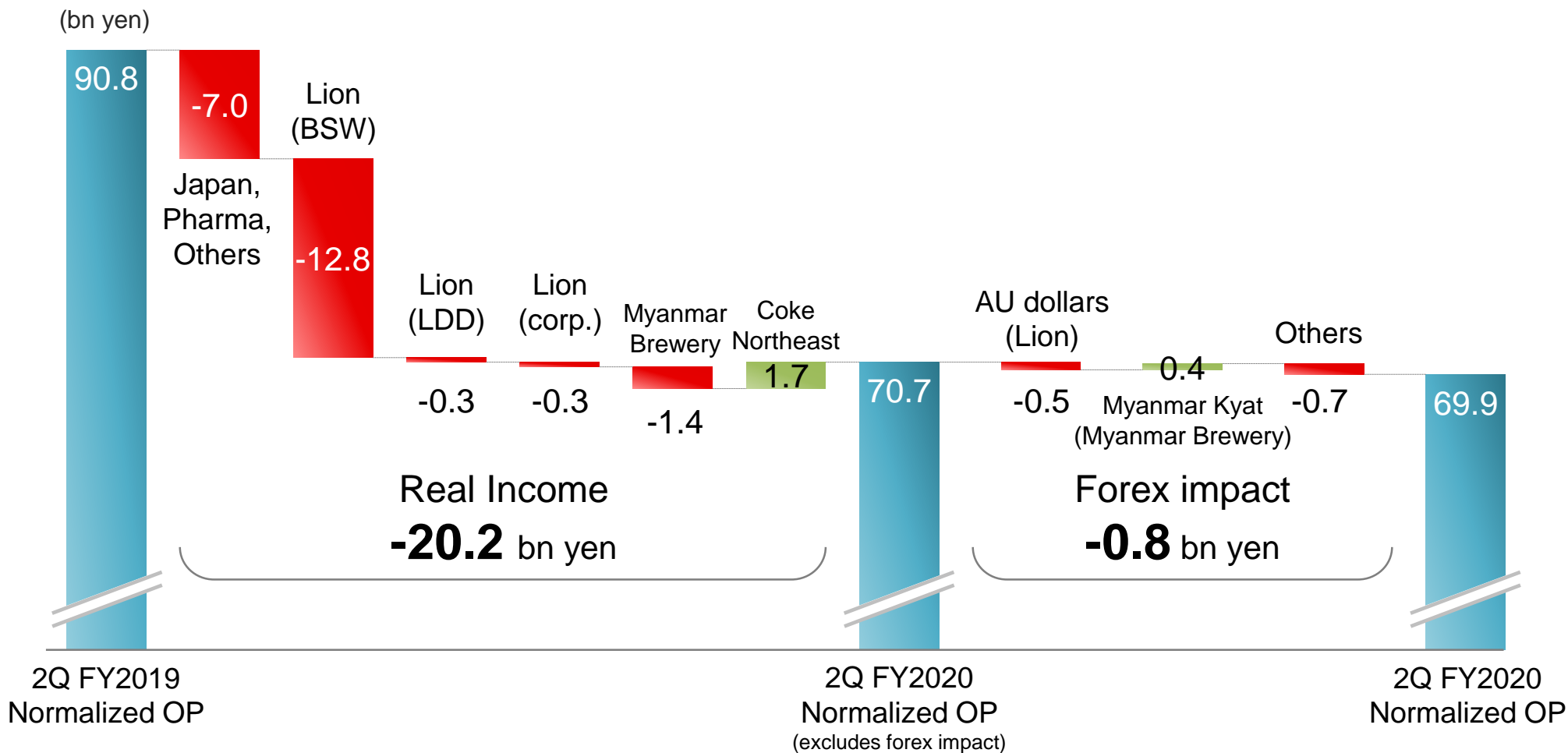
Kyowa Hakko Bio

➤ Production volume decreased.

Forex Impact on Consolidated Results

Real Normalized OP Excluding Forex Impact Decreased by 20.2 bn Yen (-22.2%)

➤ Consolidated forex impact of -0.8 bn yen due to the weakness of the Australian dollar against the yen.



Revisions of FY20 Forecast

Full Year Forecast Revised Downward Due to COVID-19, but the Dividend Target (+1 yen YoY) Forecast Has Been Maintained.

Assumed full-year rate for Australian dollar revised from 74 yen to 73 yen

FY2020 Forecast

(bn yen)	FY20 (new) Forecast	FY19 Actual	YoY		FY20 (initial) Forecast	Change		Description by segment
				%			%	
Revenue	1,824.0	1,941.3	-117.3	-6.0%	2,000.0	-176.0	-8.8%	Kirin Brewery -47.6, Kirin Beverage -39.1, Lion -42.5 (incl. forex -3.8), Other -32.9
Normalized OP	140.0	190.8	-50.8	-26.6%	191.0	-51.0	-26.7%	Kirin Brewery -14.0, Lion -20.0 (incl. forex -0.2), Kyowa Kirin -7.0, Other -4.5
Profit before tax	118.5	116.8	1.7	1.4%	189.5	-71.0	-37.5%	Other operating expenses -12.9 (impairment loss -7.7 Lion NZ, Kyowa Kirin), share of profit of equity-accounted investees -8.8
Profit attributable to owners of the Company	64.5	59.6	4.9	8.1%	115.5	-51.0	-44.2%	Income tax expenses +18.0, Non-controlling interests +2.0

Quantitative targets / Dividend forecast

(bn yen)	FY20 (new) Forecast	FY19 Actual	YoY	FY20 (initial) Forecast	Change
ROIC	5.4%	5.2%	—	8.9%	—
Normalized EPS	111 yen	158 yen	-47 yen	162 yen	-51 yen
Dividend per share	65 yen	64 yen	1 yen	65 yen	—

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

Full year impact for consolidated normalized OP by COVID-19 (estimate)

Appx. **-70.0** bn yen

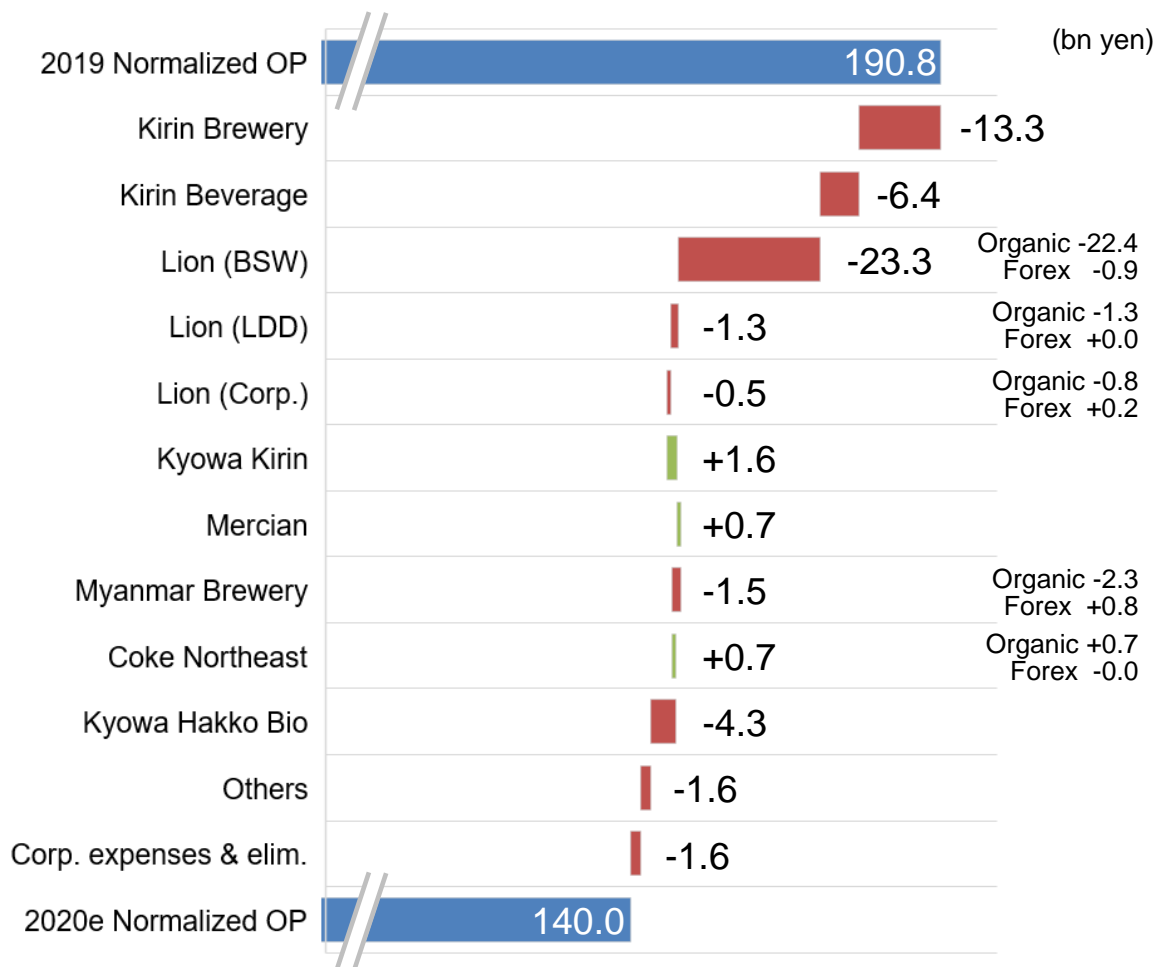
Estimated amount of full-year cost reduction

Appx. **25.0** bn yen

Impact to FY2020 initial Forecast 6

Changes in Consolidated Normalized OP by Company

Strong group's portfolio complimented the impact of some businesses



Notes

See page 42 for details

Kirin Brewery

- Marginal profit decline due to downward sales volume revision

Kirin Beverage

- In addition to the continued decline in sales volume in 2Q, there was a deterioration in the product/container mix due to a change in the channel mix.

Lion Beer, Spirits and Wine (BSW)

- Lower gross margins due to a decline in the on-premise channel and a deterioration in the mix due to lower prices

Lion Dairy and Drinks (LDD)

- Temporary decrease in sales volume due to the impact of COVID-19

Kyowa Kirin

- Downward revision of revenue and profit forecast while maintaining profit growth

Myanmar Brewery

- Decrease in profit due to downward revision of revenue

Coke Northeast

- No change from the initial plan

Kyowa Hakko Bio

- No change from the initial plan

Corporate expenses & elimination

- Revised due to cost reduction from -2.5 to -1.6 YoY

Outperformed the Market by Adapting to Changes in the Operating Environment while Keeping Our "customer-focused strategy."

2Q Results

Favorable sales of core products

Total Beer products 2Q Cumulative Sales Volume

Market -10% ▶ **Kirin -4.4%**
(Estimate)

YoY change in volume of major categories and products (Jan-Jun cumulative total)

Health-conscious



Non-alcoholic
category total

+22%

Preference for standard brands



Tanrei
Green Label

+3%



Kirin Ichiban
(Cans)

-2%

Polarization of Consumption

Affordability x Added value Diversified tastes



Honkirin

+39%



Kirin The
Strong

+26%



Craft beer
Cans Total

+40%

Full-year Forecast

The plan was revised due to impact from COVID-19

- ▶ Although the impact of COVID-19 has declined, the reduced sales volume in high-demand season will have a direct impact on consolidated normalized OP.
- ▶ Marginal profit is expected to fall sharply due to the downward revision of sales volume and deterioration in product mix.
- ▶ Kirin Brewery plans to implement countermeasures in the second half of the year, in line with its initial plan to strengthen the brand towards the liquor tax revision, while reducing costs.

Topics in 2H

- ▶ Continue to invest in key brands
- ▶ Promoting category strategy in light of October's liquor tax revision

2H 2020

Value-added RTDs, etc.

New products to be released



New

Despite the Impact of COVID-19, Health-focused Brands Performed Well

2Q Results

Sales volume in line with the market performance

Total soft drinks 2Q Cumulative Sales Volume 2Q

Market -8% ▶ **Kirin -7.7%**
(Estimate)

Sales volume in 1H was in line with the market; sales from Apr to Jun exceeded the expectations at the time of the 1Q results announcement

Sugar-free / low-sugar product sales volume (Apr to Jun)

Focused products in sugar-free and low sugar domain greatly outperformed the market

午後の紅茶®



The Meister's series

YoY **+2.3%**



Oishii-Muto (Non-sugar)

-2.8%

FIRE



ONEDAY BLACK

+1.5%

Full-year Forecast

Expect intermittent restrictions on behavior until the end of the year.

- ▶ Sales volume targets have been downwardly revised, excluding plasma lactic acid-related products and bottled water made in Japan,
- ▶ In addition to the impact of COVID-19, the long rainy season in July also negatively affected sales volume, a change from the fine weather in June.
- ▶ On the other hand, the company will continue to build a robust brand portfolio while maintaining its basic strategy while reducing costs.

Topics in 2H

Products containing Lactococcus plasma



2Q sales volume YoY **+123%**

Aim for further expansion in 2H

Closure in the on-premise channel and low-price oriented market trend has significantly impacted the operating profit

2Q Results

On-premise channel declined significantly, while the Off-premise channel increased slightly

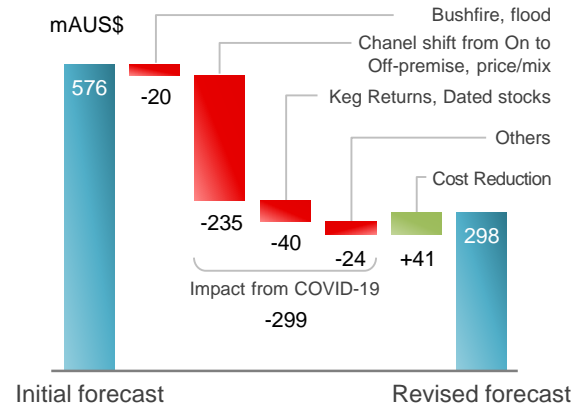
Lion Australia & New Zealand
Actual & Estimated Sales Volume vs FY 2019

	Jan – Mar	Apr – Jun	Jul – Sep	Oct – Dec
	Actual	Actual	Estimate	Estimate
Off premise	+16%	-3%	+3% to +5%	-2% to +2%
	Actual	Actual	Estimate	Estimate
On premise	-11%	-86%	-30% to -60%	-5% to -30%

Revised Forecast

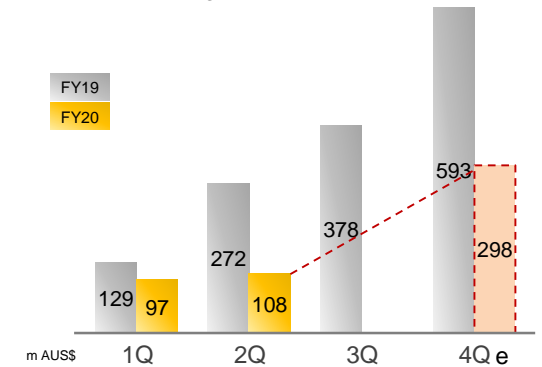
Downward revision of profit mainly due to COVID-19 impact

Breakdown of forecast revision (Beer, Spirits & Wine)



Normalized OP by Quarter (Beer, Spirits & Wine, cumulative)

The impact of the decline in on-premise is expected to continue through the peak season in 4Q



Topics of 2H

Four new products were launched in 2Q They performed strongly with good early market penetration



White Claw Hard Seltzer to be exclusively imported and sold by Lion in Australia from October 2020

- White Claw is the leading brand in the hard seltzer market in the U.S., which accounts for about 10% of the beer market, with more than 50% of the market share.
- Lion will continue to grow our own seltzer brand "Quincy" along side White Claw.

Leveraging the Group's Strengths, the Revitalization Plan is Progressing Smoothly - Moving Forward with Improvements to Highly Profitable Businesses

Business revitalization through SOP deviation prevention measures



Manufacturing techniques and production control engineering

- Dispatched one person to the Hofu Plant as a quality assurance manager in addition to the 31 persons including executive officers, technical staffs.



Kyowa Hakko
Bio Co.

Fermentation production technology

- Providing global technical services to its customers based on technological superiority
- Launched an organizational culture reform project.

Moving towards to a highly profitable structure

Research and development capability

- Kyowa Hakko Bio's basic research division was integrated into Kirin Central Institute on July 1.

Technical development capability

- Improving the product portfolio by increasing the proportion of high functional materials with a competitive advantage

Continued to Grow at Twice the Pace of 1H 2019

YoY Sales Revenue of Lactococcus Plasma products (total)

Jun

+114%

Jan – Jun

+102%



Capital Allocation Priorities Remain Unchanged Overall, Aiming for Stable Dividends

**Operating
cash flow**

**Investment
cash flow**

Free cash flow

- 1. Stable Dividends**
- 2. Growth Investments (M&As)**
- 3. Share Buybacks**

Continue to restrain non-urgent investments, prioritize free cash flow

Overhaul the capital investment plan at the company-wide level and carefully assess investment decisions

Continued shareholder returns through stable dividends

Initially planned dividends (+1 yen YoY) maintained

Restrain the implementation of large-scale M&A for the time being

Focus on leveraging existing businesses and creating synergies in the health science domain. However, decisions could be made upon proper judgment of any strategically and economically reasonable opportunities

No plan to implement share buybacks for the time being

To be reconsidered after operating cash flow recovers

Strategy to Prepare for the New Normal

What we can do

Health and Well-being

Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in the healthcare.

- Distributed N95 masks stockpiled for BCP purposes successively to medical institutions across the country (Kirin Group)
- Production of raw alcohol for disinfection (Mercian)
- Participated in the "We Support" program to support healthcare workers with food and provision of soft drinks (Kirin Beverage and Koiwai)
- Donated to the Kitasato Institute in support of the Kitasato Project for COVID-19 (Kirin Holdings)
- Donated handwashing liquid made from the company distillery to local medical facilities and restaurants (Four Roses)
- Donation of funds for ventilators and other medical equipment such as patient monitors to a national level central committee (Myanmar Brewery)
- Donated to the Zhong Nanshan Medical Foundation to support the foundation's activities in China, such as providing financial assistance and medical assistance for respiratory specialists (Kyowa Kirin).
- Provided Kyowa Kirin's active pharmaceutical ingredients (Saxagliptin Hydrate and Medroxyprogesterone acetate) to the National Institute of Infectious Diseases in Japan for the screening of pharmaceuticals to treat COVID-19 infections (Kyowa Kirin).
- Donated (together with other Japanese pharma companies) to the Singapore Association of Pharmaceutical Industries to provide Personal PPE to healthcare institutions (Kyowa Kirin)
- Donated to the Red Cross in Spain and other EMEA countries, AmeriCares (US), Agency for Integrated Care (Singapore), and Japan Heart (Japan) (Kyowa Kirin)

What we can do

Community Engagement

Create more opportunities for customers to spend time with their families and friends, and develop the communities within our supply chain.

- Supported restaurants and craft breweries through the Tap Marché subscription service (Kirin Brewery)
- Provided beer for restaurants to the Kiuchi Brewing Company, in collaboration with Asahi Breweries, Ltd. to produce highly concentrated ethanol for use in hand disinfection for donation to a local public body in Ibaraki Prefecture (Kirin Brewery).
- Sent daily information on COVID-19-related subsidies needed by restaurants from the head office (Kirin Beer)
- Donated 2,500 liters of cask products free of charge to New South Wales, a particularly hard-hit state (Lion)
- Free pickup of unused keg products for restaurants closed due to COVID-19 (Lion)
- Washed beer servers for over 15,000 pubs in an effort to help restaurants reopen (Lion)
- Fuji-Gotemba Distillery produced a total of 5,400 liters of rubbing alcohol and donated it to Shizuoka Prefecture and Gotemba City (Kirin Distillery).
- Produced online video tools to help people have fun and drinking manners when drinking at home (Kirin Holdings)
- Promoted “Slow Drinks®” for online drinking gatherings (Kirin Holdings)
- Holding the Virtual Vineyard Tour, a limited time offer to virtually experience one of Japan's most famous wine regions, once a month from June through September (Mercian)

What we are trying to achieve with KV2027

The principle of KV 2027 is to be close to society and customers.

KV2027

Long-Term Management Vision KV2027

Simplified diagram

2027 vision

A global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals

Outcome

Create Economic Value / Create Social Value
(Financial targets) (Non-financial targets)

Strategy framework

Solving social issues (Health and well-being, community engagement and the environment)

Meeting every consumer's expectations by strengthening the bonds between consumers and the brands

Organizational capabilities for innovation

Consumer centric marketing	Technology creating trusted value
Diversity and inclusion, culture for innovation	ICT accelerating value creation

2020

COVID-19 spread has led to increased awareness of health and community issues

Global Societal Changes Are Accelerated Due to COVID-19

Examples of societal changes

- | | |
|---|--|
| • Global recession due to economic restrictions | • Increased awareness of physical and mental well-being |
| • Stagnation in international travel | • Varying consumer tastes |
| • Increased awareness of social values | • Accelerate business efficiency through work style reforms and DX*. |
| • Rapid progress in ICT technology | • “Work from home” to become commonplace - remote and virtual |
| • EC channel expansion | • Commoditization growing and rising expectations for CX** |

Business models will be scrutinized as company sustainability will be increasingly called into question

*DX: Digital Transformation

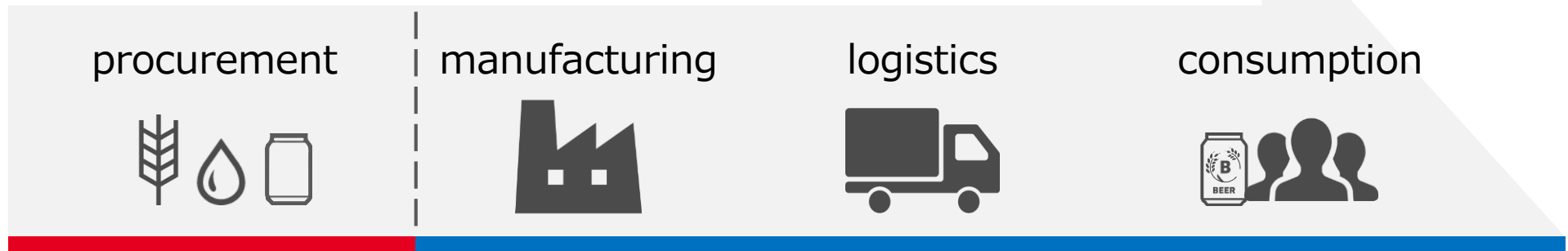
**CX: Customer Experience

Kirin's Core Alcoholic and Non-alcoholic beverages businesses Domestically Completes Most of its Supply Chain

COVID-19 brought about restrictions on international logistics and movement, disrupting global product dynamics; making local supply chains more important than global

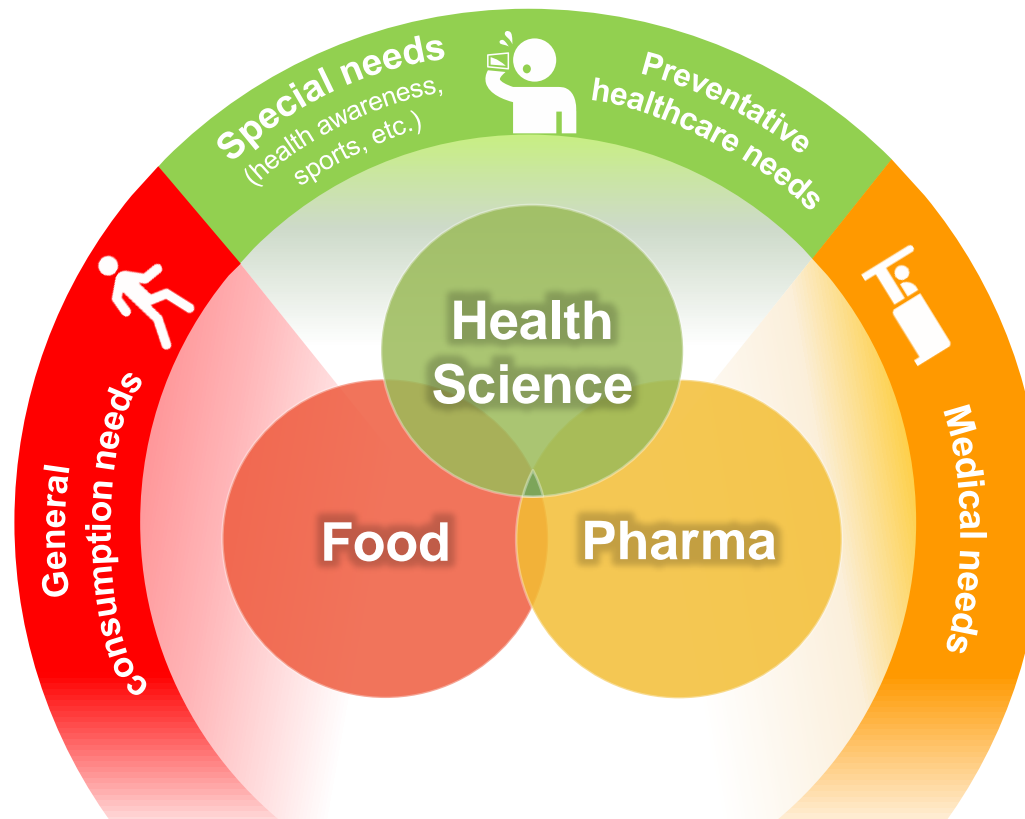
Measures to cope with climate change include risk management of global procurement

Domestic production and consumption in principle

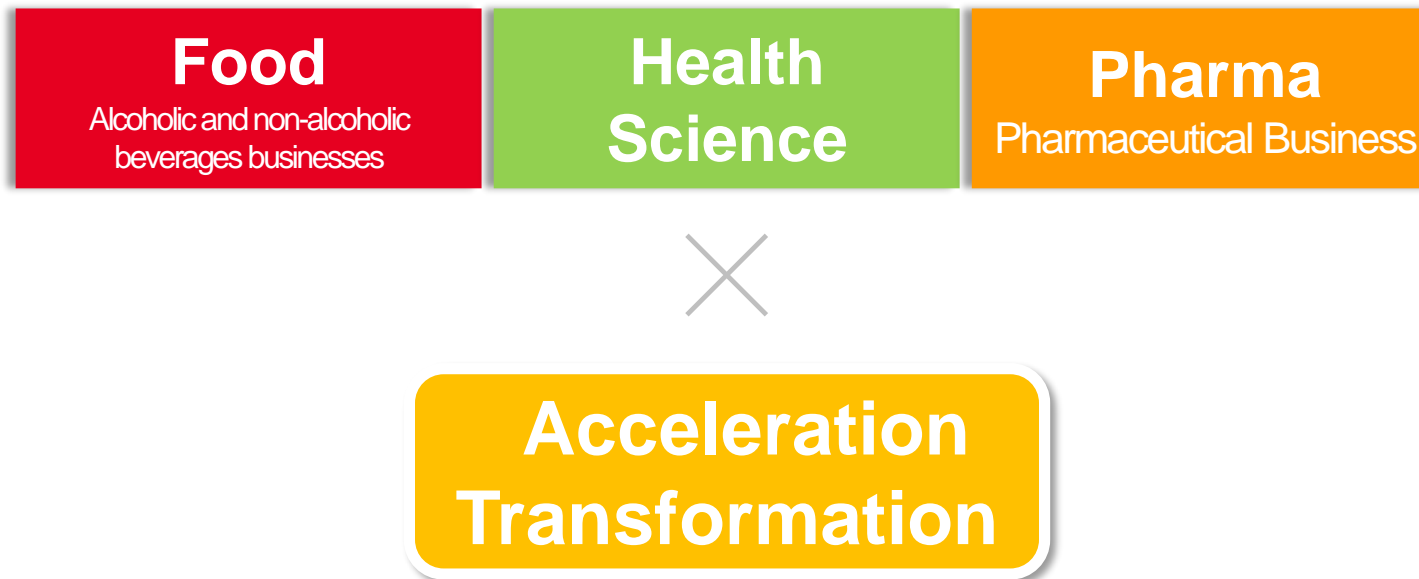


Kirin Group's Business Model Reduced Impact of Some Businesses

Kirin's business model is resilient to societal changes in the world by accommodating different needs.



COVID-19 impact, however, varies depending on the business. The business model needs to be adapted on the premise that consumers' behavior will never return to what it used to be before COVID-19



Redefine challenges and countermeasures focusing on *acceleration* and *transformation*

Changing Needs and a Robust Foundation to Meet Them (an example of Japan's alcoholic business)



COVID-19 Changes Demand of Eating Out and Drinking at Home

Eating out		Drinking at home
the extraordinary	small luxury	healthy / economy

- A different worldview from home.
- A little special drink.
- Healthy lives
- Exquisite food and drink
- A safe, classic drink.
- Good everyday life at a reasonable price.



“Accelerate and transform” strategies to meet the changing needs of consumers

Distancing Sales Activities Progressing; Further Transformations Necessary

Environmental Changes
**Sales activities with
restrictions on customer visits**



Accelerating and transforming
**Permanent sales activity
reform**



**Sales model that is both
efficient and value-
enhancing**

New Sales model

- Improving productivity through distancing sales activities
- More value proposition than price proposition
- Experience, not just products

**Focus on sales activities that
connect for customer value and
customer development**

An example of activities for on-premise accounts

- Example of take-away menu
- How to avoid 3Cs
- How to apply for a grant
- Hygiene management
- etc.

KIRIN
NEWS



Rapidly Declining Opportunities to Eat out x Reforming On-premise Business Model

Environmental changes
Rapidly declining opportunities to eat out

Accelerating and transforming
On-premise Business Model



A Brand-new Platform Business

A comparison between standard beer servers and Tap Marché

	Standard type	Tap Marché
Number of taps	1 to 2	2 or 4
Number of brands	About 10	About 30
Minimum capacity	Kirin 7L, others 10L	3L
brands	National brands	World Craft Beer
Returning kegs	Necessary	Unnecessary
cleaning	Complicated	Simple

July 2020

A new subscription model started.
CRAFT BEER PASSPORT Supported by Tap Marché

- Monthly membership fee of 2,800 yen (tax included)
- One craft beer a day, Monday through Friday
- Available at all Tap Marché outlets nationwide

People Leaving the House Decreased - Revised Channel Strategy

Environmental changes

Decline in sales; especially at vending machines due to reduced going out



Accelerating

Review of channel strategy



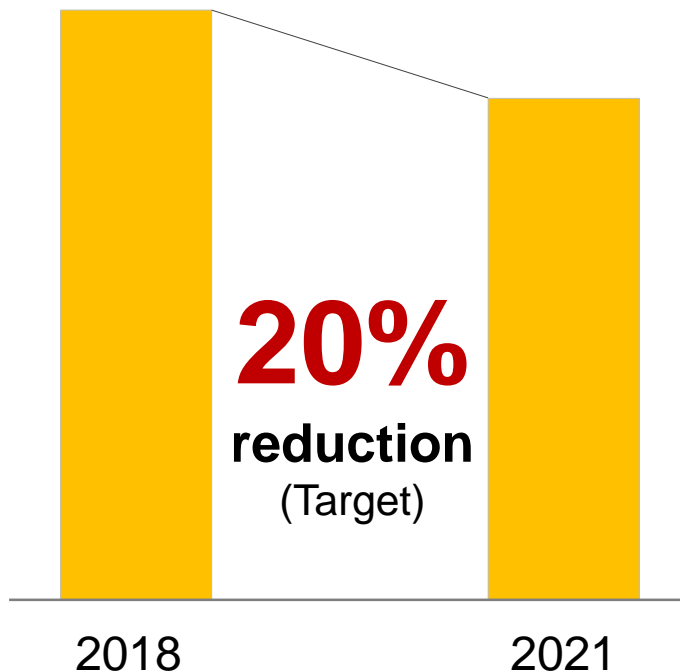
Structural reform of the vending machine business.

Structural reform of vending machine business

- Eliminate unprofitable machines.
- Reduction of fixed costs
- Continue to seek alliance opportunities

Change in Consumer Behavior - SKU optimization

Kirin Beverage
Total number of SKUs
(Comparison between the final years of MTBP)



Environmental changes
Changes in consumer behavior

Accelerating and transforming
Eliminate investments that don't contribute to brand value

Optimizing the number of SKUs, focusing on the non-alcoholic beverage business

Setting a roadmap for the growth and accelerated productivity



LION

What's changing in the world

**Rapidly declining opportunities
to eat out**



Things to evolve

**Review profit structure and
maximize marketing ROI**



**Collaborate with Kirin Brewery
to benefit from shared
marketing expertise**

**Optimizing marketing capabilities
and operating cost base**




**Create a strong brand portfolio
through marketing innovation**

- Focus on core businesses/ regions/ categories
- Working collaboratively with Kirin Brewery on marketing (sharing and leveraging expertise)
- Be leader in Seltzers and new alcohol categories

**Optimize the profit structure of the
business, including a review of the
cost base**

- Optimization of entire supply chain
- Reduce company-wide operating costs

We have been working a long time to reduce drug administration burdens on hospital visits and medical professionals.

Target drug	Indication	What can be done	Latest status
	Genetic Rickets	Home injection by nurses (No hospital visit required)	Implemented in the US & some countries in Europe ▼ Self-injection is now allowed in the US under COVID-19. Preparing to obtain clearance for self-injection in Europe.
	Parkinson's Disease	Enabling prescription drugs for mail order delivery.	Available in the U.S.
	Chemotherapy-induced neutropenia	Special device that eliminates the usual hospital visit the day after chemotherapy	A clinical trial is underway in Japan.

Continuing to explore ways to improve patient convenience

For the first time ever, an Immune System Support Food was registered with Japan's Consumer Affairs Agency (CAA)

The CAA has publicly released a notification of *Foods with Function Claims*
With Kirin's 5 of core *L. lactis* strain Plasma* Products

**Lactococcus lactis* strain Plasma

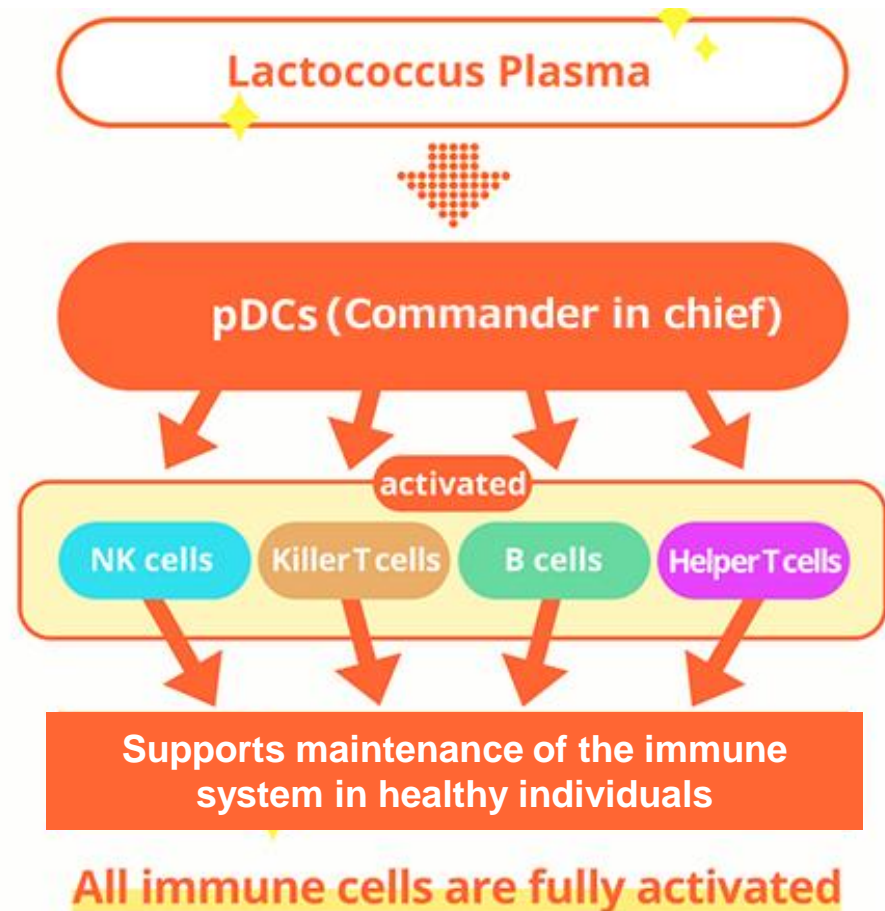
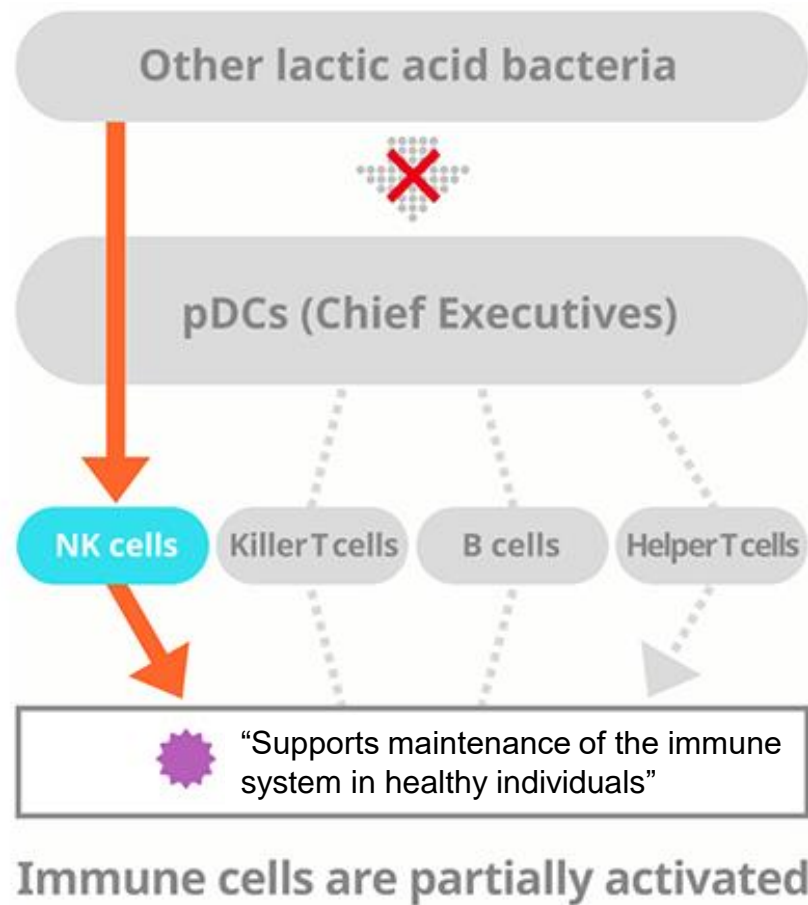
First time an immune system-related product has been registered in Japan



**A vital step towards becoming a global leader in CSV
Contributing to maintaining health of the global community**

***Lactococcus lactis* strain Plasma**

Functional Difference with other lactic acid bacteria



***L. Lactus* strain Plasma activates all immune cells**
⇔ Common lactic acid bacteria only partially activate immune cells

Now able to label “Immune” as registered as
Foods with Function Claims based on Scientific Evidence

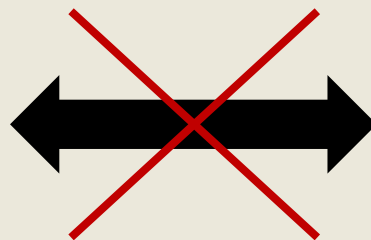
Unable to link research findings with products,
unless TOKUHO (FOSHU) or Foods with Function Claims

Scientific Evidence

Publications on *L. lactis* strain Plasma

7 Reviews, 25 Papers

6 Papers have been submitted to
the CAA along with the FFC application



It is now possible to label these products with
“Supports maintenance of the immune system
in healthy individuals” (labels below)

【translation for reference】
**World's first* lactic acid
bacterium that stimulates pDC**

*World's first-ever published paper on the
effects of Lactic acid bacterium on pDC
(Based on published material medical
periodicals' websites and PubMed)



健康な人の免疫機能
の維持をサポート
【プラズマ乳酸菌の研究報告】

【translation for reference】
**Supports maintenance of the immune
system in healthy individuals**
[Research report of *L. lactis* strain Plasma]

Health-conscious Drinks in the Growing Non-alcoholic Beverages Segment

KIRIN × FANCL

First-ever Collaboration Products

Non-alcohol Chu-hi

Hyo-Rei Calolimit

● Alcohol content: 0.00% ● Calories: Zero ● Sugar: Zero

FFC (Foods with Functional Claims)*1

CALOLIMIT
awareness
among women

The CALOLIMIT series
has sold over 67
million units*2 in total



Data: Kirin Beer survey (N=96)



- Recognized as an FFC due to its ability to limit the absorption of sugar, carbohydrates and fat during meals through the action of indigestible dextrin (dietary fiber).
- Hyo-Rei also uses the clear fruit juice also used in the popular Hyoketsu brand.

Flavored Water

BASE Peach & Pomegranate

● HTC Collagen ● Rose Bud Extract
● Vitamin C

Fostering a new beauty habit (collagen benefit) that will help women who are busy with work and housework to easily rehydrate in their limited free time.



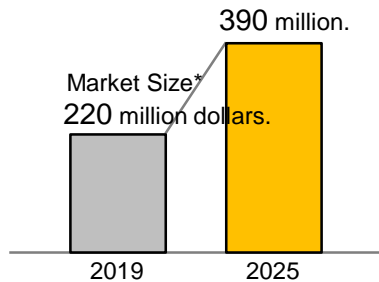
- FANCL's unique blend of HTC Collagen and Rose Bud Extract are expected to enhance the effects of collagen in the body.
- The product will be sold through the FANCL channel as well as Kirin Beverage.

*1: <https://www.mhlw.go.jp/english/topics/foodsafety/fhc/>

*2: Calculated from actual sales of Calolimit and Calolimit for the Mature Aged between May 2000 and the end of June 2020.

Rapidly Growing Health Consciousness - Addressing Social Issues With Ingredients that Bring A Competitive Advantage

Brain function **Citicoline**



Citicoline is a precursor of the components of brain cells, and used in pharmaceutical applications as a treatment for such as stroke, Parkinson's disease, dementia in Japan, EU, Russia and China.

In the US, it is used in supplements and other products that have been shown to improve memory and concentration.
Demand is growing for use in the elderly and e-sports participants

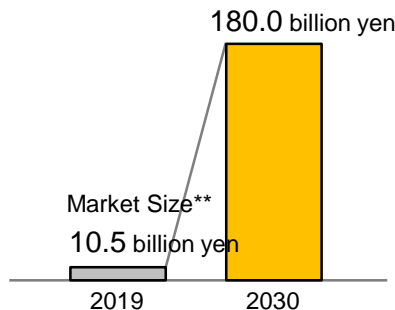
* LP Information, *Global Citicoline Market Growth 2020-2025"

Kyowa Hakko Bio Co.
holds about a 50% market share
in the global Citicoline Market.

Due to the restrictions on going outdoors, communication decrease and brain function can be a serious social issue.

Immune and brain function

Human Milk Oligosaccharide



Human milk oligosaccharide (HMO) is an ingredient in breast milk that is effective in immune and cognitive development

Currently, HMOs are mainly used in powdered milk.
The use of this product is expanding to Functional foods and supplements

**Kyowa Hakko Bio's own estimates

In 1999, Kyowa Hakko Bio Co.
succeeded in developing the world's first
HMO manufacturing technology

Kyowa Hakko Bio will have developed and sold its own HMO product line by 2024, and hold a competitive advantage.

Changes in Working Environment - Job Satisfaction Reform

Environmental changes

Major changes in the business environment



Accelerating and transforming

Fostering a “value creation mindset” that is new and different from traditional ideas.



Organizational implementation through employee job satisfaction reform

Examples of working reforms

- Adopting work from home
- Utilizing Shared Offices
- Improving support for childcare and nursing care
- Lifting the ban on side jobs
- Strengthening diversity
- Early promotion to positions of responsibility
- Recruiting personnel from outside, etc.

Our human resources are working with vim and vigor; becoming an organization capable of creating change

The purpose of a company lies
in the solution of social issues.

Societies need companies that can continue to
contribute to solving problems,
even in the midst of environmental changes that
no one could have predicted.

The Kirin Group is committed to CSV management
while pursuing sustainable growth,
even in the midst of uncertainty and unpredictability

Aim to be a global leader in CSV by solving the issues
of the global community
while turning the solutions into opportunities for growth

Appendices

Results compared to Outlook at 1Q for April to June impact

April-to-June Sales Volume Exceeded the Outlook (based on the preliminary sales results in April)

Operating Companies	Reference Index	Apr – Jun Sales Volume (YoY, outlook)	Apr – Jun Sales Volume Results (YoY)
Kirin Brewery	Beer products total Beer Happo-shu New Genre	-10 ~ -20% -40 ~ -50% -5 ~ +5% +5 ~ +15%	-6% -35% +1% +11%
Kirin Beverage	Total sales volume Retail Convenience Store Vending Machine	-20 ~ -30% -10 ~ -20% -30 ~ -40% -50 ~ -60%	-15% -2% -29% -30%
Lion BSW	Total sales volume	-25 ~ -35%	-15%
Myanmar Brewery	Beer Total	-50 ~ -60%	-32%
Coke Northeast	Soft Drinks total	-10 ~ -15%	-3%
Kyowa Kirin	-	-	Impact of COVID-19 in 2Q was insignificant.

Details of the Normalized EPS

Normalized EPS			
(bn yen)		2Q FY20	2Q FY19
Profit attributable to Owners of the Company	①	33.3	-0.5
Profit from discontinued operations	②	-	-
Other operating income/expenses after taxes and other adjustments	③	13.9	62.8
Normalization profit	④ = (① - ②) + ③	47.2	62.3
Average number of shares during the period ('000)	⑤	846,861	878,031
Normalized EPS (yen)	④ / ⑤	56	71

Revenue by segments

(bn yen)	2Q FY20 Actual	2Q FY19 Actual	YoY	%
Revenue	872.5	929.8	-57.3	-6.2%
Japan Beer and Spirits	295.9	315.1	-19.2	-6.1%
Kirin Brewery	287.2	307.1	-19.9	-6.5%
Other and elimination	8.7	8.0	0.7	8.3%
Japan Non-alcoholic Beverages	118.8	134.2	-15.4	-11.5%
Kirin Beverage	119.7	135.1	-15.3	-11.4%
Elimination	-1.0	-0.9	0.0	—
Oceania Integrated Beverages	131.9	145.8	-13.9	-9.6%
Lion	131.9	145.8	-13.9	-9.6%
Beer, Spirits, and Wine	77.8	80.3	-2.6	-3.2%
Dairy and Drinks	54.1	65.5	-11.4	-17.4%
Elimination	-0.0	-0.0	0.0	—
Pharmaceuticals	157.5	150.9	6.7	4.4%
Kyowa Kirin	157.8	151.4	6.4	4.2%
Elimination	-0.3	-0.5	0.3	—
Other	168.4	183.8	-15.4	-8.4%
Mercian	30.0	30.3	-0.3	-0.9%
Myanmar Brewery	16.3	17.7	-1.5	-8.3%
Coke Northeast	63.9	65.3	-1.4	-2.1%
Kyowa Hakko Bio	31.8	39.3	-7.5	-19.1%
Other and elimination	26.4	31.2	-4.8	-15.4%

Revenue by segments

(bn yen)	FY20 (new) Forecast	FY19 Actual	YoY	%	FY20 (initial) Forecast	Changes	%
Revenue	1,824.0	1,941.3	-117.3	-6.0%	2,000.0	-176.0	-8.8%
Japan Beer and Spirits	649.7	681.9	-32.2	-4.7%	697.6	-47.8	-6.9%
Kirin Brewery	631.5	665.0	-33.5	-5.0%	679.1	-47.6	-7.0%
Other and elimination	18.2	16.9	1.3	7.9%	18.4	-0.2	-1.2%
Japan Non-alcoholic Beverages	249.7	286.8	-37.1	-12.9%	288.5	-38.8	-13.5%
Kirin Beverage	251.3	288.8	-37.5	-13.0%	290.4	-39.1	-13.5%
Elimination	-1.6	-2.0	0.4	—	-1.9	0.3	—
Oceania Integrated Beverages	276.1	299.7	-23.6	-7.9%	318.6	-42.5	-13.3%
Lion	276.2	299.8	-23.6	-7.9%	318.7	-42.5	-13.3%
Beer, Spirits, and Wine	164.8	171.5	-6.8	-4.0%	200.5	-35.8	-17.8%
Dairy and Drinks	111.4	128.2	-16.8	-13.1%	118.1	-6.7	-5.7%
Elimination	-0.1	-0.0	-0.0	—	-0.1	—	—
Pharmaceuticals	312.1	304.9	7.2	2.4%	326.1	-14.0	-4.3%
Kyowa Kirin	313.0	305.8	7.2	2.3%	327.0	-14.0	-4.3%
Elimination	-0.9	-1.0	0.0	—	-0.9	—	—
Other	336.4	368.0	-31.6	-8.6%	369.2	-32.9	-8.9%
Mercian	61.9	63.9	-2.0	-3.1%	65.3	-3.4	-5.2%
Myanmar Brewery	30.5	32.6	-2.1	-6.4%	36.4	-5.9	-16.2%
Coke Northeast	129.1	132.6	-3.5	-2.6%	132.5	-3.5	-2.6%
Kyowa Hakko Bio	59.0	74.9	-15.9	-21.2%	64.5	-5.5	-8.5%
Other and elimination	56.0	64.2	-8.2	-12.8%	70.6	-14.7	-20.8%

Normalized OP by segments

(bn yen)	2Q FY20 Actual	2Q FY19 Actual	YoY	%
Normalized OP	69.9	90.8	-21.0	-23.1%
Japan Beer and Spirits	32.8	33.3	-0.6	-1.8%
Kirin Brewery	31.5	32.4	-0.9	-2.8%
Other and elimination	1.3	0.9	0.3	33.1%
Japan Non-alcoholic Beverages	7.5	11.0	-3.5	-32.1%
Kirin Beverage	7.5	11.0	-3.5	-32.1%
Oceania Integrated Beverages	4.4	18.2	-13.8	-75.9%
Lion	4.4	18.2	-13.8	-75.9%
Beer, Spirits, and Wine	7.6	21.1	-13.6	-64.1%
Dairy and Drinks	-0.6	-0.4	-0.2	—
Corporate	-2.6	-2.6	0.0	—
Pharmaceuticals	34.6	32.6	2.0	6.0%
Kyowa Kirin	34.6	32.6	2.0	6.0%
Other	11.9	15.6	-3.7	-24.0%
Mercian	1.1	0.5	0.6	112.5%
Myanmar Brewery	7.1	8.1	-1.0	-11.8%
Coke Northeast	3.5	1.9	1.6	86.3%
Kyowa Hakko Bio	-1.9	2.9	-4.8	—
Other and elimination	2.1	2.3	-0.2	-9.7%
Corporate expenses/inter-segment	-21.2	-20.0	-1.3	—

Normalized OP by segments

(bn yen)	FY20 (new) Forecast	FY19 Actual	YoY	%	FY20 (initial) Forecast	Changes	%
Normalized OP	140.0	190.8	-50.8	-26.6%	191.0	-51.0	-26.7%
Japan Beer and Spirits	71.6	85.2	-13.5	-15.9%	85.5	-13.9	-16.2%
Kirin Brewery	70.0	83.3	-13.3	-16.0%	84.0	-14.0	-16.7%
Other and elimination	1.6	1.8	-0.2	-10.3%	1.5	0.1	8.8%
Japan Non-alcoholic Beverages	20.0	26.4	-6.4	-24.1%	26.5	-6.5	-24.5%
Kirin Beverage	20.0	26.4	-6.4	-24.1%	26.5	-6.5	-24.5%
Oceania Integrated Beverages	16.2	41.4	-25.2	-60.9%	36.2	-20.0	-55.3%
Lion	16.2	41.4	-25.2	-60.9%	36.2	-20.0	-55.3%
Beer, Spirits, and Wine	21.8	45.1	-23.3	-51.7%	42.6	-20.9	-48.9%
Dairy and Drinks	0.3	1.6	-1.3	-83.7%	1.8	-1.6	-85.8%
Corporate	-5.8	-5.3	-0.5	—	-8.2	2.4	—
Pharmaceuticals	57.0	55.4	1.6	2.9%	64.0	-7.0	-10.9%
Kyowa Kirin	57.0	55.4	1.6	2.9%	64.0	-7.0	-10.9%
Other	21.3	27.0	-5.7	-21.2%	25.8	-4.5	-17.5%
Mercian	2.9	2.2	0.7	34.1%	2.7	0.2	8.9%
Myanmar Brewery	11.3	12.9	-1.5	-12.0%	14.6	-3.3	-22.4%
Coke Northeast	6.0	5.3	0.7	12.8%	6.0	—	—
Kyowa Hakko Bio	-2.0	2.3	-4.3	—	-2.0	—	—
Other and elimination	3.1	4.4	-1.3	-29.5%	4.6	-1.5	-32.5%
Corporate expenses/inter-segment	-46.1	-44.6	-1.6	—	-47.1	0.9	—

2Q FY20 Results

Kirin Brewery

(1,000 HL)	2Q FY20 Actual	2Q FY19 Actual	YoY
Beer products total	7,570	7,930	-4.4%
Beer	1,910	2,520	-24.3%
Happo-shu	1,820	1,860	-2.1%
New genre	3,840	3,540	8.5%
RTD	1,910	1,770	8.2%
Non-alcohol beverages	210	170	22.0%

(bn yen)	2Q FY20 Actual	2Q FY19 Actual	YoY	%
Revenue	287.2	307.1	-19.9	-6.5%
Revenue excl. liquor tax	171.7	180.2	-8.4	-4.7%
Normalized OP	31.5	32.4	-0.9	-2.8%

2Q FY19 Normalized OP (bn yen)		32.4	Description
YoY change (bn yen)	Decrease in marginal profit of alcohol beverages, etc.	-7.6	Total beer products -5.7 (decrease in beer -610,000HL, decrease in happo-shu -40,000HL, increase in new genre 300,000HL) Total other than beer products 0.7 (increase in RTD 140,000HL, increase in non-alcohol beverages 40,000HL, etc.) Difference of change in composite of products, etc. -2.6
	Increase in raw material cost	-1.4	
	Decrease in selling expenses	5.5	Decrease in sales promotion 4.7, decrease in advertising 0.8 (Total 31.1 ⇒ 25.6)
	Decrease in other expenses	2.6	
	Subtotal	-0.9	
2Q FY20 Normalized OP		31.5	

Note

Domestic alcoholic beverages market

- Beer market sales volume is estimated to be down approximately 10% year on year
- Sales in on-premise channels declined sharply and bottomed out in April. On the other hand, home-use channels was steady due to demand for drink-at-home and other factors.

Sales Volume

- Beer, which makes up a high proportion of on-premise channels, declined significantly.
- New genre sales increased year on year due to a shift in channels and an increased focus on low prices

Financial Supplement

- Decrease in profit due to a significant decrease in marginal profit from lower beer sales volume
- Sales expenses and other expenses decreased from the prior year due to the renewal of key brands in 2019 and restrictions on marketing activities in response to COVID-19.

(1,000 HL)	FY20 Forecast (Revised)	FY19 Actual	YoY	FY20 Forecast (Initial)	Change
Beer products total	16,590	17,150	-3.3%	17,300	-710
Beer	4,740	5,600	-15.4%	5,700	-960
Happo-shu	3,730	3,920	-4.8%	3,890	-160
New genre	8,130	7,630	6.5%	7,710	420
RTD	4,050	3,820	6.0%	4,200	-150
Non-alcohol beverages	430	400	7.7%	500	-70

(bn yen)	FY20 Forecast (Revised)	FY19 Actual	YoY	%	FY20 Forecast (Initial)	Change
Revenue	631.5	665.0	-33.5	-5.0%	679.1	-47.6
Revenue excl. liquor tax	370.6	390.1	-19.5	-5.0%	395.8	-25.2
Normalized OP	70.0	83.3	-13.3	-16.0%	84.0	-14.0

FY19 Normalized OP (bn yen)		83.3	Description
YoY change (bn yen)			Total beer products -10.4 (decrease in beer -860,000HL, decrease in happo-shu -190,000HL, increase in new genre 500,000HL)
	Decrease in marginal profit of alcohol bevs., etc	-16.4	Total other than beer products 0.9 (increase in RTD 230,000HL, increase in non-alcohol beverages 30,000HL, etc.)
			Difference of change in composite of products, etc. -6.9
	Increase in raw material cost	-2.3	
	Decrease in selling expenses	2.4	Decrease in sales promotion and advertising (Total 59.6 ⇒ 57.1)
	Decrease in other expenses	3.0	
	Subtotal	-13.3	
FY20 Normalized OP (Revised)		70.0	

Revised forecast

Sales Volume Target

- Revised in light of the effects of COVID-19 and other factors.
- Beer, which accounts for a high proportion of on-premise channel sales, was revised downward significantly.
- Upward revision of the new genre, expecting continued low price orientation.

Revenue and normalized operating profit

- Sales revenue was revised downward in line with sales volume.
- Marginal profits are also revised downward in accordance with the downward revision of sales volumes of beer, RTD, non-alcoholic beverages and whisky, as well as logistics and other costs related to Covid-19.
- Selling and other expenses have been restated to reflect lower expenses due to the restrictions on business activities caused by COVID-19.

Initial forecast

FY19 Normalized OP (bn yen)		83.3
	Increase in marginal profit of alcohol bevs., etc	2.1
	Increase in raw material cost	-1.9
	Decrease in selling expenses	0.5
	Decrease in other expenses	0.0
	Subtotal	0.7
FY20 Normalized OP (Previous)		84.0

2Q FY20 Results

Kirin Beverage



Sales Volume (10,000 cases)		2Q FY20 Actual	2Q FY19 Actual	YoY
Category	Black tea	2,440	2,665	-8.5%
	Japanese tea	1,482	1,597	-7.2%
	Coffee	1,127	1,291	-12.7%
	Fruit and veg. juice	1,110	1,184	-6.3%
	Carbonated bevarages	731	976	-25.1%
	Functional bevarages	481	503	-4.3%
	Water	2,042	1,978	3.2%
	Others	753	825	-8.8%
By Container	Can	1,251	1,570	-20.3%
	Large PET bottle	3,747	3,673	2.0%
	Small PET bottle	4,334	4,815	-10.0%
	Others	834	961	-13.2%
Total		10,166	11,019	-7.7%

(bn yen)	2Q FY20 Actual	2Q FY19 Actual	YoY	%
Revenue	119.7	135.1	-15.3	-11.4%
Normalized OP	7.5	11.0	-3.5	-32.1%

2Q FY19 Normalized OP (bn yen)		11.0	Description
YoY change (bn yen)	Decrease in marginal profit	-6.8	Decrease in sales volume -8.53 million cases, -4.1 Difference of change in products mix and in composition ratio of containers, etc. -2.7
	Decrease in raw material costs, etc.	0.6	Decrease in raw material cost 0.5, decrease in material cost 0.7, increase in processing cost -0.6
	Decrease in selling expenses	1.4	Decrease in sales promotion 0.6, decrease in advertising 0.8 (Total 16.9 ⇒ 15.5)
	Decrease in other expenses	1.3	
Subtotal		-3.5	
2Q FY20 Normalized OP		7.5	

Note

Soft drink market

- ▶ The soft drink market is estimated to shrink; -8%.
- ▶ Sales volume declined mainly at CVS and vending machines in April and May as a result of restraint in going outdoors and increasing work-from-home.

Sales Volume

- ▶ Both of our core brands, Gogo-no-Kocha and Nama-cha, decreased from the previous year due to consumer self-restraint from going outside and an increase in work-from-home.
- ▶ Sales volume of plasma lactic acid related products more than doubled in response to the rise in health consciousness.

Financial Supplement

- ▶ Marginal profit decreased due to a decline in sales volume and a deterioration in the product/container mix stemming from a change in the channel mix.
- ▶ Optimized sales promotion and advertising expenses to control costs.

Sales Volume (million cases)		FY20 Forecast (Revised)	FY19 Actual	YoY	FY20 Forecast (Initial)	Change
Category	Black tea	5,190	5,711	-9.1%	5,773	-583
	Japanese tea	3,232	3,419	-5.5%	3,591	-359
	Coffee	2,303	2,758	-16.5%	2,634	-331
	Fruit and veg. juice	2,195	2,453	-10.5%	2,401	-206
	Carbonated bev.	1,439	1,929	-25.4%	2,110	-671
	Functional bev.	1,066	1,144	-6.8%	1,072	-6
	Water	4,200	4,256	-1.3%	4,218	-18
	Others	1,716	1,912	-10.2%	1,800	-84
By container	Can	2,519	3,166	-20.4%	3,129	-610
	Large PET bottle	7,692	7,864	-2.2%	7,788	-96
	Small PET bottle	9,313	10,551	-11.7%	10,732	-1,419
	Others	1,816	2,001	-9.3%	1,951	-135
Total		21,340	23,583	-9.5%	23,600	-2,260

(bn yen)	FY20 Forecast (Revised)	FY19 Actual	YoY	%	FY20 Forecast (Initial)	Change
Revenue	251.3	288.8	-37.5	-13.0%	290.4	-39.1
Normalized OP	20.0	26.4	-6.4	-24.1%	26.5	-6.5

FY19 Normalized OP (bn yen)		26.4	Description
YoY change (bn yen)	Decrease in marginal profit	-16.5	Decrease in sales volume -22.42 million cases, -10.9, Difference of change in products mix and in composition ratio of containers, etc. -5.6
	Decrease in raw material costs, etc.	0.9	Decrease in raw material cost 0.7, decrease in material cost 0.7, increase in processing cost -0.5
	Decrease in selling expenses	6.8	Decrease in sales promotion and advertising (Total 37.2→30.4)
	Decrease in other expenses	2.4	
	Subtotal	-6.4	
FY20 Normalized OP (Revised)		20.0	

Revised forecast

Sales volume and revenue

- ▶ Total soft drink sales volume were revised downward by 22.6 million cases from the initial plan.
- ▶ Revenue was revised downward in light of the progress through 2Q and the lower sales volume due to self-restraint in going outside and increase in work-from-home.

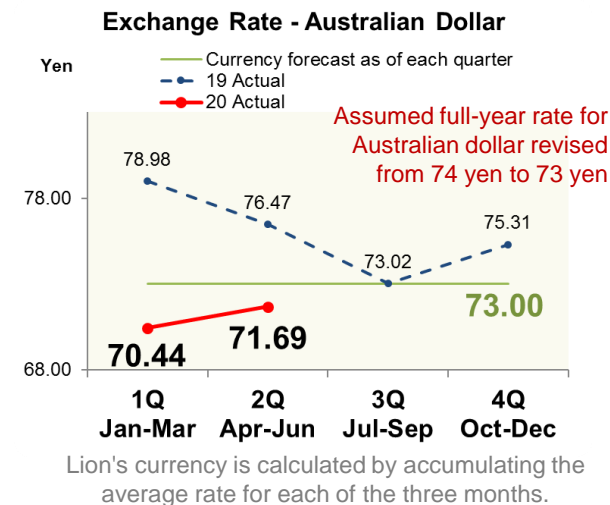
Normalized operating profits

- ▶ Normalized operating profits lowered due to a decline in sales volume and deterioration in the composition of products and containers.
- ▶ At the same time, the company reduced raw material costs and optimized sales expenses (sales promotion and advertising expenses) to minimize the negative impacts.
- ▶ Selling expenses will be reduced in response to lower sales volumes, particularly in retail channels, and general and administrative expenses will be reined in.

Initial forecast

FY19 Normalized OP (bn yen)		26.4
	Increase in marginal profit of alcohol bevs., etc	1.4
	Decrease in raw material costs, etc.	0.4
	Increase in selling expenses	-0.5
	Increase in other expenses	-1.2
	Subtotal	0.1
FY20 Normalized OP (Previous)		26.5

	Yen base (bn yen)				AUS dollar base (million AUS\$)			
	2Q FY20 Actual	2Q FY19 Actual	YoY	%	2Q FY20 Actual	2Q FY19 Actual	YoY	%
Revenue	131.9	145.8	-13.9	-9.6%	1,857	1,877	-19	-1.0%
BSW	77.8	80.3	-2.6	-3.2%	1,095	1,034	61	5.9%
LDD	54.1	65.5	-11.4	-17.4%	762	843	-81	-9.6%
Normalized OP	4.4	18.2	-13.8	-75.9%	63	234	-172	-73.3%
BSW	7.6	21.1	-13.6	-64.1%	108	272	-165	-60.4%
LDD	-0.6	-0.4	-0.2	—	-9	-5	-4	—
Corporate	-2.6	-2.6	-0.0	—	-36	-33	-3	—



		BSW	LDD
Change in sales volume		+12.7%	-2.6%
Normalized OP YoY Australian dollars (million)	2Q FY19 Actual	272	-5
	AU&NZ Sales Volume	-15	-2
		-164	-2
	Global craft, etc.	+15	—
	2Q FY20 Actual	108	-9

(Ref.) Same format applied to 1Q FY20 results

Norm OP YoY	AU&NZ	Sales volume	+25
		Other	-59
	Global craft, etc.		+2

Note

Beer, Spirits & Wine (BSW)

- Increase in revenue YoY is mainly due to the acquisition of New Belgium Brewing (NBB) in the US. The increase is partially offset by declines in Australia and New Zealand as a result of COVID-19 restrictions. (Sales volume excluding global craft, etc. was -3.5% YoY).
- Normalized OP decreased significantly due to the impact of COVID-19 resulting in consumer shift to value products as well as the impact of the on-premise lockdown which led to on-premise sales in April and May almost -100% YoY.

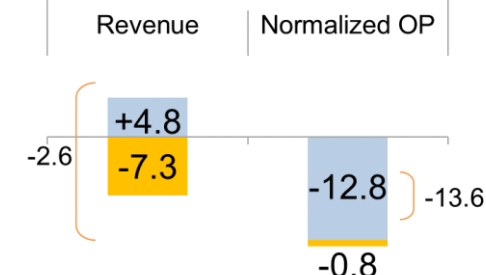
Dairy and Drinks (LDD)

- Decrease in revenue and profit due to sale of Cheese business and impact of COVID-19.

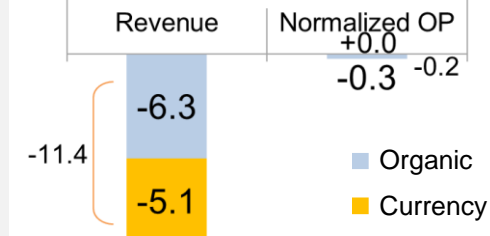
Others

- Lion suffered a cyber-attack in June however the impact to the Normalized OP was insignificant.

Impact of Currency BSW (bn yen)



Impact of Currency LDD (bn yen)



■ Organic
■ Currency

	Yen base (bn yen)						AUS dollar base (million AUS\$)					
	FY20 Forecast (Revised)	FY19 Actual	YoY	%			FY20 Forecast (Revised)	FY19 Actual	YoY	%		
Revenue	276.2	299.8	-23.6	-7.9%	318.7	-42.5	3,784	3,949	-166	-4.2%	4,307	-523
BSW	164.8	171.5	-6.8	-4.0%	200.5	-35.8	2,257	2,261	-3	-0.2%	2,710	-453
LDD	111.4	128.2	-16.8	-13.1%	118.1	-6.7	1,526	1,689	-162	-9.6%	1,596	-70
Normalized OP	16.2	41.4	-25.2	-60.9%	36.2	-20.0	222	545	-323	-59.3%	490	-268
BSW	21.8	45.1	-23.3	-51.7%	42.6	-20.9	298	593	-295	-49.7%	576	-278
LDD	0.3	1.6	-1.3	-83.7%	1.8	-1.6	4	21	-18	-83.3%	25	-21
Corporate	-5.8	-5.3	-0.5	—	-8.2	2.4	-80	-70	-10	—	-111	31

Assumed full-year rate for Australian dollar
revised from 74 yen to 73 yen

Revised forecast

Beer, Spirits & Wine (BSW)

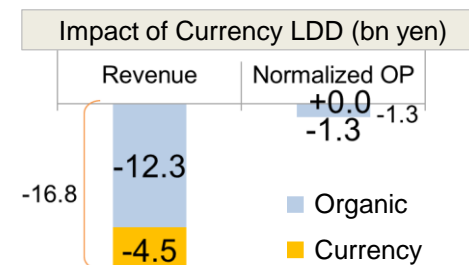
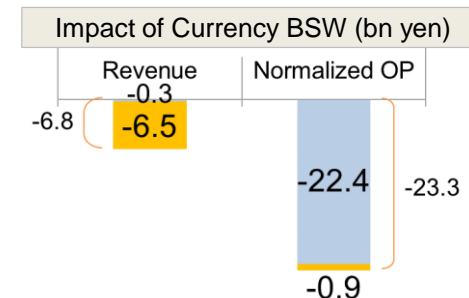
- ▶ We expect a gradual recovery in the on-premise channel as we progress to the end of the year, while sales volume in the off-premise channel is forecasted to be a little increase/decrease.
- ▶ Revenue and normalized OP have been revised down due to decrease in sales volume of the on-premise channel and shifting product mix towards lower margin.
- ▶ We aim to revitalize the market by continuing to drive sales growth of new products and expanding the hard seltzer category through the release of Whiteclaw in Australia.

Dairy and Drinks (LDD)

- ▶ Due to the impact of the COVID-19 and other factors, the FIRB approval process is taking longer than we expected but we continue to plan for completion of the sale in the second half of the year.

Corporate

- ▶ Corporate expenses are expected to be significantly lower than the previous forecast due to management focus on achieving cost efficiencies.



■ Organic
■ Currency

(bn yen)	2Q FY20 Actual	2Q FY19 Actual	YoY	%
Revenue	157.5	150.9	6.7	4.4%
Kyowa Kirin	157.8	151.4	6.4	4.2%
Elimination	-0.3	-0.5	0.3	—
Normalized OP	34.6	32.6	2.0	6.0%
Kyowa Kirin	34.6	32.6	2.0	6.0%

Revisions of Full-Year Forecast				
(bn yen)	FY20 Forecast (Revised)	FY19 Actual	YoY	%
Revenue	312.1	304.9	7.2	2.4%
Kyowa Kirin	313.0	305.8	7.2	2.3%
Elimination	-0.9	-1.0	0.0	—
Normalized OP	57.0	55.4	1.6	2.9%
Kyowa Kirin	57.0	55.4	1.6	2.9%

Note

Revenue

- 2Q saw robust sales of Romiplate, which received additional indications last year. In addition, G-Lasta and Rituximab BS achieved strong growth. In spite of these factors, sales in the Japan region decreased due to the impact such as decreased demand of Nesp (Shift to Nesp-AG) and Patanol/Allelock (Lower pollen and COVID-19*), as well as the NHI price-cut applied on Oct 2019 and Apr 2020 (Voluntary ban on doctor's visit/outing or wearing a mask etc.)
- Conversely, sales of the Crysvita global strategic product increased despite the impact of COVID-19. Although Poteligeo only grew at the same level as last year, Nourianz, which was launched last year, also contributed to the increase in sales, resulting in an increase in Kyowa Kirin revenue.

Normalized OP

- Operating profit increased due to higher revenue despite increases in overseas SG&A expenses and product launch preparation costs.

FY20 Forecast (Initial)	Change
326.1	-14.0
327.0	-14.0
-0.9	—
64.0	-7.0
64.0	-7.0

Revised forecast

- Revenue and Normalized OP were revised downward from the previous plan.
- In Japan, Nesp AG fell short of the initial plan due to market penetration of biosimilar products.
- Due to the prolonged impact of COVID-19, we expect market penetration of global strategic products such as Crysvita and Poteligeo to be slower than originally planned.
- Normalized OP was revised downward mainly due to declines in sales of Nesp AG, Crysvita, and Poteligeo.

	Yen base (bn yen)			
	2Q FY20 Actual	2Q FY19 Actual	YoY	%
Revenue	16.3	17.7	-1.5	-8.3%
Normalized OP	7.1	8.1	-1.0	-11.8%

	Kyat base (bn MMK)			
	2Q FY20 Actual	2Q FY19 Actual	YoY	%
Revenue	212	245	-33	-13.3%
Normalized OP	93	112	-19	-16.6%

Assumed full-year rate for Myanmar Kyat revised from 74 yen to 77 yen

Note

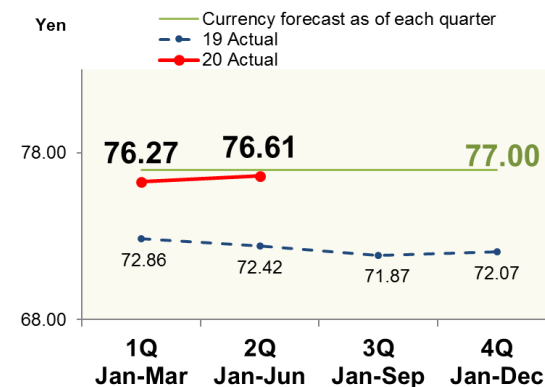
2Q Results

- The upward trend in financial results slowed down from mid-February due to COVID-19, and the beer market shrank significantly in 2Q due to the impact COVID-19.
- Sales volumes were down 9% YoY, with a significant decline of 32% YoY in the April-June period.
- Revenue and normalized operating profit decreased due to a decline in sales volume and deterioration in the product mix.

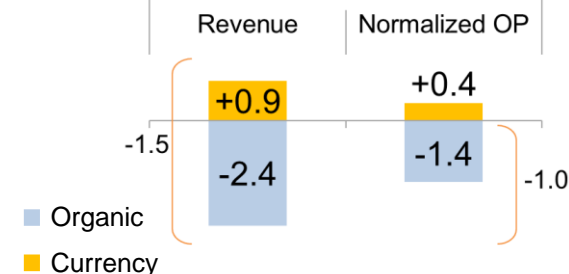
Earnings Forecast Revision

- Although a recovery is expected in 2H, we do not expect a return to pre-COVID-19 demand levels, and have revised downward revenue and operating profit forecasts.

Exchange Rate - 1,000 Myanmar Kyat



Impact of Exchange (bn yen)



Revisions of Full-Year Forecast

	Yen base (bn yen)			
	FY20 Forecast (Revised)	FY19 Actual	YoY	%
Revenue	30.5	32.6	-2.1	-6.4%
Normalized OP	11.3	12.9	-1.5	-12.0%

	Change	
	FY20 Forecast (Initial)	Change
Revenue	36.4	-5.9
Normalized OP	14.6	-3.3

	Kyat base (bn MMK)			
	FY20 Forecast (Revised)	FY19 Actual	YoY	%
Revenue	396	452	-56	-12.4%
Normalized OP	147	179	-31	-17.6%

	Change	
	FY20 Forecast (Initial)	Change
Revenue	491	-96
Normalized OP	197	-50

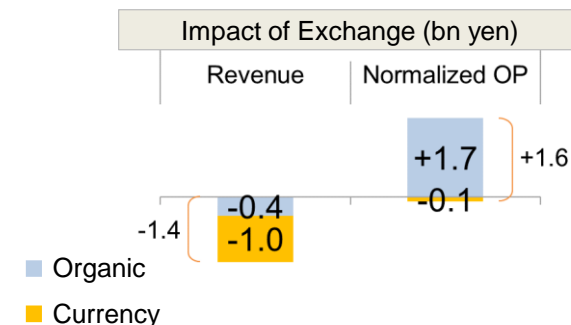
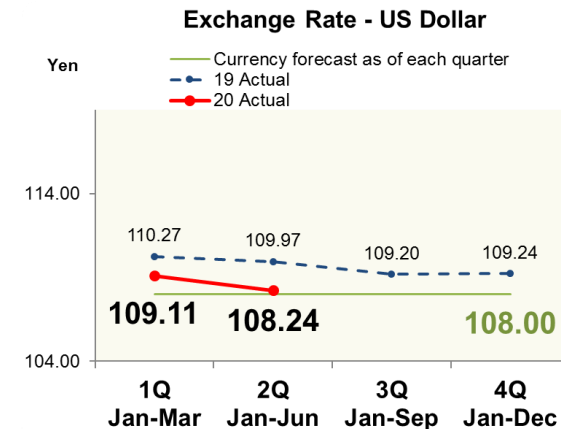
	Yen base (bn yen)				U.S. dollar base (million \$)			
	2Q FY20 Actual	2Q FY19 Actual	YoY	%	2Q FY20 Actual	2Q FY19 Actual	YoY	%
Revenue	63.9	65.3	-1.4	-2.1%	590	594	-33	-0.6%
Normalized OP	3.5	1.9	1.6	86.3%	32	17	15	89.2%

Note**2Q Results**

- The impact of COVID-19 on sales began to become apparent in March and reached its apex in early- and mid-April, before recovering as the economy resumed. There were large differences between channels, with away-from-home channel experiencing a sharp decline of 20-30% between January and June, while at-home channels have seen a mid-single-digit increase in sales.
- Sales volumes in Coke Northeast increased in 1Q (+8.1%) when the impact of COVID-19 was relatively low. In 2Q, the decline in away-from-home channels were offset to some extent by an increase in at-home channels, resulting in a H1 increase of 2.0%.
- Despite a deterioration in the channel mix, SG&A expenses were lower and operating profit was higher than planned due to operational efficiencies from PMI and business activities tailored to the market during the period of expansion of COVID-19.

Earnings Forecast Revision

- We expect the market environment to remain challenging in the second half of the year; however we hope to achieve the full-year business profit target through cost control.

**Revisions of Full-Year Forecast**

	Yen base (bn yen)					
	FY20 Forecast (Revised)	FY19 Actual	YoY	%	FY20 Forecast (Initial)	Change
Revenue	129.1	132.6	-3.5	-2.6%	132.5	-3.5
Normalized OP	6.0	5.3	0.7	12.8%	6.0	0.0

U.S. dollar base (million \$)					
FY20 Forecast (Revised)	FY19 Actual	YoY	%	FY20 Forecast (Initial)	Change
1,195	1,213	-18	-1.5%	1,227	-32
55	48	7	14.0%	55	0

Performance of San Miguel Brewery

San Miguel Brewery local-based consolidated results (October 2019 – March 2020)

(million Pesos)	Jan-Mar 2019		Apr.-Jun. 2019		Jul-Sep 2019		Oct-Dec 2019		FY2019 Total		Jan-Mar 2020	
	Actual	YoY	Actual	YoY	Actual	YoY	Actual	YoY	Actual	YoY	Actual	YoY
Sales*	34,832	17%	35,451	8%	33,600	9%	38,389	7%	142,272	10%	28,404	-18%
Operating Income*	9,556	15%	9,377	4%	9,267	8%	10,520	12%	38,720	10%	5,383	-44%
Operating Income Ratio	27.4%		26.4%		27.6%		27.4%		27.2%		19.0%	

*Based on disclosure Source: San Miguel Brewery Inc. Financial Highlights, Quarterly Reports

Period consolidated to 2Q

Incorporation by the equity method

(October 2019 – March 2020)

(bn yen)	2Q FY20	2Q FY19	YoY
Net income (SMB)	23.7	27.3	-3.6
Consolidated net income (include in the consolidated results)	11.5	13.2	-1.7

Exchange rate: 1peso=¥2.17 (previous year: ¥2.14)

Kirin Holdings' dividend income from San Miguel Brewery

	2Q FY20	2Q FY19	YoY
Dividends (bn yen)	7.9	7.9	0.0
Cash dividends declared per share (peso)	0.25	0.25	0

Dividends are recorded on a cash-in basis.

This material is intended for informational purposes only and is not a solicitation or offer to buy or sell securities or related financial instruments.



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