

# KIRIN HOLDINGS COMPANY, LIMITED

## SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

### FOR THE SIX MONTHS ENDED JUNE 30, 2019 (UNDER IFRS)

#### (UNAUDITED)

August 6, 2019

(English Translation)

Fiscal year ending December 31, 2019

#### KIRIN HOLDINGS COMPANY, LIMITED

NAKANO CENTRAL PARK SOUTH, 10-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan (URL <https://www.kirinholdings.co.jp/english/>)

Code No.:	2503
Shares Listed:	Tokyo, Nagoya, Sapporo and Fukuoka
Representative:	Mr. Yoshinori Isozaki, President and CEO
For further information, please contact:	Mr. Nobuhiko Hori, General Manager of Corporate Communications Department
	Telephone: +81-3-6837-7015 from overseas
Submission date of quarterly securities report scheduled:	August 8, 2019
Commencement date of dividend distribution scheduled:	September 5, 2019
Preparation of supplementary documents to the financial results:	Yes
Holding of financial results presentation (for institutional investors and analysts):	Yes

### 1. Consolidated business results and financial position for the first six months of the current fiscal year (January 1, 2019 – June 30, 2019)

[Unit: Japanese yen (¥)]

(1) Results of operations (cumulative): (Amounts are rounded to the nearest ¥1 million.)

(Percentage change compares current results with those of the same period of the previous year)

	Revenue (¥ millions)	Percentage change (%)	Normalized operating profit (¥ millions)	Percentage change (%)	Profit before tax (¥ millions)	Percentage change (%)
Six months ended						
June 30, 2019	929,810	1.3	90,827	5.0	22,656	(82.8)
June 30, 2018	918,244	4.6	86,474	(3.8)	131,563	6.9

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company (¥ millions)	Percentage change (%)	Total comprehensive income (¥ millions)	Percentage change (%)
Six months ended						
June 30, 2019	4,520	(95.8)	(7,311)	-	(12,322)	-
June 30, 2018	106,469	(41.4)	86,470	(49.1)	64,319	(66.7)

	Basic earnings per share (¥)	Diluted earnings per share (¥)
Six months ended		
June 30, 2019	(8.33)	(8.34)
June 30, 2018	95.22	95.19

Reference: Operating profit	Six months ended June 30, 2019	¥ 12,934 million	(87.1%)
	Six months ended June 30, 2018	¥100,010 million	(13.0%)

\* Normalized operating profit is a profit indicator for measuring recurring performance which is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

(2) Financial position:

	Total assets	Total equity	Equity attributable to owners of the Company	Equity ratio attributable to owners of the Company
	(¥ millions)	(¥ millions)	(¥ millions)	(%)
As of				
June 30, 2019	2,234,113	1,121,313	888,589	39.8
December 31, 2018	2,303,624	1,200,920	916,080	39.8

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended December 31, 2018	—	24.00	—	27.00	51.00
Fiscal year ending December 31, 2019	—	31.50			
Fiscal year ending December 31, 2019 (Forecast)			—	31.50	63.00

Note: Revision of the forecast from recently announced figures: None

3. Forecast consolidated business results for the current fiscal year  
(January 1, 2019 - December 31, 2019)

(Percentage change compares forecast results with actual results of the previous year)

	Revenue	Percentage change	Normalized operating profit	Percentage change	Profit before tax	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Fiscal year ending December 31, 2019	1,964,000	1.7	190,000	(4.7)	123,000	(50.2)

	Profit	Percentage change	Profit attributable to owners of the Company	Percentage change	Basic earnings per share
	(¥ millions)	(%)	(¥ millions)	(%)	(¥)
Fiscal year ending December 31, 2019	76,000	(61.1)	56,000	(65.9)	63.78

Note: Revision of the forecast from recently announced figures: Yes

Reference: Operating profit Fiscal year ending December 31, 2019 ¥96,000 million (51.6%)

## \* Notes

- (1) Changes in significant subsidiaries for the six months ended June 30, 2019: Yes  
(Changes in specified subsidiaries accompanying change in scope of consolidation)

Newly included: —

Excluded: 4 LION NATHAN PTY LIMITED  
Castlemaine Perkins Pty Limited  
Lion Nathan Brewing Investments Pty Limited  
J. Boag & Son Holdings Pty Ltd

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

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

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

- |  |                    |
|--|--------------------|
| i. Number of shares outstanding at the end of the period (including treasury shares)               |                    |
| As of June 30, 2019  | 914,000,000 shares |
| As of December 31, 2018  | 914,000,000 shares |
| ii. Number of treasury shares at the end of the period   |                    |
| As of June 30, 2019  | 35,899,756 shares  |
| As of December 31, 2018  | 36,001,121 shares  |
| iii. Average number of shares during the period (cumulative from the beginning of the fiscal year) |                    |
| For the six months ended June 30, 2019   | 878,031,480 shares |
| For the six months ended June 30, 2018   | 908,137,332 shares |

\* The summary of quarterly consolidated financial results is not subject to a quarterly review by certified public accountants or an audit corporation.

\* Information about proper usage of forecast business results, and other special instructions

- (1) The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of the release date of this material. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, market trends, and exchange rates.
- (2) The Company will post the Supplementary Documents to the Financial Results today, Tuesday, August 6, and will post the presentation materials from the financial results presentation to be held on Wednesday, August 7, the presentation content (video) and the main Q&A at the meeting as soon as possible on the Company's website.  
(URL of the Company's website)  
<https://www.kirinholdings.co.jp/english/ir/event/explain/index.html>

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**1. CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**  
**(1) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(¥ millions)

	At December 31, 2018	At June 30, 2019
<b>Assets</b>		
Non-current assets		
Property, plant and equipment	527,039	548,970
Goodwill	244,222	230,245
Intangible assets	179,892	156,463
Equity-accounted investees	240,597	248,276
Other financial assets	177,787	166,131
Other non-current assets	13,653	14,409
Deferred tax assets	88,676	88,312
Total non-current assets	1,471,866	1,452,806
Current assets		
Inventories	204,837	221,059
Trade and other receivables	404,934	378,154
Other financial assets	6,713	9,176
Other current assets	42,172	25,403
Cash and cash equivalents	173,102	124,727
(Sub-total)	831,758	758,520
Assets held for sale	-	22,787
Total current assets	831,758	781,307
Total assets	2,303,624	2,234,113

(¥ millions)

	At December 31, 2018	At June 30, 2019
Equity		
Share capital	102,046	102,046
Share premium	2,238	24,821
Retained earnings	943,468	913,828
Treasury shares	(101,904)	(101,812)
Reserves	(29,767)	(50,294)
Equity attributable to owners of the Company	916,080	888,589
Non-controlling interests	284,840	232,724
Total equity	1,200,920	1,121,313
Liabilities		
Non-current liabilities		
Bonds and borrowings	317,937	283,462
Other financial liabilities	92,078	142,812
Defined benefit liability	68,441	68,544
Provisions	6,914	6,837
Other non-current liabilities	10,851	7,815
Deferred tax liabilities	16,534	14,576
Total non-current liabilities	512,755	524,045
Current liabilities		
Bonds and borrowings	97,057	138,963
Trade and other payables	227,137	213,154
Other financial liabilities	49,727	51,851
Current tax liabilities	17,339	24,963
Provisions	1,059	656
Other current liabilities	197,630	156,836
(Sub-total)	589,949	586,423
Liabilities associated with assets held for sale	-	2,333
Total current liabilities	589,949	588,756
Total liabilities	1,102,704	1,112,800
Total equity and liabilities	2,303,624	2,234,113

**(2) CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND  
COMPREHENSIVE INCOME  
CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
SIX MONTHS ENDED JUNE 30, 2019**

(¥ millions)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Revenue	918,244	929,810
Cost of sales	520,268	520,073
Gross profit	397,976	409,737
Selling, general and administrative expenses	311,502	318,911
Normalized operating profit	86,474	90,827
Other operating income	23,471	2,830
Other operating expenses	9,935	80,722
Operating profit	100,010	12,934
Finance income	2,974	2,512
Finance costs	4,378	5,442
Share of profit of equity-accounted investees	13,174	12,651
Gain on sale of equity-accounted investees	19,782	-
Profit before tax	131,563	22,656
Income tax expense	25,094	18,136
Profit	106,469	4,520
Profit (loss) attributable to:		
Owners of the Company	86,470	(7,311)
Non-controlling interests	19,999	11,831
Profit	106,469	4,520
Earnings per share (¥)		
Basic earnings per share	95.22	(8.33)
Diluted earnings per share	95.19	(8.34)

**CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**SIX MONTHS ENDED JUNE 30, 2019**

(¥ millions)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Profit	106,469	4,520
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in equity instruments measured at fair value through other comprehensive income	1,108	(1,983)
Remeasurements of defined benefit plans	(563)	(20)
Share of other comprehensive income of equity-accounted investees	172	439
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(42,166)	(14,063)
Cash flow hedges	1,477	(167)
Share of other comprehensive income of equity-accounted investees	(2,179)	(1,049)
Total other comprehensive income	(42,150)	(16,842)
Comprehensive income	64,319	(12,322)
Comprehensive income attributable to:		
Owners of the Company	47,821	(24,493)
Non-controlling interests	16,498	12,171
Comprehensive income	64,319	(12,322)



**(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**SIX MONTHS ENDED JUNE 30, 2018**

(¥ millions)

	Equity attributable to owners of the Company					
	Share capital	Share premium	Retained earnings	Treasury shares	Reserves	
					Net change in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2018	102,046	2,208	811,454	(2,020)	73,523	-
Profit	-	-	86,470	-	-	-
Other comprehensive income	-	-	-	-	1,012	(124)
Comprehensive income	-	-	86,470	-	1,012	(124)
Dividends from surplus	-	-	(23,271)	-	-	-
Acquisition of treasury shares	-	-	-	(44,605)	-	-
Disposal of treasury shares	-	0	-	1	-	-
Share-based payments	-	5	-	72	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	19	-	-	(0)	-
Transfer from reserves to retained earnings	-	-	6,838	-	(6,962)	124
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	24	(16,433)	(44,532)	(6,962)	124
Balance at June 30, 2018	102,046	2,232	881,491	(46,552)	67,573	-

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2018	(27,352)	(2,031)	44,140	957,828	271,311	1,229,139
Profit	-	-	-	86,470	19,999	106,469
Other comprehensive income	(41,018)	1,480	(38,649)	(38,649)	(3,501)	(42,150)
Comprehensive income	(41,018)	1,480	(38,649)	47,821	16,498	64,319
Dividends from surplus	-	-	-	(23,271)	(5,702)	(28,973)
Acquisition of treasury shares	-	-	-	(44,605)	-	(44,605)
Disposal of treasury shares	-	-	-	1	-	1
Share-based payments	-	-	-	77	(27)	50
Changes in the ownership interest in a subsidiary without a loss of control	1	-	1	20	118	138
Transfer from reserves to retained earnings	-	-	(6,838)	-	-	-
Other	-	-	-	-	(17)	(17)
Total transactions with owners of the Company	1	-	(6,837)	(67,779)	(5,628)	(73,407)
Balance at June 30, 2018	(68,368)	(551)	(1,346)	937,871	282,181	1,220,052

**SIX MONTHS ENDED JUNE 30, 2019**

(¥ millions)

	Equity attributable to owners of the Company					
	Share capital	Share premium	Retained earnings	Treasury shares	Reserves	
					Net change in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2019	102,046	2,238	943,468	(101,904)	56,863	-
Effect of accounting change	-	-	(1,262)	-	-	-
Restated balance at January 1, 2019	102,046	2,238	942,205	(101,904)	56,863	-
Profit (loss)	-	-	(7,311)	-	-	-
Other comprehensive income	-	-	-	-	(2,335)	439
Comprehensive income	-	-	(7,311)	-	(2,335)	439
Dividends from surplus	-	-	(23,706)	-	-	-
Acquisition of treasury shares	-	-	-	(13)	-	-
Disposal of treasury shares	-	0	-	5	-	-
Share-based payments	-	(9)	-	101	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	22,592	-	-	133	-
Transfer from reserves to retained earnings	-	-	2,639	-	(2,200)	(439)
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	22,584	(21,067)	92	(2,067)	(439)
Balance at June 30, 2019	102,046	24,821	913,828	(101,812)	52,462	-

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2019	(85,366)	(1,263)	(29,767)	916,080	284,840	1,200,920
Effect of accounting change	-	-	-	(1,262)	(215)	(1,477)
Restated balance at January 1, 2019	(85,366)	(1,263)	(29,767)	914,818	284,625	1,199,443
Profit (loss)	-	-	-	(7,311)	11,831	4,520
Other comprehensive income	(15,119)	(168)	(17,183)	(17,183)	340	(16,842)
Comprehensive income	(15,119)	(168)	(17,183)	(24,493)	12,171	(12,322)
Dividends from surplus	-	-	-	(23,706)	(7,255)	(30,961)
Acquisition of treasury shares	-	-	-	(13)	-	(13)
Disposal of treasury shares	-	-	-	5	-	5
Share-based payments	-	-	-	92	(137)	(44)
Changes in the ownership interest in a subsidiary without a loss of control	(839)	-	(706)	21,887	(56,342)	(34,455)
Transfer from reserves to retained earnings	-	-	(2,639)	-	-	-
Other	-	-	-	-	(339)	(339)
Total transactions with owners of the Company	(839)	-	(3,345)	(1,736)	(64,073)	(65,808)
Balance at June 30, 2019	(101,325)	(1,431)	(50,294)	888,589	232,724	1,121,313

#### (4) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

(¥ millions)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Cash flows from operating activities		
Profit before tax	131,563	22,656
Depreciation and amortization	32,650	40,178
Impairment losses	1,051	62,132
Interest and dividends received	(2,839)	(2,297)
Share of profit of equity-accounted investees	(13,174)	(12,651)
Interest paid	2,632	3,644
Gain on sale of property, plant and equipment and intangible assets	(6,764)	(1,658)
Loss on disposal and sale of property, plant and equipment and intangible assets	713	652
Gain on sale of shares of subsidiaries	(12,103)	-
Gain on sale of equity-accounted investees	(19,782)	-
(Increase) decrease in trade receivables	17,839	21,987
(Increase) decrease in inventories	(16,795)	(22,239)
Increase (decrease) in trade payables	2,536	(3,498)
Increase (decrease) in liquor taxes payable	(2,066)	(3,608)
Increase (decrease) in deposits received	(16,732)	(23,009)
Other	(31,497)	(28,149)
Sub-total	67,232	54,140
Interest and dividends received	9,429	9,332
Interest paid	(2,923)	(2,967)
Income taxes paid	(657)	(7,970)
Cash flows from (used in) operating activities	73,081	52,535

(¥ millions)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(40,278)	(42,085)
Proceeds from sale of property, plant and equipment and intangible assets	9,469	2,932
Acquisition of investments	(1,938)	(238)
Proceeds from sale of investments	16,295	4,555
Acquisition of shares of subsidiaries, net of cash acquired	-	(4,503)
Proceeds from sale of shares of subsidiaries, net of cash disposed of	9,087	-
Acquisition of equity-accounted investees	(4,701)	(4,773)
Proceeds from sale of equity-accounted investees	85,059	-
Collection of loans receivable	5,800	-
Other	555	(2,301)
Cash flows from (used in) investing activities	79,349	(46,412)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(521)	6,016
Increase (decrease) in commercial paper	-	16,000
Proceeds from long-term borrowings	11,000	12,511
Repayment of long-term borrowings	(20,000)	(23,201)
Payment for redemption of bonds	(70,000)	-
Repayment of lease obligations	-	(8,161)
Payment for acquisition of treasury shares	(44,613)	(26)
Payment for acquisition of treasury shares by a consolidated subsidiary	(7)	(22,595)
Dividends paid	(23,271)	(23,706)
Dividends paid to non-controlling interests	(6,983)	(8,878)
Other	(1,174)	(527)
Cash flows from (used in) financing activities	(155,569)	(52,566)
Effect of exchange rate changes on cash and cash equivalents	(6,486)	(1,932)
Net increase (decrease) in cash and cash equivalents	(9,626)	(48,375)
Cash and cash equivalents at beginning of year	161,987	173,102
Cash and cash equivalents at end of period	152,362	124,727

**(5) NOTES TO CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**  
**(GOING CONCERN ASSUMPTION)**

There are no matters to report under this item.

**(CHANGES IN ACCOUNTING POLICIES)**  
**(Application of IFRS 16 “Leases”)**

The Group has applied IFRS 16 “Leases” (“IFRS 16”) from the three months ended March 31, 2019.

**(1) Significant accounting policies**

Right-of-use assets and lease liabilities are recognized at the lease commencement date.

**1) Right-of-use assets**

Right-of-use assets are initially measured at cost, and the cost, which mainly comprises the amount of the initial measurement of the lease liability, initial direct costs and the initial estimate of the costs of dismantling, removing and restoring the underlying asset.

Right-of-use assets are measured using the cost model after initial recognition and are stated at cost less accumulated depreciation and accumulated impairment losses, and are included in a line item in the consolidated statement of financial position corresponding to when the underlying assets are owned by the Company.

After initial recognition, the right-of-use assets are depreciated using the straight-line method over the estimated useful lives of the underlying assets when ownership of the underlying assets is transferred by the end of the lease term or when the cost of the right-of-use assets reflect that a purchase option is reasonably certain to be exercised; the right-of-use assets are otherwise depreciated based on the straight-line method over the shorter of the lease term or the estimated useful lives of the right-of-use assets.

**2) Lease liabilities**

Lease liabilities are initially recognized at the present value of the lease payments that are not paid as of the lease commencement date which is calculated by discounting such present value using the interest rate implicit in the lease.

If that rate cannot be readily determined, the Group’s incremental borrowing rate is used. In general, the Group uses the incremental borrowing rate as the discount rate.

Lease liabilities are subsequently measured by increasing the carrying amounts to reflect interest on the lease liabilities and by reducing the carrying amounts to reflect lease payments made, and are included in the line item “other financial liabilities” in the consolidated statement of financial position.

For short-term leases and leases for low value items, the Group record lease payments as expenses using the straight-line method over the lease terms unless another systematic method is more representative of the pattern of the benefits.

During the fiscal year ended December 31, 2018, leases as a lessee were classified as finance leases if substantially all the risks and rewards of ownership were transferred to the Group. Leases other than finance leases were classified as operating leases.

Finance leases as a lessee were initially recognized at the lease commencement date as assets and liabilities in the consolidated statement of financial position at the lower of the fair value of the leased asset and the present value of the minimum lease payments, both of which were determined at the inception of the lease. After initial recognition, the leased assets were depreciated over their estimated useful lives when it is reasonably certain that the ownership will be transferred by the end of the lease term and over the shorter of the lease term and their estimated useful lives when it was not reasonably certain. The lease payments were apportioned between the finance costs and the repayment of lease obligations based on an interest method.

Lease payments under operating leases were expensed based on the straight-line method over the lease terms unless another systematic basis was more representative of the time pattern of the benefits.

(2) Application of IFRS 16

The Group has applied IFRS 16 in accordance with the transition provision in IFRS 16 based on the modified retrospective approach as follows:

- The lessee shall recognize the cumulative effect of initially applying IFRS 16 as an adjustment to the beginning balance of retained earnings at the date of initial application.
- As for leases previously classified as operating leases:
  - 1) The lessee shall measure that lease liability at the present value of the total remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.
  - 2) The lessee shall measure and recognize a right-of-use asset at either:
    - (i) its carrying amount as if IFRS 16 had been applied since the commencement date of the lease, but discounted using the lessee's incremental borrowing rate at the date of initial application; or
    - (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
  - 3) The lessee shall apply IAS 36 "Impairment of Assets" to right-of-use assets at the date of initial application.

On transition to IFRS 16, the Group has chosen to apply the practical expedient that allows the Group to continue using the same method as before with regard to whether contracts are leases or not.

In addition, the Group has applied the following practical expedients in applying IFRS 16 to the leases that were previously classified as operating leases under IAS 17:

- Applying the exemption on not recognizing right-of-use assets or lease liabilities for leases for which the term ends within 12 months of the date of initial application.
- Excluding initial direct costs from the measurement of right-of-use assets at the date of initial application.

At the date of initial application of IFRS 16, the Group additionally recognized right-of-use assets of ¥62,843 million, which are included in property, plant and equipment in the consolidated statement of financial position, and lease liabilities of ¥66,404 million. As a result, the balance of retained earnings decreased by ¥1,262 million.

## 2. OTHER

### (1) CONSOLIDATED FORECASTS

Taking into consideration the progress of each business, changes in exchange rates of AUD, and other operating expenses that required for sale of Lion Dairy and Drinks Business, the consolidated forecast for the fiscal year ending December 31, 2019, which was announced on April 26, 2019, has been revised as follows:

Consolidated forecast for the fiscal year ending December 31, 2019

(¥ millions)

	Revenue	Normalized operating profit	Profit before tax	Profit	Profit attributable to owners of the Company	Basic earnings per share
Previous forecast (A)	2,000,000	190,000	132,900	81,900	62,900	¥71.64
Revised forecast (B)	1,964,000	190,000	123,000	76,000	56,000	¥63.78
Change (B-A)	(36,000)	-	(9,900)	(5,900)	(6,900)	-
Change (%)	(1.8)	-	(7.4)	(7.2)	(11.0)	-
Actual result of the previous fiscal year (December 31, 2018)	1,930,522	199,327	246,852	195,211	164,202	¥183.57

**Supplementary Documents to  
the Consolidated Financial Statements  
for the Six Months Ended June 30, 2019**

1. Summary of Consolidated Statement of Financial Position
2. Summary of Consolidated Statement of Profit or Loss, Indices, etc.
3. Revenue Details
4. Profit Details
5. Summary of Consolidated Statement of Cash Flows

**KIRIN HOLDINGS COMPANY, LIMITED  
August 6, 2019**



# 1. SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ billions)

	As of June 30, 2019, Actual	As of December 31, 2018, Actual	Increase (decrease)	Description of changes
Non-current assets	1,452.8	1,471.9	(19.1)	Increase due to right-of-use assets by the application of IFRS 16, etc.
Property, plant and equipment	549.0	527.0	21.9	
Goodwill	230.2	244.2	(14.0)	
Intangible assets	156.5	179.9	(23.4)	
Equity-accounted investees	248.3	240.6	7.7	
Other	268.9	280.1	(11.3)	
Current assets	781.3	831.8	(50.5)	
Inventories	221.1	204.8	16.2	
Trade and other receivables	378.2	404.9	(26.8)	
Cash and cash equivalents	124.7	173.1	(48.4)	
Other	57.4	48.9	8.5	
Total assets	2,234.1	2,303.6	(69.5)	
Equity	1,121.3	1,200.9	(79.6)	
Equity attributable to owners of the Company	888.6	916.1	(27.5)	
Non-controlling interests	232.7	284.8	(52.1)	
Non-current liabilities	524.0	512.8	11.3	Decrease due to replacement of long-term's with short-term's, etc. Increase due to lease liabilities by the application of IFRS 16, etc.
Bonds and borrowings	283.5	317.9	(34.5)	
Other	240.6	194.8	45.8	
Current liabilities	588.8	589.9	(1.2)	Increase due to issuance of commercial papers, and replacement of long-term's with short-term's, etc.
Bonds and borrowings	139.0	97.1	41.9	
Trade and other payables	213.2	227.1	(14.0)	
Other	236.6	265.8	(29.1)	
Total liabilities	1,112.8	1,102.7	10.1	
Total equity and liabilities	2,234.1	2,303.6	(69.5)	

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

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

(¥ billions)

	Six months ended June 30, 2019, Actual	Six months ended June 30, 2018, Actual	Increase (decrease)	
Revenue	929.8	918.2	11.6	1.3%
Gross profit	409.7	398.0	11.8	3.0%
Selling, general and administrative expenses	318.9	311.5	7.4	2.4%
Normalized operating profit	90.8	86.5	4.4	5.0%
Other operating income	2.8	23.5	(20.6)	(87.9%)
Other operating expenses	80.7	9.9	70.8	712.5%
Operating profit	12.9	100.0	(87.1)	(87.1%)
Finance income	2.5	3.0	(0.5)	(15.5%)
Finance costs	5.4	4.4	1.1	24.3%
Share of profit of equity-accounted investees	12.7	13.2	(0.5)	(4.0%)
Gain on sale of equity-accounted investees	-	19.8	(19.8)	-
Profit before tax	22.7	131.6	(108.9)	(82.8%)
Income tax expense	18.1	25.1	(7.0)	(27.7%)
Profit (loss)	4.5	106.5	(101.9)	(95.8%)
Owners of the Company	(7.3)	86.5	(93.8)	-
Non-controlling interests	11.8	20.0	(8.2)	(40.8%)
Normalized EPS	¥71	¥71	-	-
Revenue (excluding liquor tax)	794.6	783.8	10.8	1.4%
Normalized operating profit ratio (excluding liquor tax)	11.4%	11.0%		
Normalized EBITDA	131.6	125.2	6.4	5.1%
Gross Debt Equity Ratio	0.48	0.43		

Normalized EPS = Normalized profit / Average number of shares outstanding during period

Normalized profit = Profit attributable to Owners of the Company ± Other operating income and expenses and other items after income taxes

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

\*For the six months ended June 30, 2019, depreciation and amortization exclude those from right-of-use assets.

## (2) Exchange Rate for the Consolidation of Profit or Loss of the Major Overseas Companies

(¥)

	Six months ended June 30, 2019, Actual	Six months ended June 30, 2018, Actual
Lion (AUD)	77.61	83.26
Myanmar Brewery (MMK ('000))	72.42	80.37
CCNNE (USD)	109.97	108.50

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

	Six months ended June 30, 2019, Actual	Six months ended June 30, 2018, Actual
San Miguel Brewery	From October 2018 to March 2019	From October 2017 to March 2018

## 3. REVENUE DETAILS

### (1) Revenue Details

(¥ billions)

	Six months ended June 30, 2019, Actual	Six months ended June 30, 2018, Actual	Increase (decrease)	
Revenue	929.8	918.2	11.6	1.3%
Japan Beer and Spirits	315.1	315.5	(0.4)	(0.1%)
Kirin Brewery	307.1	307.6	(0.4)	(0.1%)
Other and elimination	8.0	8.0	0.0	0.3%
Japan Non-alcoholic Beverages	134.2	132.6	1.6	1.2%
Kirin Beverage	135.1	133.4	1.7	1.3%
Elimination	(0.9)	(0.8)	(0.1)	-
Oceania Integrated Beverages	145.8	159.2	(13.3)	(8.4%)
Lion	145.8	159.2	(13.3)	(8.4%)
Beer, Spirits, and Wine	80.3	87.8	(7.5)	(8.5%)
Dairy and Drinks	65.5	71.3	(5.9)	(8.2%)
Elimination	(0.0)	(0.0)	(0.0)	-
Pharmaceuticals	150.9	133.8	17.1	12.8%
Kyowa Kirin *	151.4	134.3	17.1	12.7%
Elimination	(0.5)	(0.6)	0.0	-
Other	183.8	177.2	6.7	3.8%
Mercian	30.3	29.3	1.0	3.3%
Myanmar Brewery	17.7	14.4	3.3	23.0%
CCNNE	65.3	64.1	1.2	1.8%
Kyowa Hakko Bio	39.3	39.6	(0.3)	(0.8%)
Other and elimination	31.2	29.7	1.5	5.2%

The Company acquired 95% of shares in Kyowa Hakko Bio Co.,Ltd., a wholly-owned subsidiary of Kyowa Kirin Co.,Ltd. \* in April 24, 2019. As a result, Bio-chemicals Business is included in "Other".

\* The company name has changed to "Kyowa Kirin" from "Kyowa Hakko Kirin" in July 1, 2019.

(Reference) Revenue excluding liquor tax

(¥ billions)

	Six months ended June 30, 2019, Actual	Six months ended June 30, 2018, Actual
Kirin Brewery	180.2	179.9

(2) Sales Volume Details of Major Business Companies

a. Kirin Brewery

	Six months ended June 30, 2019		Six months ended June 30, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	252	(7.1%)	272	(4.3%)
<i>Happo-shu</i>	186	(7.4%)	201	(7.5%)
New genre	354	15.8%	306	18.7%
Sub-total	793	1.9%	778	2.6%
RTD	177	7.6%	165	12.1%
Non-alcohol beverages	17	(6.2%)	18	(0.2%)

The above sales volume excludes exports and liquor tax exempts.

b. Kirin Beverage Group

	Six months ended June 30, 2019		Six months ended June 30, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	2,665	9.4%	2,438	(2.3%)
Japanese tea	1,597	1.3%	1,576	10.9%
Coffee	1,291	(3.2%)	1,334	(9.2%)
Fruit and vegetable juice	1,184	(6.2%)	1,262	6.6%
Carbonated beverage	976	(3.6%)	1,013	1.3%
Functional beverage	503	0.4%	500	19.6%
Water	1,978	(1.5%)	2,008	7.2%
Other	825	9.6%	753	(0.5%)
Total	11,019	1.2%	10,884	2.5%
Container Type				
Can	1,570	(11.3%)	1,770	(6.7%)
Large-sized PET bottles (2L, 1.5L, etc.)	3,673	0.8%	3,643	4.2%
Small-sized PET bottles (500ml, 280ml, etc.)	4,815	9.2%	4,411	4.0%
Other	961	(9.4%)	1,060	7.6%
Total	11,019	1.2%	10,884	2.5%

## 4. PROFIT DETAILS

### (1) Normalized Operating Profit Details

(¥ billions)

	Six months ended June 30, 2019, Actual	Six months ended June 30, 2018, Actual	Increase (decrease)	
Normalized operating profit	90.8	86.5	4.4	5.0%
Japan Beer and Spirits	33.3	32.0	1.3	4.1%
Kirin Brewery	32.4	31.0	1.4	4.6%
Others	0.9	1.1	(0.1)	(10.1%)
Japan Non-alcoholic Beverages	11.0	10.0	1.0	9.9%
Kirin Beverage	11.0	10.0	1.0	9.9%
Oceania Integrated Beverages	18.2	20.5	(2.3)	(11.4%)
Lion	18.2	20.5	(2.3)	(11.4%)
Beer, Spirits, and Wine	21.1	22.9	(1.8)	(7.7%)
Dairy and Drinks	(0.4)	1.1	(1.5)	-
Corporate	(2.6)	(3.5)	0.9	-
Pharmaceuticals	32.6	27.4	5.2	18.9%
Kyowa Kirin	32.6	27.4	5.2	18.9%
Other	15.6	13.3	2.4	18.0%
Mercian	0.5	0.8	(0.2)	(29.7%)
Myanmar Brewery	8.1	6.6	1.5	23.2%
CCNNE	1.9	0.9	1.0	110.3%
Kyowa Hakko Bio	2.9	3.4	(0.5)	(16.1%)
Others	2.3	1.6	0.6	39.9%
Corporate expenses and inter-segment eliminations	(20.0)	(16.8)	(3.2)	-

From the fiscal year ended December 31, 2019, each normalized operating profit in each segment is calculated by adding back management fees paid to the Company to normalized operating profit.

## (2) Normalized Operating Profit Breakdown of Major Business Companies

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Decrease in marginal profit of alcohol beverages, etc.	(2.2)	Total beer products (2.2) Sales decrease in beer (19) thousand KL Sales decrease in <i>happo-shu</i> (15) thousand KL Sales increase in new genre 48 thousand KL Total other than beer products 0.9 Sales increase in RTD 12 thousand KL Sales decrease in non-alcohol beverages (1) thousand KL, etc. Difference of change in composite of products, etc. (1.0)
	Decrease in raw material cost of alcohol beverages	0.3	
	Decrease in selling expenses	1.2	Decrease in sales promotion 1.8, increase in advertising (0.6) (Total 32.3→31.1)
	Decrease in other expenses	2.1	Decrease in allocated corporate expenses 1.2, etc.
	Total	1.4	
Kirin Beverage	Increase in marginal profit of soft drink beverages	2.3	Increase in sales volume 1.35 million cases, 0.6 Difference of change in products mix and in composition ratio of containers, etc. 1.7
	Increase in raw material cost, etc.	(0.9)	Decrease in raw material cost 0.2, increase in material cost (0.8), increase in processing cost (0.2)
	Increase in selling expenses	(0.4)	Increase in sales promotion (0.6), decrease in advertising 0.2 (Total 16.5→16.9)
	Increase in other expenses	(0.0)	Decrease in allocated corporate expenses 0.4, increase in depreciation of vending machines, etc.
	Total	1.0	

## (3) Other Operating Income and Other Operating Expenses

(¥ billions)

	Six months ended June 30, 2019, Actual	Six months ended June 30, 2018, Actual	Increase (decrease)
Other operating income	2.8	23.5	(20.6)
Gain on sale of property, plant and equipment and intangible assets	1.7	6.8	(5.1)
Gain on sale of shares of subsidiaries	-	12.1	(12.1)
Other	1.2	4.6	(3.4)
Other operating expenses	80.7	9.9	70.8
Impairment losses	62.1	1.1	61.1
Business restructuring expenses	7.9	1.3	6.6
Software development expenses	5.0	3.8	1.2
Loss on disposal and sale of property, plant and equipment and intangible assets	0.8	0.7	0.1
Other	4.9	3.0	1.9

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

(¥ billions)

	Six months ended June 30, 2019, Actual	Six months ended June 30, 2018, Actual	Increase (decrease)
Finance income	2.5	3.0	(0.5)
Interest income	0.8	0.9	(0.1)
Dividend income	1.5	2.0	(0.5)
Other	0.2	0.1	0.1
Finance costs	5.4	4.4	1.1
Interest paid	3.6	2.6	1.0
Foreign exchange losses (net)	1.3	1.4	(0.1)
Other	0.5	0.3	0.2
Share of profit of equity-accounted investees	12.7	13.2	(0.5)
San Miguel Brewery	13.2	12.4	0.9
Others	(0.6)	0.8	(1.4)
Gain on sale of equity-accounted investees	-	19.8	(19.8)

## 5. SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

### (1) Summary of Statement of Cash Flows

(¥ billions)

	Six months ended June 30, 2019, Actual	Six months ended June 30, 2018, Actual	Increase (decrease)
Cash flows from operating activities	52.5	73.1	(20.5)
Profit before tax	22.7	131.6	(108.9)
Depreciation and amortization	40.2	32.6	7.5
Other	(10.3)	(91.1)	80.8
Cash flows from investing activities	(46.4)	79.3	(125.8)
Acquisition of property, plant and equipment and intangible assets	(42.1)	(40.3)	(1.8)
Other	(4.3)	119.6	(124.0)
Cash flows from financing activities	(52.6)	(155.6)	103.0
Increase (decrease) in interest-bearing liabilities	11.3	(79.5)	90.8
Dividends paid	(32.6)	(30.3)	(2.3)
Other	(31.3)	(45.8)	14.5
Exchange rate changes	(1.9)	(6.5)	4.6
Net increase (decrease) in cash and cash equivalents	(48.4)	(9.6)	(38.7)

### (2) Information by Segment

As of June 30, 2019, Actual

(¥ billions)

	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Integrated Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	5.8	3.1	5.6	8.2	8.0	2.1	32.9
Acquisition of property, plant and equipment and intangible assets	6.7	2.8	4.7	8.1	11.6	8.2	42.1
Normalized EBITDA	39.2	14.1	23.8	40.8	31.5	(17.8)	131.6

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

As of June 30, 2018, Actual

(¥ billions)

	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Integrated Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	5.6	2.7	6.5	7.7	7.5	2.6	32.6
Acquisition of property, plant and equipment and intangible assets	7.7	2.8	8.3	2.9	11.6	6.9	40.3
Normalized EBITDA	37.6	12.8	27.1	35.2	26.9	(14.2)	125.2



**Supplementary Documents to the Forecast  
Consolidated Business Results  
for the Fiscal Year Ending December 31, 2019**

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

**KIRIN HOLDINGS COMPANY, LIMITED**  
**August 6, 2019**

# 1 SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS, INDICES, etc.

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

							(¥ billions)
	Fiscal year ending December 31, 2019, Revised Forecast	Fiscal year ended December 31, 2018, Actual	Increase (decrease)		Fiscal year ending December 31, 2019, Initial forecast (Revision on April 26)	Increase (decrease)	
Revenue	1,964.0	1,930.5	33.5	1.7%	2,000.0	(36.0)	
Normalized operating profit	190.0	199.3	(9.3)	(4.7%)	190.0	-	
Other operating income	4.7	30.7	(26.0)	(84.8%)	2.7	2.0	
Other operating expenses	98.7	31.7	67.0	211.2%	87.3	11.4	
Operating profit	96.0	198.3	(102.3)	(51.6%)	105.4	(9.4)	
Finance income	4.6	9.2	(4.6)	(49.8%)	3.3	1.3	
Finance costs	8.2	8.9	(0.7)	(7.8%)	6.4	1.8	
Share of profit of equity-accounted investees	30.6	28.4	2.1	7.5%	30.6	-	
Gain on sale of equity-accounted investees	-	19.8	(19.8)	-	-	-	
Profit before tax	123.0	246.9	(123.9)	(50.2%)	132.9	(9.9)	
Income tax expense	47.0	51.6	(4.6)	(9.0%)	51.0	(4.0)	
Profit	76.0	195.2	(119.2)	(61.1%)	81.9	(5.9)	
Owners of the Company	56.0	164.2	(108.2)	(65.9%)	62.9	(6.9)	
Non-controlling interests	20.0	31.0	(11.0)	(35.5%)	19.0	1.0	
ROIC	5.1%	11.9%					
Normalized EPS	¥157	¥167	(¥10)	(6.0%)			
Revenue (excluding liquor tax)	1,666.0	1,636.5	29.5	1.8%			
Normalized operating profit ratio (excluding liquor tax)	11.4%	12.2%					
ROE	6.1%	17.5%					
Normalized EBITDA	273.4	279.9	(6.5)	(2.3%)			
Gross Debt Equity Ratio	0.45	0.45					

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

	Fiscal year ending December 31, 2019, Revised Forecast
Normalized operating profit	192.5
ROIC	5.0%
Normalized EPS	¥159

\*Converted foreign currency amounts of the revised forecast at the exchange rate of the initial forecast

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

Normalized EPS = Normalized profit / Average number of shares outstanding during period

Normalized profit = Profit attributable to Owners of the Company ± Other operating income and expenses and other items after income taxes

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

\* For the year ending December 31, 2019, depreciation and amortization exclude those from right-of-use assets.

(2) Exchange Rate for the Consolidation of Profit or Loss of the Major Overseas Companies

(¥)

	Fiscal year ending December 31, 2019, Revised Forecast	Fiscal year ended December 31, 2018, Actual	Fiscal year ending December 31, 2019, Initial forecast (Revision on April 26)
Lion (AUD)	76.00	81.80	80.00
Myanmar Brewery (MMK ('000))	73.00	76.88	73.00
CCNNE (USD)	110.00	110.36	110.00

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

	Fiscal year ending December 31, 2019, Revised Forecast	Fiscal year ended December 31, 2018, Actual
San Miguel Brewery	From October 2018 to September 2019	From October 2017 to September 2018

## 2. REVENUE DETAILS

(1) Revenue Details

(¥ billions)

	Fiscal year ending December 31, 2019, Revised Forecast	Fiscal year ended December 31, 2018, Actual	Increase (decrease)		Fiscal year ending December 31, 2019, Initial forecast (Revision on April 26)	Increase (decrease)
Revenue	1,964.0	1,930.5	33.5	1.7%	2,000.0	(36.0)
Japan Beer and Spirits	693.3	685.1	8.2	1.2%	700.3	(7.0)
Kirin Brewery	674.9	668.1	6.8	1.0%	682.0	(7.1)
Other and elimination	18.4	17.0	1.4	8.4%	18.3	0.1
Japan Non-alcoholic Beverages	287.8	283.0	4.8	1.7%	290.3	(2.6)
Kirin Beverage	289.6	284.8	4.8	1.7%	292.2	(2.6)
Elimination	(1.9)	(1.9)	(0.0)	-	(1.9)	-
Oceania Integrated Beverages	305.5	329.5	(24.1)	(7.3%)	329.1	(23.6)
Lion	305.5	329.5	(24.1)	(7.3%)	329.1	(23.6)
Beer, Spirits, and Wine	175.6	185.4	(9.8)	(5.3%)	185.8	(10.2)
Dairy and Drinks	129.9	144.2	(14.3)	(9.9%)	143.3	(13.5)
Elimination	(0.0)	-	(0.0)	-	(0.0)	-
Pharmaceuticals	304.0	270.4	33.6	12.4%	304.0	-
Kyowa Kirin	305.0	271.5	33.5	12.3%	305.0	-
Elimination	(1.0)	(1.1)	0.1	-	(1.0)	-
Other	373.5	362.5	10.9	3.0%	376.3	(2.8)
Mercian	65.6	64.8	0.9	1.4%	66.7	(1.0)
Myanmar Brewery	30.9	26.2	4.8	18.2%	28.3	2.7
CCNNE	131.5	131.7	(0.3)	(0.2%)	138.1	(6.6)
Kyowa Hakko Bio	79.4	78.2	1.2	1.5%	79.4	-
Other and elimination	66.1	61.7	4.4	7.1%	63.9	2.1

(Reference) Revenue excluding liquor tax

	(¥ billions)		
	Fiscal year ending December 31, 2019, Revised Forecast	Fiscal year ended December 31, 2018, Actual	Fiscal year ending December 31, 2019, Initial forecast (Revision on April 26)
Kirin Brewery	394.6	389.7	398.1

(2) Sales Volume Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ending December 31, 2019		Fiscal year ended December 31, 2018	
	Revised forecast	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	574	(2.8%)	590	(5.9%)
<i>Happo-shu</i>	403	(4.6%)	422	(7.3%)
New genre	769	10.1%	698	28.5%
Sub-total	1,745	2.0%	1,710	5.2%
RTD	385	7.1%	359	13.1%
Non-alcohol beverages	39	(0.8%)	39	(5.6%)

The above sales volume excludes exports and liquor tax exempts.

b. Kirin Beverage Group

	Fiscal year ending December 31, 2019		Fiscal year ended December 31, 2018	
	Revised forecast	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	5,490	5.8%	5,190	(2.0%)
Japanese tea	3,588	4.0%	3,451	11.8%
Coffee	2,593	(1.5%)	2,632	(14.5%)
Fruit and vegetable juice	2,495	(1.4%)	2,530	2.4%
Carbonated beverage	2,277	5.6%	2,155	2.2%
Functional beverage	1,090	(12.0%)	1,238	23.3%
Water	4,242	(1.8%)	4,319	6.9%
Other	1,726	(4.1%)	1,801	3.4%
Total	23,500	0.8%	23,316	2.1%
Container Type				
Can	3,358	(5.2%)	3,541	(10.1%)
Large-sized PET bottles (2L, 1.5L, etc.)	7,918	0.1%	7,911	4.2%
Small-sized PET bottles (500ml, 280ml, etc.)	10,117	4.3%	9,700	5.4%
Other	2,107	(2.6%)	2,165	3.1%
Total	23,500	0.8%	23,316	2.1%

### 3. PROFIT DETAILS

#### (1) Normalized Operating Profit Details

						(¥ billions)	
	Fiscal year ending December 31, 2019, Revised Forecast	Fiscal year ended December 31, 2018, Actual	Increase (decrease)			Fiscal year ending December 31, 2019, Initial forecast (Revision on April 26)	Increase (decrease)
Normalized operating profit	190.0	199.3	(9.3)	(4.7%)		190.0	-
Japan Beer and Spirits	84.7	82.7	2.0	2.4%		84.7	-
Kirin Brewery	83.5	80.9	2.6	3.2%		83.5	-
Others	1.2	1.8	(0.6)	(32.0%)		1.2	-
Japan Non-alcoholic Beverages	24.0	23.3	0.7	2.9%		24.0	-
Kirin Beverage	24.0	23.3	0.7	2.9%		24.0	-
Oceania Integrated Beverages	43.6	51.8	(8.2)	(15.9%)		48.2	(4.6)
Lion	43.6	51.8	(8.2)	(15.9%)		48.2	(4.6)
Beer, Spirits, and Wine	49.5	53.3	(3.8)	(7.1%)		52.1	(2.6)
Dairy and Drinks	2.9	5.1	(2.2)	(43.6%)		5.7	(2.8)
Corporate	(8.8)	(6.7)	(2.2)	-		(9.6)	0.8
Pharmaceuticals	54.0	50.4	3.6	7.1%		54.0	-
Kyowa Kirin	54.0	50.4	3.6	7.1%		54.0	-
Other	30.0	27.1	2.9	10.6%		26.4	3.6
Mercian	2.5	2.6	(0.0)	(1.7%)		2.5	-
Myanmar Brewery	11.8	10.1	1.7	17.3%		9.5	2.3
CCNNE	4.2	2.8	1.3	47.1%		3.8	0.4
Kyowa Hakko Bio	8.0	8.1	(0.1)	(1.6%)		8.0	-
Others	3.5	3.5	(0.0)	(1.0%)		2.5	0.9
Corporate expenses and inter-segment eliminations	(46.3)	(36.0)	(10.3)	-		(47.3)	1.0

From the forecast consolidated business results for the year ending December 31, 2019, each normalized operating profit in each segment is calculated by adding back management fees paid to the Company to normalized operating profit.

## (2) Normalized Operating Profit Breakdown of Major Business Companies

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Decrease in marginal profit of alcohol beverages, etc.	(0.0)	Total beer products 0.3 Sales decrease in beer (16) thousand KL Sales decrease in <i>happo-shu</i> (19) thousand KL Sales increase in new genre 71 thousand KL Total other than beer products 2.3 Sales increase in RTD 26 thousand KL Sales decrease in non-alcohol beverages (0) thousand KL, etc. Difference of change in composite of products, etc. (2.6)
	Increase in raw material cost of alcohol beverages	(0.3)	
	Decrease in selling expenses	1.3	Decrease in sales promotion and advertising (Total 62.1→60.8)
	Decrease in other expenses	1.6	Decrease in allocated corporate expenses 2.4, etc.
	Total	2.6	
Kirin Beverage	Increase in marginal profit of soft drink beverages	5.5	Increase in sales volume 1.88 million cases, 0.9 Difference of change in products mix and in composition ratio of containers, etc. 4.6
	Increase in raw material cost, etc.	(0.8)	Decrease in raw material cost 0.5, increase in material cost (1.0), increase in processing cost (0.3)
	Increase in selling expenses	(2.4)	Increase in sales promotion and advertising (Total 36.7→39.2)
	Increase in other expenses	(1.6)	Decrease in allocated corporate expenses 0.8, increase in depreciation of vending machines, etc.
	Total	0.7	

#### 4. INFORMATION BY SEGMENT

Fiscal year ending December 31, 2019, Revised forecast

(¥ billions)

	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Integrated Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	12.8	6.2	11.5	16.4	16.5	4.1	67.6
Acquisition of property, plant and equipment and intangible assets	14.4	11.0	15.9	20.3	27.6	18.2	107.3
Normalized EBITDA	97.5	30.2	55.1	70.4	62.3	(42.2)	273.4

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

Fiscal year ended December 31, 2018, Actual

(¥ billions)

	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Integrated Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	12.5	6.0	12.5	16.2	15.7	5.1	67.9
Acquisition of property, plant and equipment and intangible assets	14.4	7.0	20.7	14.0	19.5	12.3	87.9
Normalized EBITDA	95.1	29.3	64.3	66.6	55.4	(30.9)	279.9