

KIRIN HOLDINGS COMPANY, LIMITED

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2019 (UNDER IFRS)

(UNAUDITED)

February 14, 2020

(English Translation)

Fiscal year ended December 31, 2019

KIRIN HOLDINGS COMPANY, LIMITEDNAKANO 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
Scheduled date of general meeting of shareholders held:	March 27, 2020
Commencement date of dividend distribution scheduled:	March 30, 2020
Submission date of securities report scheduled:	March 27, 2020
Preparation of supplementary documents to the financial results:	Yes
Holding of financial results presentation (for institutional investors and analysts):	Yes

1. Consolidated business results and financial position for the current fiscal year

(January 1, 2019 – December 31, 2019)

[Unit: Japanese yen (¥)]

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

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

	Revenue (¥ millions)	Percentage change (%)	Normalized operating profit (¥ millions)	Percentage change (%)	Profit before tax (¥ millions)	Percentage change (%)
Fiscal year ended						
December 31, 2019	1,941,305	0.6	190,754	(4.3)	116,823	(52.7)
December 31, 2018	1,930,522	3.6	199,327	2.4	246,852	5.6

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company (¥ millions)	Percentage change (%)	Total comprehensive income (¥ millions)	Percentage change (%)
Fiscal year ended						
December 31, 2019	81,438	(58.3)	59,642	(63.7)	78,906	(38.7)
December 31, 2018	195,211	(26.8)	164,202	(32.1)	128,816	(59.0)

	Basic earnings per share (¥)	Diluted earnings per share (¥)	Ratio of profit to equity attributable to owners of the Company (%)	Ratio of profit before tax to total assets (%)	Ratio of normalized operating profit to revenue (%)
Fiscal year ended					
December 31, 2019	68.00	67.98	6.6	4.9	9.8
December 31, 2018	183.57	183.53	17.7	10.5	10.3

Reference: Share of profit of equity-accounted investees Fiscal year ended December 31, 2019 ¥33,722 million

	Fiscal year ended December 31, 2018	¥28,448 million	
Operating profit	Fiscal year ended December 31, 2019	¥87,727 million	(55.8%)
	Fiscal year ended December 31, 2018	¥198,322 million	(6.0%)
Ratio of operating profit to revenue	Fiscal year ended December 31, 2019	4.5%	
	Fiscal year ended December 31, 2018	10.3%	

* 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.

Note: In accordance with changes in accounting policies, the financial figures for the fiscal year ended December 31, 2018 have been revised retroactively.

(2) Financial position:

	Total assets (¥ millions)	Total equity (¥ millions)	Equity attributable to owners of the Company (¥ millions)	Equity ratio attributable to owners of the Company (%)	Equity per share attributable to owners of the Company (¥)
As of					
December 31, 2019	2,412,874	1,146,825	906,576	37.6	1,043.57
December 31, 2018	2,303,624	1,191,418	906,578	39.4	1,032.55

Note: In accordance with changes in accounting policies, the financial figures as of December 31, 2018 have been revised retroactively.

(3) Cash flows:

	Cash flows from operating activities (¥ millions)	Cash flows from investing activities (¥ millions)	Cash flows from financing activities (¥ millions)	Cash and cash equivalents at end of year (¥ millions)
Fiscal year ended December 31, 2019	178,826	(175,619)	(9,997)	165,671
Fiscal year ended December 31, 2018	198,051	47,389	(226,699)	173,102

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 ended December 31, 2019	–	31.50	–	32.50	64.00
Fiscal year ending December 31, 2020 (Forecast)	–	32.50	–	32.50	65.00

	Total amount of dividends (¥ millions)	Dividend pay-out ratio (%)	Ratio of dividends to equity attributable to owners of the Company (%)
Fiscal year ended December 31, 2018	45,258	27.8	4.9
Fiscal year ended December 31, 2019	55,894	94.1	6.2
Fiscal year ending December 31, 2020 (Forecast)		47.5	

3. Forecast consolidated business results for the next fiscal year (January 1, 2020 - December 31, 2020)

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

	Revenue (¥ millions)	Percentage change (%)	Normalized operating profit (¥ millions)	Percentage change (%)	Profit before tax (¥ millions)	Percentage change (%)
Fiscal year ending December 31, 2020	2,000,000	3.0	191,000	0.1	189,500	62.2

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company (¥ millions)	Percentage change (%)	Basic earnings per share (¥)
Fiscal year ending December 31, 2020	143,500	76.2	115,500	93.7	136.79

Reference: Operating profit Fiscal year ending December 31, 2020 ¥160,500 million 83.0%

* Notes

- (1) Changes in significant subsidiaries for the fiscal year ended December 31, 2019 (Changes in specified subsidiaries accompanying change in scope of consolidation): Yes

Newly included: —

Excluded: 4 companies
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: Yes
- iii. Changes in accounting estimates: None

Note: For details, please see "(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CHANGES IN ACCOUNTING POLICIES)" on pages 19 and 20 of the attached materials.

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

- i. Number of shares outstanding at the end of the period (including treasury shares)
- | | |
|-------------------------|--------------------|
| As of December 31, 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 December 31, 2019 | 45,271,331 shares |
| As of December 31, 2018 | 36,001,121 shares |
- iii. Average number of shares during the period
- | | |
|---|--------------------|
| For the fiscal year ended December 31, 2019 | 877,038,478 shares |
| For the fiscal year ended December 31, 2018 | 894,506,056 shares |

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

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

- (1) The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of the release date of this material. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, market trends, and exchange rates.
- (2) The Company will post the Supplementary Documents to the Financial Results today, Friday, February 14, and will post the presentation materials from the financial results presentation to be held on Monday, February 17, 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>

ATTACHED MATERIALS

INDEX

1. KIRIN GROUP'S CURRENT BUSINESS PERFORMANCE	2
(1) STATEMENT OF BUSINESS ACTIVITIES AND RESULTS	2
(2) FINANCIAL POSITION.....	9
(3) BASIC POLICY AND DISTRIBUTION OF PROFITS AND DIVIDEND FOR 2019 AND 2020.....	10
2. BASIC RATIONALE FOR SELECTION OF ACCOUNTING STANDARDS	10
3. CONSOLIDATED FINANCIAL STATEMENTS	11
(1) CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	11
(2) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME	13
CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	13
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	14
(3) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	15
(4) CONSOLIDATED STATEMENT OF CASH FLOWS.....	17
(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	19
(GOING CONCERN ASSUMPTION).....	19
(CHANGES IN ACCOUNTING POLICIES).....	19
(SEGMENT INFORMATION).....	21
(PER SHARE INFORMATION).....	25
4. OTHER.....	26
CHANGE OF DIRECTORS AND BOARD MEMBERS	26

1. KIRIN GROUP'S CURRENT BUSINESS PERFORMANCE

(1) STATEMENT OF BUSINESS ACTIVITIES AND RESULTS

The Kirin Group aims to "become a global leader in CSV^{*1} creating value across our world of Food & Beverages to Pharmaceuticals". The Group undertook business activities throughout 2019 based on the "Kirin Group Medium-Term Business Plan 2019–2021 ("Mid-term plan 2019")".

In order to generate stronger revenues, the Group focused on core brands in the "Food & Beverages domain", and took steps to significantly enhance the value of its three strategic global products in the "Pharmaceuticals domain". In addition, to pursue business opportunities that help resolve social issues despite the highly uncertain nature of today's business environment, the Group has been active in laying foundations for a "Health Science domain". This new domain will leverage on the Kirin Group's unique, traditional strengths within its existing Food & Beverage and Pharmaceutical domains. In April 2019, the Company acquired Kyowa Hakko Bio Co., Ltd. from Kyowa Kirin Co., Ltd., making Kyowa Hakko Bio Co., Ltd. a direct subsidiary of the Company. In August, the Company concluded a capital and business alliance agreement with FANCL CORPORATION. In addition, the Group resolved to sell Lion's Dairy and Drinks Business, a key step to ensuring future growth for Lion's Beer, Spirits and Wine Business, as well as for the Dairy and Drinks Business. Following a review of its cross-shareholding practices, the Company also decided to repurchase up to ¥100 billion of its own shares to enhance shareholder returns in November.

As a result, the issues have been resolved, and the Mid-term plan 2019 has been steadily progressing. Although 2019 saw Japan face a relatively harsh business environment consisting of an unseasonably cold summer, frequent and severe natural disasters, and a consumption tax hike, Kirin Brewery Company, Limited and Kirin Beverage Company, Limited still managed to achieve growth exceeding market levels.

Consolidated revenue increased due to higher sales in Japan Non-alcoholic Beverages Businesses and Pharmaceuticals Businesses. Despite increases in the normalized operating profits of each of the Group's respective core businesses, namely the Japan Beer and Spirits Businesses, Japan Non-alcoholic Beverages Businesses, and the global Pharmaceuticals Business, all increased; the Group's consolidated normalized operating profit^{*2} decreased. This was primarily due to a decrease of the normalized operating profit of the Oceanian Integrated Non-alcoholic Beverages business as well as adverse impacts of foreign exchange rates, among other reasons. Profit attributable to owners of the Company decreased due to an impairment loss resulting from, among other things, an Impairment loss of Lion Pty Ltd's Dairy and Drinks business, and the absence of a gain on the sale of Kirin Amgen, which took place and materially increased profits in the previous fiscal year.

*1 CSV is an acronym for "Creating Shared Value". CSV is an initiative that seeks to enhance corporate value by addressing social issues. These initiatives seek to generate both "social benefits" and "economic benefits" for society.

*2. Normalized operating profit is an indicator for measuring recurring performance of the Group. It is calculated by deducting cost of sales, selling expenses, and general and administrative expenses from revenue.

Consolidated revenue	1,941.3 billion yen, up 0.6%
Consolidated normalized operating profit	190.8 billion yen, down 4.3%
Consolidated profit before tax	116.8 billion yen, down 52.7%
Consolidated profit attributable to owners of the Company (Key performance indicators)	59.6 billion yen, down 63.7%
ROIC	5.2%
Normalized EPS*	158 yen, down 5.4%

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

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

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

Results by segment are as follows.

<Japan Beer and Spirits Businesses>

Kirin Brewery Company, Limited undertook marketing activities throughout the fiscal year with a more consistent and unified message across the board, from advertising to sales counters. Staff were actively encouraged to adopt a customer focused approach in all marketing and sales activities. . Kirin Brewery Company, Limited spent 2019 investing into our established mainstay brands in each of our product

categories to build a more robust brand portfolio in accordance with a carefully considered 10 year plan. As a result of the increased focus on our flagship "Kirin Ichiban" brand, Kirin Brewery Company, Limited succeeded in increasing sales volumes for canned products for the third consecutive year now. Sales of our "Honkirin" brand also surged 60% year on year in the new genre category.

Despite the overall domestic beer market continuing a gradual decline for 15 consecutive years now, Kirin Brewery Company, Limited managed to achieve year-on-year growth in total beer sales for the 2nd consecutive year. Kirin Brewery Company, Limited also expanded the domestic craft beer market with the aim of promoting a new beer culture in Japan. The number of stores offering "Tap Marché"^{*3} nearly doubled from the previous fiscal year to 13,000. As part of our CSV commitments, we sought to contribute to local communities by working closely with craft brewers throughout Japan to enhance the value of Japanese hops and to revitalize the craft beer market. Our focused approach also benefited our three core products in the RTD category^{*4}: "Kirin Hyoketsu", "KIRIN The STRONG", and "Kirin Honshibori TM Chuhai" which all performed well this fiscal year.

As a result, despite the increase of total beer sales volume, consolidated revenue decreased due to an increase in the composition ratio of new genre and RTD categories, for which demand increased. In addition, the marginal profit decreased due to the increase in variable costs due to a decrease in the ratio of beer categories and soaring logistics costs, but the succeed to reduce selling expenses while increasing sales volume, while also controlling fixed costs. As a result, consolidated normalized operating profit increased.

*3. Tap Marché is a compact craft beer dispensary system developed by Kirin that enables restaurants of all sizes to offer customers a variety of craft beers.

*4. RTD is an acronym for "Ready to Drink" and refers to premixed low alcoholic beverages that can be enjoyed straight from the can or bottle.

Japan Beer and Spirits Businesses 2019 results:

Consolidated revenue	681.9 billion yen, down 0.5%
Consolidated normalized operating profit	85.2 billion yen, up 3.0%

<Japan Non-alcoholic Beverages Businesses>

Aiming to "Generate profit based on growth," Kirin Beverage Company, Limited has been strengthening its business base by establishing a robust brand portfolio and improving its logistics system. "Kirin Gogo-no-Kocha", a core brand, recorded record annual sales due to strong sales of "Kirin Gogo-no-Kocha The Meister's Milk Tea", which launched in March, and "Kirin Gogo-no-Kocha Oishii Muto (sugar-free)", which was renewed in June. Sales volume of "Kirin FIRE" coffee also increased, driven largely by "One Day Black", a new product launched in April. On the other hand, sales volume of "Kirin Nama-cha" decreased due to the price revision of large PET bottle containers in May. As a way of sowing seeds for the future, Kirin Beverage Company, Limited also began expanding "KIRIN naturals⁵" a new business model throughout Japan for Kirin Beverage Company, Limited's health and well-being domain.

As a result, consolidated sales revenue increased due to an increase in sales volume. Consolidated operating profit increased despite the negative impact of soaring logistics costs, due to a positive impact streamlined advertising spending, and a change in the Tropicana sales scheme.

*5. A new service for corporate clients that delivers vegetable and fruit smoothies as well as provide health-related seminars directly to their offices.

Japan Non-alcoholic Beverages Businesses 2019 results:

Consolidated revenue	286.8 billion yen, up 1.4%
Consolidated normalized operating profit	26.4 billion yen, up 13.0%

<Oceania Integrated Beverages Business>

The Beer, Spirits and Wine Business of Lion Pty Ltd. concentrated its investments in mainstream brands, and to strengthen developing brands in growth categories. As a result, sales volumes of the focusing brands "FURPHY" and "IRON JACK" increased. However, operating income declined significantly due to the effects of competitors' aggressive marketing efforts in the first half of the fiscal year as well as increases in sales promotion expenses, including brand investments, and SCM^{*6} costs.

At the same time, Lion Pty Ltd. promoted investments in craft beer and premium craft beverages^{*7} to establish a new growth pillar. As for craft beer, in addition to Fourpure Brewing Co., a UK based craft brewer which Lion Pty Ltd. acquired in 2018, Magic Rock Brewing also became a wholly owned subsidiary. Lion Pty Ltd. also acquired New Belgium Brewing in the United States, expanding its overseas craft beer business.

In Lion Pty Ltd's Dairy and Drinks Business, sales of the leading dairy product, "Dare", were strong. However, drought and other abnormal weather conditions caused adverse effects on the price of raw milk and disrupted supply, inevitably seeing profits decline significantly.

After reviewing all strategic options for the future growth of Lion Pty Ltd's Dairy and Drinks Business in fiscal year 2018, the Company and Lion Pty Ltd determined that it was in Lion's, and the Group's, best strategic interests to sell Lion's Dairy and Drinks Business. In April 2019, Lion Pty Ltd. decided to transfer its Specialty Cheese business to a subsidiary of Saputo, a leading Canadian dairy company. The transfer was completed in October following clearance by Australian regulatory authorities. In November, Lion Pty Ltd. concluded a further share transfer agreement with a subsidiary of Mengniu Dairy, a Chinese corporation, for the milk, milk beverages, Yogurt, and fruit juice businesses.

As a result, in the Oceania Integrated Beverages Business as a whole, consolidated revenue and consolidated normalized operating profit both decreased. It is because sales and profits of both the Beer, Spirits and Wine Business and the Dairy and Drinks Business decreased on a local currency basis, and the Australian dollar weakened and the yen appreciated against the same period of the previous year.

*6. SCM stands for Supply Chain Management, and refers to the efficient construction and management of the supply chain for the procurement of raw materials, production at factories, supply and demand of products, and distribution.

*7. Premium Craft beverages means Premium Non-alcoholic beverages for adults including craft spirits, craft coffee, and kombucha.

Oceania Integrated Beverages Businesses 2019 results:

Consolidated revenue	299.7 billion yen, down 9.0%
Consolidated normalized operating profit	41.4 billion yen, down 20.2%

<Pharmaceuticals Business>

Kyowa Kirin Co., Ltd. has entered a new phase as a "Global Specialty Pharmaceutical Company"^{*8}. In order to respond to the globalization of our business, Kyowa Kirin Co., Ltd. proceeded with the roll out of a global management system "One Kyowa Kirin" with a matrix of regional axes in Japan, EMEA^{*9}, North America, Asia/Oceania, and a functional axis that transcends regions. In Europe and North America, sales of "Crysvita"^{*10} and "Poteligeo"^{*11} increased significantly. We launched a new product, "Nourianz"^{*12}, in the United States in October, bringing our count of global strategic products in the United States and Europe to three. In Japan, sales of new products such as "G-Lasta"^{*13} and "Orkedia"^{*14} were strong, despite a decrease in sales due to the expiration of patents on long-term prescription product and "NESP"^{*15}. We are also continuing to develop our drug pipeline^{*16}.

As a result, consolidated revenue increased since the overseas pharmaceutical sales increased significantly. Consolidated normalized operating profit also increased significantly. Although there was an increase in SG&A expenses associated with the construction of an overseas sales structure and an increase in R&D expenses associated with the strengthening of the pipeline, the increase in revenue exceeded these factors.

*8 A "global Specialty Pharmaceutical Company" is a pharmaceutical company that plays an active role on the world stage focused on disease categories we have particular strengths or expertise in (mainly the field of nephrology, oncology, immunology and allergy, and the central nervous system).

*9. EMEA stands for "Europe, the Middle East and Africa".

*10 Crysvita is used to treat rare genetic diseases that impair bone growth and metabolism. In Japan, it was approved in September for the treatment of rickets and osteomalacia, and went on sale in December under the brand name "CRYSVITA".

*11 Poteligeo is used to treat certain hematologic cancers. It has already been sold in Japan under the brand name "Poteligeo".

*12 Nourianz is used to treat Parkinson's disease. It has already been sold in Japan under the brand name "NOURIAST".

*13 increases the number of a patient's neutrophils, a type of white blood cells.

*14 suppresses the hyperparathyroidism caused by decreased renal function due to kidney disease.

*15 This medicine is used to treat renal anemia caused by decreased renal function due to kidney disease.

*16 Compounds and antibodies that can be candidates for new drugs.

Pharmaceuticals Business 2019 results:

Consolidated revenue	304.9 billion yen, up 12.7%
Consolidated normalized operating profit	55.4 billion yen, up 9.9%

<Other Businesses>

Mercian

Mercian Corporation aimed to improve profitability by focusing on key brands in each wine category. Sales volume of "Château Mercian" in Japan Wine was extremely favorable, up 20% from the previous year. In September, Mercian Co., Ltd. further strengthened our "Community Engagement" when we opened Mariko Winery in Ueda City, Nagano Prefecture. "Oishii-Sankaboushizai-Mutennka Wine Cidre" a new product aimed at expanding the frontage of the Japanese wine market, also performed well. However,

though sales of our core brands were generally strong, the overall sales volume of wine decreased. This was due to a drop in sales volume of Chilean wine resulting from the effectuation of the Japan-Europe Economic Partnership Agreement (EPA).

Myanmar Brewery

The beer market in Myanmar continues to expand rapidly as Myanmar's continued economic growth enables more consumers to buy alcohol products regularly. Notably, sales volume increased 20% year on year from the contributions of "Myanmar Beer", a mainstay product which Myanmar Brewery Limited Company focused its investments into during 2019, and "Andaman Gold", our leading brand in the economy category. Myanmar Brewery Limited has promoted various initiatives with CSV, marketing, and management system as key drivers for growth.

Coke Northeast^{*17}

Following significant business expansion in 2018, Coke Northeast Inc. (formerly The Coca-Cola Bottling Company of Northern New England, Inc), successfully completed the reorganization of key facilities. The company also changed its name and renewed its corporate philosophy to integrate the expanded organization. Sales volume increased due to strong sales of carbonated water products. Restructuring our business processes and implementing thorough structural reforms led to cost reductions and improved profitability.

*17 The Coca-Cola Company conducts manufacturing and sales business in Soft drinks centering on bottling operations for Coca-Cola in the northeastern U.S. "Coke Northeast" stands for Coca-Cola Beverages Northeast, Inc.

Kyowa Hakko Bio

In April, the Company acquired a 95% stake in Kyowa Hakko Bio Co., Ltd. from Kyowa Kirin Co., Ltd. in order to maximize the value of Kyowa Hakko Bio Co., Ltd. and to enable Kyowa Kirin Co., Ltd. to focus its management resources on its pharmaceutical business. In the Fine Chemicals business, amino acids for fish feed performed well. On the other hand, overall sales decreased due to a temporary shutdown of the Hofu Plant (renamed Yamaguchi Production Center) in Yamaguchi Prefecture. In the mail-order business, sales of "Citrulline Zn" were strong. Kyowa Hakko Bio Co., Ltd. expanded their product lineup by launching supplements (foods with function claims), and introducing "iMUSE eye L.paracasei KW3110^{*18}", a new product developed by the Kirin Group.

*18 For the first time in the world, L.paracasei KW3110 has been reported to reduce eyestrain in people who feel eyestrain (Based on information published in PubMed and the Web of JAPAN Medical Abstracts Society, according to a survey by KnowledgeWire Corp. on March 9, 2019.).

In response to recommendations from the U.S. Food and Drug Administration (FDA) in 2018, the Company reviewed its quality assurance systems at the Hofu Plant of Kyowa Hakko Bio Co., Ltd. During the course of this review, it was discovered that certain manufacturing procedures for some products were differed from those used at the time of approval. In September 2019, Kyowa Hakko Bio Co., Ltd. voluntarily stopped manufacturing and shipping certain products and made efforts to confirm their safety. In addition, Kyowa Kirin Co., Ltd. decided to voluntarily recall Mitomycin Injection. 2 mg and 10 mg. In December 2019, Kyowa Hakko Bio Co., Ltd. received an administrative penalty from Yamaguchi Prefecture in Japan.

The Kirin Group takes all quality concerns seriously, and promptly assembled an investigative committee led by third parties, to objectively and independently scrutinize the facts. The committee submitted a report of their findings and recommendations in January 2020.

<Outlook for 2020>

Like most contemporary markets, the markets in which the Kirin Group operates face a mounting number of challenges and changes. Increasingly diversified consumer preferences and price polarization are just two of the material trends observed within the global Food & Beverage space. Meanwhile, the global Pharmaceutical domain has experienced mounting pressure to reduce drug prices amidst stiffening competition from generic drug suppliers. Stricter controls were also imposed upon alcohol producers by the World Health Organization. In addition, the Kirin Group also faces unique and persistent challenges, including a rapidly aging population, declining birth rate, and labor shortages. Governments are beginning to impose sugar taxes to reduce obesity levels, and are actively seeking to lower drug prices in an attempt to manage the anticipated increases in medical costs of its aging population. There are also broader environmental and ecological pressures on businesses and societies as awareness of the impacts of climate change and marine plastics, among other issues, continues to grow. Pressure is also intensifying businesses to be more active in promoting human rights.

The Kirin Group sees opportunities for sustainable business growth within these shared challenges and seeks to realize sustainable growth by working alongside society to resolve these issues. In 2020, we will continue to strengthen the profitability of existing businesses and focus on launching and developing new businesses in order to achieve the Mid-term plan 2019 and the KV 2027.

We will also promote an effective CSV strategy to ensure that each business continues to grow and strengthen its competitiveness. Our commitment to being "A Responsible Alcohol Producer" and to promote the "Health" of consumers are important CSV priorities for the Group. The Company will look to generate new sustainable growth by promoting the new "Health Science domain". As for the "Environment", we remain committed to contributing positively to nature and society as a whole. We will revise our "Long-Term Environmental Vision" which currently has four core themes: biological resources, water resources, containers and packaging, and climate change, to create a net positive impact*1. We will strengthen communication with internal and external stakeholders regarding CSV, create value together, and increase empathy for CSV management.

*1 To simultaneously reduce negative impacts on the economy, environment, and society and to achieve positive impacts on either the economy, environment, or society, thereby having a positive impact on nature and society as a whole.

Consolidated Earnings Forecasts for the Fiscal Year 2020:

Consolidated revenue	¥2,000.0 billion, up	3.0%
Consolidated normalized operating profit	¥191.0 billion, up	0.1%
Consolidated profit before tax	¥189.5 billion, up	62.2%
Profit attributable to owners of the Company	¥115.5 billion, up	93.7%
(Key performance indicators)		
ROIC		8.9%
Normalized EPS	¥162, up	2.5%

1. Profit growth in existing businesses

In our existing businesses under the "Food & Beverages domain" and "Pharmaceuticals domain", we aim to achieve more sustainable growth by focusing on our core brands and areas where we can leverage our strengths. At the same time, we will work to build a more robust profit base capable of withstanding changes in the external environment. In addition, the Kirin Group will combine its unique R&D and marketing capabilities with strategic investments to generate new value, expand our business domains, and to anticipate the potential needs of customers.

"Food & Beverages domain": Further strengthen profitability

In terms of the domestic Alcoholic beverages market, though the beer market continues to gradually recede, the RTD market is steadily expanding. Furthermore, we anticipate staged revisions to the Liquor Tax² as early as October 2020. In response to these shifting market conditions, and to emerge from the competition for homogenization, Kirin Brewery Co., Ltd. will focus its attention on core brands capable of enduring the next decade. Specifically, Kirin Brewery Co., Ltd. will develop core product brands such as "Kirin ICHIBAN" and "Honkirin" through a range of targeted marketing activities and by encouraging closer collaboration between our sales teams and head office personnel. To ensure more future growth, Kirin Brewery Co., Ltd. will continue investing time and attention to the expansion of craft beer and continue developing innovative products and services that anticipate evolving customer demands. As we expect raw material and distribution costs to rise, we will seek to reduce SCM costs by establishing production and distribution

systems that are more optimal for the entire company.

Mercian Co., Ltd. is also working to revitalize the domestic wine market by reforming its earnings structure and expanding its frontage. The "Château Mercian" wine brand is taking advantage of its growing engagement with customers at three wineries, which are still uncommon in Japan. This firmly establishes its position as a representative brand in Japan Wine.

*2 In order to unify the liquor tax on beer (beer, happoshu, new genre) and the liquor tax on sake, wine, and RTD, it is anticipated that the liquor tax will be revised in stages in 2020, 2023, and 2026.

Growth in the domestic non-alcoholic beverages market leveled off in 2019, and consideration for health and environmental factors are growing increasingly important. Against this backdrop, Kirin Beverage Company, Limited aims to "Generate profit based on growth centered on CSV Practice". Kirin Beverage Company, Limited will focus its investment on its core brands "Kirin Gogo-no-Kocha" and "Kirin Nama-cha" to make our existing brand portfolio more robust. Kirin Beverage Company, Limited will also continue to encourage growth in the Health & Well-being domain by expanding on our range of sugar-free and low-sugar non-alcoholic beverages, as well as products containing beneficial ingredients such as Kirin Group's original ingredient "Lactococcus lactis strain Plasma^{*3}", and foods with function claims. The Kirin Beverage Company, Limited is also employing longer-term thinking and will restructure its SCM system and strengthen its environmental measures, particularly in respect of plastic containers. Kirin Beverage Company, Limited intends to promptly respond to issues related to single-use plastics by establishing a new distribution base in cooperation with the production division and establishing a PET bottle recycling system.

*3 lactic acid bacteria which the Kirin Group has been researching and developing. It has featured in numerous presentations at various academic societies and has appeared in several publications, papers, and academic journals. It is named after its capability of directly activating plasmacytoid dendritic cells, which acts as a "commander in chief" of the body's immune system.

In the Oceania market, Lion Pty Ltd is faced with the challenge of responding to changes in customer preferences, intensifying competition, and tighter regulations that have led to increases in costs, including but not limited to, the container guarantee deposit system. Lion Pty Ltd aims to achieve brand growth by redoubling efforts to better understand customer demands. Lion Pty Ltd will promote cost structure reforms through improving its operational efficiency, utilizing more digital technologies, and minimizing the impact of increased costs associated with brand development investments and the introduction of ERP^{*4} systems in Australia. In addition, Lion Pty Ltd will take a core role for the Kirin Group in establishing a new pillar for sustainable growth by promoting the Group's craft beer strategy.

*4 Enterprise Resources Planning (enterprise resource planning). A concept and system for improving management efficiency by integrating key information such as sales, production, personnel, and accounting.

In the beer market in Myanmar is growing increasingly competitive with the introduction of new players. Myanmar Brewery Limited intends to respond flexibly to changes and capture fast-growing demand by focusing on its mainstay "Myanmar Beer" branded products and the "Andaman Gold" brand in the booming "Economy" category, as well as by taking advantage of its much improved SCM function, and adopting sophisticated marketing methods.

Coca-Cola Beverages Northeast, Inc., based in northeastern North America, will improve profitability by improving unit prices particularly in Non-alcoholic carbonated beverages, increasing operational efficiency and reducing costs. Coca-Cola Beverages Northeast, Inc. will continue efforts to establish unity under its new brand and name to optimize integration across the legacy and recently acquired staff and facilities.

"Pharmaceuticals domain" – Dramatic Growth

Drug price revisions and generic drug launches in Japan continue to pose risks to our Pharmaceutical business. To counter these risks, Kyowa Kirin Company, Limited seeks to expand sales for its three global strategic products, "Crysvita", "Poteligeo", and "Nourianz", as pillars for growth. Kyowa Kirin Company, Limited will also promote the development of more global product candidates and its drug pipeline. Kyowa Kirin Company, Limited will continue to explore ways to further strengthen and stabilize its global supply system. Internally, the company intends to establish the new "One Kyowa Kirin" system, and foster a corporate culture tailored to nurturing a growing Global Specialty Pharmaceutical Company.

2. Establishment and development of "New businesses bridging Pharmaceuticals and Food & Beverages"

Japan has long been among the top countries in the world when it comes to longest life expectancy. While

this is a positive title to hold, when combined with the rapidly aging population and declining birthrate trends, new challenges and opportunities will continue to present themselves for Japanese society and businesses. Within this context, the Kirin Group anticipates that curbing medical spending, and promoting health independence of individuals will be major societal priorities going forward, and not only in Japan. Accordingly, the Kirin Group recognizes health and wellbeing as a core aspect of our CSV strategy. The Kirin Group believes that, by refining its fermentation and biotechnology expertise and knowledge resources, two of the core competencies from which the Kirin Group is built, it can provide unique solutions to resolve some of these social issues. To help address health related social issues, the Kirin Group will leverage resources across our Food & Beverage and Pharmaceutical domains, to offer new types of products and services across the spectrum of foods and medicines. The Company believes that nurturing this space between our previously standalone core businesses offers keys to new growth which will greatly improve the sustainability of the Kirin Group.

As a first step to growing and expanding our existing business models, the Kirin Group will collaborate with FANCL CORPORATION to share infrastructure and promote product development. Both the Kirin Group and FANCL CORPORATION seek to enhance corporate value by resolving customer concerns and issues. Using the Kirin Group's assets of highly functional amino acids and functional materials related to immunity systems, brain functions, and intestinal environments, the Company will develop products and services that respond to "unmet customer needs" centered on "Health".

In order to generate new business, the Company will venture into personalized healthcare *5. In February 2020, FANCL CORPORATION launched its personalized supplement platform, "Personal ONE", a promising new innovation which FANCL CORPORATION intends to promote. Meanwhile, the Company will strive to establish a personalized welfare platform business centered around Thorne Corporation, an equity method affiliate based in the United States, targeting gut health and lifestyle diseases.

*5 To provide individual solutions to health problems by providing customized products and services tailored to each individual's concerns.

3. Strengthening Organizational capabilities for innovation

In 2020, the Company will define key themes for the Group before seeking to invest intensively to acquire organizational capabilities to support each of our businesses. In particular, in order to optimize our ability to generate and capture innovation, the Company will promote Digital Transformation (DX)^{*6}, recruit more human resources with diverse values and expertise, and host an organizational culture in which those staff are more actively engaged. We believe a more diverse and technologically better equipped workforce in the right cultural environment will enhance our capacity to innovate, which we recognize as a key to long-term and sustainable growth.

The Company is determined to vigorously promote DX to improve management efficiency and strengthen our competitiveness by utilizing the latest ICT^{*7}. By promoting DX across our entire business, the Company will reduce costs, increase value, and transform its business model. In addition, by introducing the ERP system into its Alcoholic beverages and Non-alcoholic beverages operations in Japan, the Company will work to standardize operations and improve labor productivity. At the same time, the Company will be able to actively utilize information derived from the ERP system to encourage more assertive management.

Furthermore, based on the belief that diversity is essential to the creation of value and innovation, the Company will focus on cultivating an organizational culture that celebrates diversity and capitalizes on diverse values and perspectives. To achieve this, the Company will establish a system to produce human resources for group management and promote human resource management for cultivation of human resource. The Company will strengthen organizational capabilities by promoting the recruitment and engagement of experienced personnel with abundant knowledge and expertise.

*6 To make better changes in people's lives through the penetration of advanced digital technologies.

*7 an acronym for "Information and Communication Technology". ICT is a general term for technology related to information and communication, and has replaced the expression "Information Technology (IT)" that was used previously.

Finally, the Kirin Group is taking the discovery of improper manufacturing system at the Hofu Plant of Kyowa Hakko Bio Co., Ltd. seriously. Based on the report of the Group Research Committee submitted at the end of January 2020, the Kirin Group will make fundamental updates to its organizational culture to ensure better transparency and soundness, and work to bolster the quality assurance systems of Kyowa Kirin Co., Ltd. and Kyowa Hakko Bio Co., Ltd.

(2) FINANCIAL POSITION

Total assets at the end of the current consolidated fiscal year were 2,412.9 billion yen, an increase of 109.2 billion yen from the end of the previous consolidated fiscal year mainly due to an increase in equity-accounted investees, including the acquisition of shares in FANCL CORPORATION.

Equity decreased by 44.6 billion yen from the end of the previous consolidated fiscal year to 1,146.8 billion yen mainly due to an increase in treasury shares and a decrease in reserves, despite an increase in retained earnings.

Liabilities increased by 153.8 billion yen from the end of the previous consolidated fiscal year to 1,266.0 billion yen mainly due to an increase in bonds and borrowings, including through issuance of commercial papers.

The balance of cash and cash equivalents (hereinafter referred to as “net cash”) at the end of the current consolidated fiscal year was 165.7 billion yen, a decrease of 7.4 billion yen from the end of the previous consolidated fiscal year. Consolidated cash flows were as follows:

Cash flows from operating activities

Net cash provided by operating activities decreased by 19.2 billion yen year on year to 178.8 billion yen. Outflow of working capital increased by 0.8 billion yen, while income taxes paid decreased by 2.5 billion yen.

Cash flows from investing activities

Net cash used in investing activities increased by 223.0 billion yen year on year to 175.6 billion yen. The following inflows were generated: 37.3 billion yen from sale of investments; 21.1 billion yen from sale of shares of subsidiaries; and 5.9 billion yen from sale of property, plant and equipment and intangible assets. On the other hand, outflow for acquisition of property, plant and equipment and intangible assets increased by 8.5 billion yen year on year to 96.4 billion yen. In addition, outflows of 134.5 billion yen for acquisition of equity-accounted investees and 4.5 billion yen for acquisition of shares of subsidiaries were incurred.

Cash flows from financing activities

Net cash used in financing activities decreased by 216.7 billion yen year on year to 10.0 billion yen. While proceeds of 127.0 billion yen, 70.0 billion yen and 40.7 billion yen were received from increase in commercial paper, issuance of bonds and long-term borrowings, respectively, outflow included 69.6 billion yen for repayment of long-term borrowings, 65.2 billion yen for dividends paid, and 50.0 billion yen for payment for redemption of bonds.

(3) BASIC POLICY AND DISTRIBUTION OF PROFITS AND DIVIDEND FOR 2019 AND 2020

Based on the capital policy formulated in the Kirin Group 2019-2021 Medium-Term Business Plan ("2019 MTBP"), Kirin will allocate resources to its businesses and distribute profits to its shareholders as set out below.

Regarding resource allocation to businesses, giving top priority to investments (business and capital investments) that contribute to further enhancing and developing existing businesses that are highly profitable, Kirin will implement a stable and continuous allocation of resources to intangible assets (such as brands, research and development, information and communication technology (ICT), and human resources) that sustain the growth of future cash flows, as well as the creation of new businesses. Kirin will take a disciplined approach to investments in terms of maintaining and improving the Kirin Group's capital efficiency.

Kirin also views the appropriate distribution of profits to shareholders as a key management matter. Kirin has raised the consolidated target payout ratio in the 2019 MTBP, and has continuously provided dividends based on a consolidated dividend payout ratio on normalized EPS of at least 40%. In addition, Kirin will consider opportunities to acquire treasury shares as flexible and additional shareholder returns, comprehensively taking into account various factors including optimum capital structure, market conditions and reserve funds after investments.

With regard to the distribution of surplus funds for 2019, based on a consolidated dividend payout ratio on normalized EPS of 40% set forth in the 2019 MTBP, Kirin's Board of Directors made a resolution on an interim dividend of 31.5 yen per share and a year-end dividend of 32.5 yen per share, for an annual dividend totaling 64 yen per share (an increase of 13 yen per share from the previous year). The year-end dividend of 32.5 yen will be determined at the 181st General Meeting of Shareholders scheduled for March 27, 2020.

As for the distribution of surplus funds for 2020, Kirin aims for a consolidated dividend payout ratio on normalized EPS of at least 40% set forth in the 2019 MTBP, and plans to pay a full-year dividend of 65 yen per share.

2. BASIC RATIONALE FOR SELECTION OF ACCOUNTING STANDARDS

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

3. CONSOLIDATED FINANCIAL STATEMENTS
(1) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ millions)

	At December 31, 2018	At December 31, 2019
Assets		
Non-current assets		
Property, plant and equipment	527,039	561,253
Goodwill	244,222	233,899
Intangible assets	179,892	168,905
Equity-accounted investees	240,597	384,756
Other financial assets	177,787	139,018
Other non-current assets	13,653	18,248
Deferred tax assets	88,676	94,656
Total non-current assets	1,471,866	1,600,735
Current assets		
Inventories	204,837	219,200
Trade and other receivables	404,934	395,656
Other financial assets	6,713	7,441
Other current assets	42,172	24,171
Cash and cash equivalents	173,102	165,671
Total current assets	831,758	812,139
Total assets	2,303,624	2,412,874

(¥ millions)

	At December 31, 2018	At December 31, 2019
Equity		
Share capital	102,046	102,046
Share premium	2,238	24,853
Retained earnings	932,789	958,292
Treasury shares	(101,904)	(124,999)
Reserves	(28,590)	(53,615)
Equity attributable to owners of the Company	906,578	906,576
Non-controlling interests	284,840	240,249
Total equity	1,191,418	1,146,825
Liabilities		
Non-current liabilities		
Bonds and borrowings	317,937	291,207
Other financial liabilities	92,078	141,058
Defined benefit liability	68,441	65,274
Provisions	6,914	4,816
Other non-current liabilities	10,851	5,538
Deferred tax liabilities	26,036	20,786
Total non-current liabilities	522,257	528,679
Current liabilities		
Bonds and borrowings	97,057	239,644
Trade and other payables	227,137	231,051
Other financial liabilities	49,727	64,658
Current tax liabilities	17,339	23,497
Provisions	1,059	5,690
Other current liabilities	197,630	172,831
Total current liabilities	589,949	737,370
Total liabilities	1,112,206	1,266,049
Total equity and liabilities	2,303,624	2,412,874

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

(¥ millions)

	Year ended December 31, 2018	Year ended December 31, 2019
Revenue	1,930,522	1,941,305
Cost of sales	1,097,153	1,093,743
Gross profit	833,369	847,561
Selling, general and administrative expenses	634,041	656,807
Normalized operating profit	199,327	190,754
Other operating income	30,703	6,626
Other operating expenses	31,709	109,654
Operating profit	198,322	87,727
Finance income	9,181	4,822
Finance costs	8,881	9,448
Share of profit of equity-accounted investees	28,448	33,722
Gain on sale of equity-accounted investees	19,782	-
Profit before tax	246,852	116,823
Income tax expense	51,641	35,385
Profit	195,211	81,438
Profit attributable to:		
Owners of the Company	164,202	59,642
Non-controlling interests	31,009	21,796
Profit	195,211	81,438
Earnings per share (Yen)		
Basic earnings per share	183.57	68.00
Diluted earnings per share	183.53	67.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(¥ millions)

	Year ended December 31, 2018	Year ended December 31, 2019
Profit	195,211	81,438
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	(3,292)	(2,174)
Remeasurements of defined benefit plans	(710)	6,551
Share of other comprehensive income of equity-accounted investees	224	442
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(62,756)	(1,041)
Cash flow hedges	764	283
Share of other comprehensive income of equity-accounted investees	(626)	(6,593)
Total other comprehensive income	(66,395)	(2,532)
Comprehensive income	128,816	78,906
Comprehensive income attributable to:		
Owners of the Company	104,093	54,134
Non-controlling interests	24,723	24,772
Comprehensive income	128,816	78,906

(3) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 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	-
Effect of changes in accounting policies	-	-	(10,679)	-	-	-
Restated balance at January 1, 2018	102,046	2,208	800,775	(2,020)	73,523	-
Profit	-	-	164,202	-	-	-
Other comprehensive income	-	-	-	-	(3,551)	(473)
Comprehensive income	-	-	164,202	-	(3,551)	(473)
Dividends from surplus	-	-	(44,823)	-	-	-
Acquisition of treasury shares	-	-	-	(100,041)	-	-
Disposal of treasury shares	-	0	-	1	-	-
Share-based payments	-	11	-	155	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	19	-	-	(0)	-
Transfer from reserves to retained earnings	-	-	12,635	-	(13,108)	473
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	29	(32,188)	(99,884)	(13,109)	473
Balance at December 31, 2018	102,046	2,238	932,789	(101,904)	56,863	-

	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
Effect of changes in accounting policies	13	-	13	(10,666)	-	(10,666)
Restated balance at January 1, 2018	(27,339)	(2,031)	44,153	947,162	271,311	1,218,473
Profit	-	-	-	164,202	31,009	195,211
Other comprehensive income	(56,852)	768	(60,109)	(60,109)	(6,286)	(66,395)
Comprehensive income	(56,852)	768	(60,109)	104,093	24,723	128,816
Dividends from surplus	-	-	-	(44,823)	(11,374)	(56,197)
Acquisition of treasury shares	-	-	-	(100,041)	-	(100,041)
Disposal of treasury shares	-	-	-	2	-	2
Share-based payments	-	-	-	166	89	254
Changes in the ownership interest in a subsidiary without a loss of control	2	-	1	20	116	136
Transfer from reserves to retained earnings	-	-	(12,635)	-	-	-
Other	-	-	-	-	(25)	(25)
Total transactions with owners of the Company	2	-	(12,634)	(144,677)	(11,194)	(155,871)
Balance at December 31, 2018	(84,189)	(1,263)	(28,590)	906,578	284,840	1,191,418

Note: Effect of changes in accounting policies is due to tax effect concerning intangible assets acquired as part of a business combination.

Year ended December 31, 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	932,789	(101,904)	56,863	-
Effect of changes in accounting policies	-	-	(1,262)	-	-	-
Restated balance at January 1, 2019	102,046	2,238	931,526	(101,904)	56,863	-
Profit	-	-	59,642	-	-	-
Other comprehensive income	-	-	-	-	(1,926)	5,172
Comprehensive income	-	-	59,642	-	(1,926)	5,172
Dividends from surplus	-	-	(51,366)	-	-	-
Acquisition of treasury shares	-	-	-	(23,253)	-	-
Disposal of treasury shares	-	(0)	-	6	-	-
Share-based payments	-	(13)	-	153	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	22,628	-	-	133	-
Transfer from reserves to retained earnings	-	-	18,832	-	(13,660)	(5,172)
Other	-	-	(343)	-	-	-
Total transactions with owners of the Company	-	22,615	(32,877)	(23,095)	(13,527)	(5,172)
Balance at December 31, 2019	102,046	24,853	958,292	(124,999)	41,410	-

	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	(84,189)	(1,263)	(28,590)	906,578	284,840	1,191,418
Effect of changes in accounting policies	-	-	-	(1,262)	(215)	(1,477)
Restated balance at January 1, 2019	(84,189)	(1,263)	(28,590)	905,316	284,625	1,189,941
Profit	-	-	-	59,642	21,796	81,438
Other comprehensive income	(9,035)	280	(5,508)	(5,508)	2,976	(2,532)
Comprehensive income	(9,035)	280	(5,508)	54,134	24,772	78,906
Dividends from surplus	-	-	-	(51,366)	(14,034)	(65,400)
Acquisition of treasury shares	-	-	-	(23,253)	-	(23,253)
Disposal of treasury shares	-	-	-	6	-	6
Share-based payments	-	-	-	140	(36)	104
Changes in the ownership interest in a subsidiary without a loss of control	(839)	-	(706)	21,923	(55,078)	(33,156)
Transfer from reserves to retained earnings	-	-	(18,832)	-	-	-
Other	20	-	20	(323)	(1)	(323)
Total transactions with owners of the Company	(819)	-	(19,517)	(52,874)	(69,149)	(122,022)
Balance at December 31, 2019	(94,043)	(983)	(53,615)	906,576	240,249	1,146,825

Note: Effect of changes in accounting policies is due to application of IFRS 16 "Leases".

(4) CONSOLIDATED STATEMENT OF CASH FLOWS

(¥ millions)

	Year ended December 31, 2018	Year ended December 31, 2019
Cash flows from operating activities		
Profit before tax	246,852	116,823
Depreciation and amortization	67,946	80,742
Impairment losses	3,390	64,318
Gain on reversal of impairment losses	(3,360)	-
Interest and dividends received	(5,491)	(4,511)
Share of profit of equity-accounted investees	(28,448)	(33,722)
Interest paid	5,696	6,700
Gain on sale of property, plant and equipment and intangible assets	(12,397)	(3,218)
Loss on disposal and sale of property, plant and equipment and intangible assets	2,092	1,956
Gain on sale of shares of subsidiaries	(12,103)	-
Gain on sale of equity-accounted investees	(19,782)	-
(Increase) decrease in trade receivables	(15,154)	6,182
(Increase) decrease in inventories	(16,124)	(17,248)
Increase (decrease) in trade payables	5,262	(8,039)
Increase (decrease) in liquor taxes payable	2,706	(5,021)
Other	4,238	(2,027)
Sub-total	225,322	202,935
Interest and dividends received	18,684	19,717
Interest paid	(6,036)	(6,398)
Income taxes paid	(39,919)	(37,428)
Cash flows from (used in) operating activities	198,051	178,826

(¥ millions)

	Year ended December 31, 2018	Year ended December 31, 2019
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(87,885)	(96,397)
Proceeds from sale of property, plant and equipment and intangible assets	18,693	5,876
Acquisition of investments	(2,810)	(3,674)
Proceeds from sale of investments	30,368	37,265
Proceeds from settlement of consideration for acquisition of businesses	7,694	-
Acquisition of shares of subsidiaries, net of cash acquired	(4,348)	(4,508)
Proceeds from sale of shares of subsidiaries, net of cash disposed of	9,087	21,087
Acquisition of equity-accounted investees	(15,496)	(134,497)
Proceeds from sale of equity-accounted investees	85,059	-
Collection of loans receivable	5,800	-
Other	1,225	(772)
Cash flows from (used in) investing activities	47,389	(175,619)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	861	393
Increase (decrease) in commercial paper	-	127,000
Proceeds from long-term borrowings	30,552	40,659
Repayment of long-term borrowings	(54,857)	(69,596)
Proceeds from issuance of bonds	25,000	70,000
Payment for redemption of bonds	(70,000)	(50,000)
Payment for acquisition of treasury shares	(100,061)	(23,270)
Payment for acquisition of treasury shares by a consolidated subsidiary	(14)	(22,601)
Dividends paid	(44,823)	(51,366)
Dividends paid to non-controlling interests	(10,892)	(13,871)
Repayment of lease liabilities	-	(16,437)
Other	(2,465)	(909)
Cash flows from (used in) financing activities	(226,699)	(9,997)
Effect of exchange rate changes on cash and cash equivalents	(7,626)	(641)
Net increase (decrease) in cash and cash equivalents	11,115	(7,431)
Cash and cash equivalents at beginning of year	161,987	173,102
Cash and cash equivalents at end of year	173,102	165,671

(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(GOING CONCERN ASSUMPTION)

There are no matters to report under this item.

(CHANGES IN ACCOUNTING POLICIES)

1. Application of IFRS 16 “Leases”

The Group has applied IFRS 16 “Leases” (“IFRS 16”) from the beginning of the current fiscal year.

(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, 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 records 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. Tax effect concerning intangible assets acquired as part of a business combination

In Australia, income gains (benefits obtained through possession/use) and capital gains (benefits obtained through sales) are taxed separately. As a result, tax effects concerning intangible assets acquired through a business combination are accounted for by adopting either of the following two accounting treatments: Taxable temporary differences and deductible temporary differences, which arise under the two tax systems, are recognized separately without being offset (i.e. gross method), or are offset and not recognized (i.e. net method). The Group's Australian subsidiary had previously adopted the net method.

In November 2019, the International Financial Reporting Interpretations Committee announced its tentative decision, stating that the gross method is considered an appropriate accounting treatment. Therefore, from the current fiscal year, the Group changed its treatment to the gross method based on the judgment that it will better reflect its tax position.

As a result of applying the above change in accounting treatment retrospectively, deferred tax liabilities and foreign currency translation adjustment increased by ¥10,666 million and ¥13 million, respectively, and retained earnings decreased by ¥10,679 million at the beginning of the previous fiscal year.

Furthermore, in line with the reversal of a portion of the deferred tax liabilities amounting to ¥6,837 million in the current fiscal year, income tax expenses decreased by the same amount in the consolidated statement of profit or loss at the current fiscal year.

Accordingly, basic earnings per share increased by ¥7.80 and diluted earnings per share increased by ¥7.80 at the current fiscal year.

(SEGMENT INFORMATION)

(1) Summary of reportable segments

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

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

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

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

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

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

Inter-segment revenue is based on actual market prices.

(2) Changes in reportable segments

Until the fiscal year ended December 31, 2018, the Group identified its reportable segments as "Japan Integrated Beverages Business," "Oceania Integrated Beverages Business," "Other Overseas Integrated Beverages Businesses" and "Pharmaceuticals and Bio-chemicals Businesses." From the fiscal year ended December 31, 2019, the Group has reorganized its reportable segments into "Japan Beer and Spirits Businesses," "Japan Non-alcoholic Beverages Business," "Oceania Integrated Beverages Business," and "Pharmaceuticals Businesses."

This change in reportable segments was mainly made as a result of changing the internal monitoring units of the Group because the Company decided that building a flexible organizational structure by integrating the Company and KIRIN Company, Limited is optimal for the Group to further promote businesses in a concerted manner, and completion of the share acquisition on April 24, 2019 in accordance with a share transfer agreement concluded with Kyowa Kirin Co., Ltd. (a consolidated subsidiary of the Company) on February 5, 2019 whereby the Company acquired 95% of shares in Kyowa Hakko Bio Co., Ltd., a wholly-owned subsidiary of Kyowa Kirin Co., Ltd. in reviewing structures conducive to realizing future business strategies primarily in the Kirin Group 2019-2021 Medium-Term Business Plan. To reflect this change in the internal monitoring units, segment information for the fiscal year ended December 31, 2018 has been prepared based on the revised reportable segments for the fiscal year ended December 31, 2019.

With the conclusion of the share transfer agreement on February 5, 2019, the internal monitoring units for impairment testing of goodwill was changed such that the "Pharmaceuticals and Bio-chemicals Businesses" unit was divided into the "Pharmaceuticals Business" unit and "Bio-chemicals Business" unit. As a result, the carrying amount of goodwill was allocated proportionally based on the value of each cash-generating unit after the change, which did not have a material impact on the consolidated financial statements as of and for the fiscal year ended December 31, 2019.

(3) Information on reportable segments
Information related to each reportable segment is set out below.

At and for the fiscal year ended December 31, 2018

(¥ millions)

	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated	
	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Integrated Beverages	Pharmaceu- ticals				
Revenue from unaffiliated customers	685,078	282,967	329,499	270,438	362,539	-	1,930,522	
Inter-segment revenue	3,583	1,852	35	1,072	72,543	(79,085)	-	
Total revenue	688,662	284,819	329,534	271,510	435,082	(79,085)	1,930,522	
Segment income (Note 3)	82,680	23,325	51,828	50,404	27,122	(36,032)	199,327	
							Other operating income	30,703
							Other operating expenses	31,709
							Finance income	9,181
							Finance costs	8,881
							Share of profit of equity- accounted investees	28,448
							Gain on sale of equity- accounted investees	19,782
							Profit before tax	246,852

(¥ millions)

	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated
	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Integrated Beverages	Pharmaceu- ticals			
Segment assets	441,900	174,312	489,622	624,614	678,101	(104,924)	2,303,624
Other items							
Depreciation and amortization	12,453	5,961	12,496	16,243	15,656	5,136	67,946
Impairment losses (excluding financial assets)	-	-	786	952	1,651	-	3,390
Gain on reversal of impairment losses	-	-	-	3,360	-	-	3,360
Equity-accounted investees	14,100	-	9,068	8,887	208,542	-	240,597
Capital expenditures	13,231	7,019	20,746	13,692	19,243	14,072	88,004

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

2. Adjustments are as follows:

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

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

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

At and for the fiscal year ended December 31, 2019

(¥ millions)

	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated
	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Integrated Beverages	Pharmaceu- ticals			
Revenue from unaffiliated customers	681,900	286,806	299,733	304,852	368,013	-	1,941,305
Inter-segment revenue	2,738	2,033	40	968	76,008	(81,788)	-
Total revenue	684,639	288,839	299,773	305,820	444,022	(81,788)	1,941,305
Segment income (Note 3)	85,167	26,356	41,358	55,381	27,049	(44,558)	190,754
						Other operating income	6,626
						Other operating expenses	109,654
						Finance income	4,822
						Finance costs	9,448
						Share of profit of equity- accounted investees	33,722
						Profit before tax	116,823

(¥ millions)

	Reportable segment				Others (Note 1)	Adjustment (Note 2)	Consolidated
	Japan Beer and Spirits	Japan Non- alcoholic Beverages	Oceania Integrated Beverages	Pharmaceu- ticals			
Segment assets	437,463	174,516	490,966	725,099	844,533	(259,702)	2,412,874
Other items							
Depreciation and amortization	13,297	7,235	13,819	18,798	19,477	8,116	80,742
Impairment losses (excluding financial assets)	-	-	57,118	6,394	806	-	64,318
Equity-accounted investees	12,968	-	12,476	13,525	345,787	-	384,756
Capital expenditures	16,938	8,027	17,036	24,081	27,395	18,798	112,274

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

2. Adjustments are as follows:

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

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

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

(4) Geographic information

1) Revenue

(¥ millions)

	Year ended December 31, 2018	Year ended December 31, 2019
Japan	1,284,189	1,276,943
Oceania	321,412	294,350
America	175,080	200,799
Others	149,841	169,213
Total	1,930,522	1,941,305

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

2) Non-current assets

(¥ millions)

	At December 31, 2018	At December 31, 2019
Japan	405,886	464,438
Oceania	334,538	269,932
Southeast Asia	90,998	92,347
Others	123,637	140,127
Total	955,058	966,843

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

(5) Major customer

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

(¥ millions)

	Related segment	Year ended December 31, 2018	Year ended December 31, 2019
Mitsubishi Shokuhin Co., Ltd.	Japan Beer and Spirits, Japan Non-alcoholic Beverages, and other	215,641	225,059

(PER SHARE INFORMATION)**(1) Basis of calculation of basic earnings per share**

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

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

(¥ millions)

	Year ended December 31, 2018	Year ended December 31, 2019
Profit attributable to owners of the Company	164,202	59,642
Profit not attributable to ordinary shareholders of the Company	-	-
Profit attributable to ordinary shareholders of the Company	164,202	59,642

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

(Thousands of shares)

	Year ended December 31, 2018	Year ended December 31, 2019
Weighted-average number of ordinary shares	894,506	877,038

(2) Basis of calculation of diluted earnings per share

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

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

(¥ millions)

	Year ended December 31, 2018	Year ended December 31, 2019
Profit attributable to ordinary shareholders of the Company	164,202	59,642
Adjustments for potential ordinary shares issued by subsidiary	(34)	(23)
Profit attributable to ordinary shareholders of the Company (diluted)	164,168	59,620

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

(Thousands of shares)

	Year ended December 31, 2018	Year ended December 31, 2019
Weighted-average number of ordinary shares (basic)	894,506	877,038
Effect of dilution	-	-
Weighted-average number of ordinary shares (diluted)	894,506	877,038

Change of Directors and Board Members

Kirin Holdings Company, Limited hereby announces the change of Directors and Board Members as follows (Scheduled for the end of March 2020).

1. Change of Representatives

(1) New Representative Director

None

(2) Retiring Representative Director

None

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

2. Changes of Other Directors of the Board

(1) New Director of the Board

Name	New	Current
Chieko Matsuda	Non-executive Director of the Board	Audit & Supervisory Board Member
Noriko Shiono	Non-executive Director of the Board	Strategic Advisor
Rod Eddington	Non-executive Director of the Board	Chairman, Independent Non-Executive Director of Lion Pty Ltd
George Olcott	Non-executive Director of the Board	Guest Professor, Faculty of Business and Commerce, Keio University

(2) Retiring Director of the Board

Name	New	Current
Katsunori Nagayasu		Non-executive Director of the Board

Note: (i) Toshiya Miyoshi, Noriya Yokota, Noriaki Kobayashi; and (ii) Shoshi Arakawa, Masakatsu Mori, Hiroyuki Yanagi are scheduled to be reappointed as (i) Senior Executive Officer, Director of the Board, and (ii) Non-executive Director of the Board, respectively.

3. Change of Audit & Supervisory Board Members

(1) New Audit & Supervisory Board Members

Name	New	Current
Kaoru Kashima	Audit & Supervisory Board Member	Former Managing Director, ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)

(2) Retiring Audit & Supervisory Board Members

Name	New	Current
Chieko Matsuda	Non-executive Director of the Board	Audit & Supervisory Board Member

Note: Akihiro Ito and Keiji Kuwata as Standing Audit & Supervisory Board Member, and Nobuo Nakata and Yoshiko Ando as Audit & Supervisory Board Member are during their term of office.

END

Profiles of candidates for the new Non-executive Director of the Board

Chieko Matsuda

Date of birth :	November 18, 1964
Experience:	
Jun 2016-present	External Director, SATO HOLDINGS CORPORATION
Mar 2016-present	Audit & Supervisory Board Member, Kirin Holdings
Jun 2015-present	Outside Independent Director, Foster Electric Company, Limited
Jun 2013-present	Outside Independent Director, Hitachi Chemical Company, Ltd.
Apr 2011-present	Professor, School of Business Administration, Faculty of Urban Liberal Arts (Currently Faculty of Economics and Business Administration) at Tokyo Metropolitan University Professor, Department of Business Administration, Graduate School of Social Sciences (Currently Graduate School of Management) at Tokyo Metropolitan University
Oct 2006	Vice President (Partner), Booz and Company, Inc.
May 2005	Representative Director, Matrix, Inc.
Sep 2001	Joined Corporate Directions, Inc.
Oct 1998	Joined Moody's Japan K.K.
Apr 1987	Joined The Long-Term Credit Bank of Japan, Limited

Noriko Shiono

Date of birth : October 18, 1960

Experience:

Mar 2019-present	Strategic Advisor, Kirin Holdings
Mar 2018	Non-executive Director, Kirin Company, Limited
Oct 2017-present	President, Widex Japan
May 2016	Chairman, Director, Konami Sports Club Co., Ltd.
Jan 2014	President and Corporate Officer, Konami Sports & Life Co., Ltd. (Currently Konami Sports Co., Ltd.)
Mar 2010	Representative Director, Present, SSP Co., Ltd.
Aug 1983	Joined Japan New Media Co., Ltd.

Sir Rod Eddington

Date of birth : January 2, 1950

Experience:

Mar 2012-present Chairman, Independent Non-Executive Director, Lion Pty Ltd

Mar 2011 Independent Non-Executive Director, Lion Pty Ltd

Feb 2006-present Outside Director, CLP Holdings Limited

Apr 2000 Chief Executive Officer, British Airways plc

Jan 1997-present Outside Director, John Swire & Sons (Australia) Pty Ltd.

Apr 1992 Managing Director, Cathay Pacific Airways Limited

Sep 1979 Joined John Swire & Sons (H.K.) Ltd.

George Olcott

Date of birth : May 7, 1955

Experience:

Oct 2016-present Outside Director, Dai-ichi Life Holdings, Inc.

Jun 2014-present Outside Director, Hitachi Chemical Co., Ltd.
Outside Director, DENSO CORPORATION

Apr 2014-present Guest Professor, Keio University, Faculty of Business and Commerce

Mar 2008 Senior Fellow, Judge Business School, University of Cambridge

Mar 2005 FME Teaching Fellow, Judge Business School, University of Cambridge

Sep 2001 Judge Business School, University of Cambridge

Jun 2000 Managing Director, Equity Capital Market, UBS Warburg Tokyo

Feb 1999 President, UBS Asset Management (Japan)
President, Japan UBS Brinson Group

Jul 1986 Joined S.G. Warburg & Co., Ltd.

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

Kaoru Kashima

Date of birth:	January 20, 1958
Experience:	
Jun 2019-present	Audit & Supervisory Board Member, Nippon Telegraph and Telephone Corporation External Director, Sumitomo Mitsui Trust Bank, Limited
Jul 2013	Representative Director, Ernst & Young Institute Co., Ltd.
Jul 2012	Managing Director, General Manager of Knowledge Headquarters, Ernst & Young ShinNihon LLC
Sep 2010	Managing Director, Ernst & Young ShinNihon LLC In charge of Corporate Culture Promotion Office, Public Relations Office
Jul 2006	In charge of personnel of HR Development Headquarters, ShinNihon & Co.
Jun 2002	Senior Partner, ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)
Jun 1996	Partner, Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)
Apr 1985	Registered as a certified public accountant
Nov 1981	Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)

**Supplementary Documents to
the Consolidated Financial Statements
for the Year Ended December 31, 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
February 14, 2020**

1. SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ billions)

	As of December 31, 2019, Actual	As of December 31, 2018, Actual	Increase (decrease)	Description of changes
Non-current assets	1,600.7	1,471.9	128.9	
Property, plant and equipment	561.3	527.0	34.2	Increase due to right-of-use assets by the application of IFRS 16, etc.
Goodwill	233.9	244.2	(10.3)	
Intangible assets	168.9	179.9	(11.0)	Increase due to FANCL's stock acquisition, etc.
Equity-accounted investees	384.8	240.6	144.2	
Other	251.9	280.1	(28.2)	
Current assets	812.1	831.8	(19.6)	
Inventories	219.2	204.8	14.4	
Trade and other receivables	395.7	404.9	(9.3)	
Cash and cash equivalents	165.7	173.1	(7.4)	
Other	31.6	48.9	(17.3)	
Total assets	2,412.9	2,303.6	109.2	
Equity	1,146.8	1,191.4	(44.6)	
Equity attributable to owners of the Company	906.6	906.6	(0.0)	
Non-controlling interests	240.2	284.8	(44.6)	
Non-current liabilities	528.7	522.3	6.4	
Bonds and borrowings	291.2	317.9	(26.7)	Increase due to issuance of bonds, and 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.
Other	237.5	204.3	33.2	
Current liabilities	737.4	589.9	147.4	
Bonds and borrowings	239.6	97.1	142.6	Increase due to issuance of commercial papers, etc.
Trade and other payables	231.1	227.1	3.9	
Other	266.7	265.8	0.9	
Total liabilities	1,266.0	1,112.2	153.8	
Total equity and liabilities	2,412.9	2,303.6	109.2	

* In accordance with changes in accounting policies, the financial figures for the fiscal year ended December 31, 2018 have been revised retroactively. For details, please see "(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CHANGES IN ACCOUNTING POLICIES) 2. Tax effect concerning intangible assets acquired as part of a business combination" on page 20 of the attached materials.

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

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

(¥ billions)

	Year ended December 31, 2019, Actual	Year ended December 31, 2018, Actual	Increase (decrease)	
Revenue	1,941.3	1,930.5	10.8	0.6%
Gross profit	847.6	833.4	14.2	1.7%
Selling, general and administrative expenses	656.8	634.0	22.8	3.6%
Normalized operating profit	190.8	199.3	(8.6)	(4.3%)
Other operating income	6.6	30.7	(24.1)	(78.4%)
Other operating expenses	109.7	31.7	77.9	245.8%
Operating profit	87.7	198.3	(110.6)	(55.8%)
Finance income	4.8	9.2	(4.4)	(47.5%)
Finance costs	9.4	8.9	0.6	6.4%
Share of profit of equity-accounted investees	33.7	28.4	5.3	18.5%
Gain on sale of equity-accounted investees	-	19.8	(19.8)	-
Profit before tax	116.8	246.9	(130.0)	(52.7%)
Income tax expense	35.4	51.6	(16.3)	(31.5%)
Profit	81.4	195.2	(113.8)	(58.3%)
Owners of the Company	59.6	164.2	(104.6)	(63.7%)
Non-controlling interests	21.8	31.0	(9.2)	(29.7%)
ROIC	5.2%	12.0%		
Normalized EPS	¥158	¥167	(¥9)	(5.4%)
Revenue (excluding liquor tax)	1,649.2	1,636.5	12.7	0.8%
Normalized operating profit ratio (excluding liquor tax)	11.6%	12.2%		
ROE	6.6%	17.7%		
Normalized EBITDA	272.6	279.9	(7.3)	(2.6%)
Gross Debt Equity Ratio	0.59	0.46		

* In accordance with changes in accounting policies, ROIC, ROE and Gross Debt Equity Ratio for the fiscal year ended December 31, 2018 have been revised retroactively.

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

	Year ended December 31, 2019, Actual
Normalized operating profit	194.1
ROIC	5.2%
Normalized EPS	¥160

* Converted foreign currency amounts of the actual 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 ended 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

(¥)

	Year ended December 31, 2019, Actual	Year ended December 31, 2018, Actual
Lion (AUD)	75.95	81.80
Myanmar Brewery (MMK ('000))	72.07	76.88
Coke Northeast (USD)	109.24	110.36

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

	Year ended December 31, 2019, Actual	Year ended December 31, 2018, Actual
San Miguel Brewery	From October 2018 to September 2019	From October 2017 to September 2018

3. REVENUE DETAILS

(1) Revenue Details

(¥ billions)

	Year ended December 31, 2019, Actual	Year ended December 31, 2018, Actual	Increase (decrease)	
Revenue	1,941.3	1,930.5	10.8	0.6%
Japan Beer and Spirits	681.9	685.1	(3.2)	(0.5%)
Kirin Brewery	665.0	668.1	(3.1)	(0.5%)
Other and elimination	16.9	17.0	(0.1)	(0.6%)
Japan Non-alcoholic Beverages	286.8	283.0	3.8	1.4%
Kirin Beverage	288.8	284.8	4.0	1.4%
Elimination	(2.0)	(1.9)	(0.2)	-
Oceania Integrated Beverages	299.7	329.5	(29.8)	(9.0%)
Lion	299.8	329.5	(29.8)	(9.0%)
Beer, Spirits, and Wine	171.5	185.4	(13.8)	(7.5%)
Dairy and Drinks	128.2	144.2	(15.9)	(11.0%)
Elimination	(0.0)	(0.0)	(0.0)	-
Pharmaceuticals	304.9	270.4	34.4	12.7%
Kyowa Kirin	305.8	271.5	34.3	12.6%
Elimination	(1.0)	(1.1)	0.1	-
Other	368.0	362.5	5.5	1.5%
Mercian	63.9	64.8	(0.9)	(1.4%)
Myanmar Brewery	32.6	26.2	6.4	24.4%
Coke Northeast	132.6	131.7	0.9	0.6%
Kyowa Hakko Bio	74.9	78.2	(3.3)	(4.2%)
Other and elimination	64.2	61.7	2.4	4.0%

(Reference) Revenue excluding liquor tax

(¥ billions)

	Year ended December 31, 2019, Actual	Year ended December 31, 2018, Actual
Kirin Brewery	390.1	389.7

(2) Sales Volume Details of Major Business Companies

a. Kirin Brewery

	Year ended December 31, 2019		Year ended December 31, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	560	(5.0%)	590	(5.9%)
<i>Happo-shu</i>	392	(7.1%)	422	(7.3%)
New genre	763	9.3%	698	28.5%
Sub-total	1,715	0.3%	1,710	5.2%
RTD	382	6.3%	359	13.1%
Non-alcohol beverages	40	1.6%	39	(5.6%)

The above sales volume excludes exports and liquor tax exempts.

b. Kirin Beverage Group

	Year ended December 31, 2019		Year ended December 31, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	5,711	10.1%	5,190	(2.0%)
Japanese tea	3,419	(0.9%)	3,451	11.8%
Coffee	2,758	4.8%	2,632	(14.5%)
Fruit and vegetable juice	2,453	(3.1%)	2,530	2.4%
Carbonated beverage	1,929	(10.5%)	2,155	2.2%
Functional beverage	1,144	(7.7%)	1,238	23.3%
Water	4,256	(1.5%)	4,319	6.9%
Other	1,912	6.2%	1,801	3.4%
Total	23,583	1.1%	23,316	2.1%
Container Type				
Can	3,166	(10.6%)	3,541	(10.1%)
Large-sized PET bottles (2L, 1.5L, etc.)	7,864	(0.6%)	7,911	4.2%
Small-sized PET bottles (500ml, 280ml, etc.)	10,551	8.8%	9,700	5.4%
Other	2,001	(7.5%)	2,165	3.1%
Total	23,583	1.1%	23,316	2.1%

4. PROFIT DETAILS

(1) Normalized Operating Profit Details

(¥ billions)

	Year ended December 31, 2019, Actual	Year ended December 31, 2018, Actual	Increase (decrease)	
Normalized operating profit	190.8	199.3	(8.6)	(4.3%)
Japan Beer and Spirits	85.2	82.7	2.5	3.0%
Kirin Brewery	83.3	80.9	2.4	3.0%
Others	1.8	1.8	0.1	3.0%
Japan Non-alcoholic Beverages	26.4	23.3	3.0	13.0%
Kirin Beverage	26.4	23.3	3.0	13.0%
Oceania Integrated Beverages	41.4	51.8	(10.5)	(20.2%)
Lion	41.4	51.8	(10.5)	(20.2%)
Beer, Spirits, and Wine	45.1	53.3	(8.3)	(15.5%)
Dairy and Drinks	1.6	5.1	(3.6)	(69.1%)
Corporate	(5.3)	(6.7)	1.3	-
Pharmaceuticals	55.4	50.4	5.0	9.9%
Kyowa Kirin	55.4	50.4	5.0	9.9%
Other	27.0	27.1	(0.1)	(0.3%)
Mercian	2.2	2.6	(0.4)	(15.5%)
Myanmar Brewery	12.9	10.1	2.8	27.8%
Coke Northeast	5.3	2.8	2.4	86.0%
Kyowa Hakko Bio	2.3	8.1	(5.8)	(71.4%)
Others	4.4	3.5	0.9	25.5%
Corporate expenses and inter-segment eliminations	(44.6)	(36.0)	(8.5)	-

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.	(4.3)	Total beer products (4.2) Sales decrease in beer (30) thousand KL Sales decrease in <i>happo-shu</i> (30) thousand KL Sales increase in new genre 65 thousand KL Total other than beer products 1.6 Sales increase in RTD 23 thousand KL Sales increase in non-alcohol beverages 1 thousand KL, etc. Difference of change in composite of products, etc. (1.7)
	Decrease in raw material cost of alcohol beverages	0.7	
	Decrease in selling expenses	2.5	Decrease in sales promotion 2.5, decrease in advertising 0.0 (Total 62.1→59.6)
	Decrease in other expenses	3.5	Decrease in allocated corporate expenses 2.4, etc.
Total		2.4	
Kirin Beverage	Increase in marginal profit of soft drink beverages	4.4	Increase in sales volume 2.66 million cases 1.3 Difference of change in products mix and in composition ratio of containers, etc. 3.2
	Decrease in raw material cost, etc.	0.0	Decrease in raw material cost 0.7, increase in material cost (0.5), Increase in processing cost (0.2)
	Increase in selling expenses	(0.5)	Increase in sales promotion (1.4), decrease in advertising 0.9 (Total 36.7→37.2)
	Increase in other expenses	(0.9)	Decrease in allocated corporate expenses 0.8 Increase in depreciation of vending machines, etc.
Total		3.0	

(3) Other Operating Income and Other Operating Expenses

(¥ billions)

	Year ended December 31, 2019, Actual	Year ended December 31, 2018, Actual	Increase (decrease)
Other operating income	6.6	30.7	(24.1)
Gain on sale of property, plant and equipment and intangible assets	3.2	12.4	(9.2)
Gain on sale of shares of subsidiaries	-	12.1	(12.1)
Gain on reversal of impairment losses	-	3.4	(3.4)
Other	3.4	2.8	0.6
Other operating expenses	109.7	31.7	77.9
Impairment losses	64.0	3.4	60.6
Business restructuring expenses	16.9	7.0	9.9
Software development expenses	11.4	8.2	3.2
Loss on disposal and sale of property, plant and equipment and intangible assets	2.3	2.1	0.1
Other	15.1	11.0	4.1

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

(¥ billions)

	Year ended December 31, 2019, Actual	Year ended December 31, 2018, Actual	Increase (decrease)
Finance income	4.8	9.2	(4.4)
Interest income	2.1	2.2	(0.1)
Dividend income	2.4	3.3	(0.9)
Change in the fair value of contingent consideration	0.0	3.4	(3.3)
Other	0.3	0.3	(0.0)
Finance costs	9.4	8.9	0.6
Interest paid	6.7	5.7	1.0
Foreign exchange losses (net)	1.7	1.1	0.6
Other	1.0	2.1	(1.1)
Share of profit of equity-accounted investees	33.7	28.4	5.3
San Miguel Brewery	26.3	24.5	1.8
Others	7.4	4.0	3.5
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)		
	Year ended December 31, 2019, Actual	Year ended December 31, 2018, Actual	Increase (decrease)
Cash flows from operating activities	178.8	198.1	(19.2)
Profit before tax	116.8	246.9	(130.0)
Depreciation and amortization	80.7	67.9	12.8
Other	(18.7)	(116.7)	98.0
Cash flows from investing activities	(175.6)	47.4	(223.0)
Acquisition of property, plant and equipment and intangible assets	(96.4)	(87.9)	(8.5)
Other	(79.2)	135.3	(214.5)
Cash flows from financing activities	(10.0)	(226.7)	216.7
Increase (decrease) in interest-bearing liabilities	118.5	(68.4)	186.9
Dividends paid	(65.2)	(55.7)	(9.5)
Other	(63.2)	(102.5)	39.3
Exchange rate changes.	(0.6)	(7.6)	7.0
Net increase (decrease) in cash and cash equivalents	(7.4)	11.1	(18.5)

(2) Information by Segment

As of December 31, 2019, Actual

	(¥ billions)						
	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Integrated Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	12.1	6.5	10.3	15.3	16.1	5.2	65.5
Acquisition of property, plant and equipment and intangible assets	16.6	7.1	13.5	20.9	24.0	14.4	96.4
Normalized EBITDA	97.3	32.8	51.6	70.7	59.5	(39.4)	272.6

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

As of 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

**Supplementary Documents to the Forecast
Consolidated Business Results
for the Year Ending December 31, 2020**

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

KIRIN HOLDINGS COMPANY, LIMITED

February 14, 2020

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

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

(¥ billions)

	Year ending December 31, 2020, Forecast	Year ended December 31, 2019, Actual	Increase (decrease)	
Revenue	2,000.0	1,941.3	58.7	3.0%
Normalized operating profit	191.0	190.8	0.2	0.1%
Other operating income	3.7	6.6	(2.9)	(43.7%)
Other operating expenses	34.2	109.7	(75.4)	(68.8%)
Operating profit	160.5	87.7	72.8	83.0%
Finance income	3.8	4.8	(1.0)	(21.5%)
Finance costs	5.7	9.4	(3.7)	(39.6%)
Share of profit of equity-accounted investees	30.9	33.7	(2.8)	(8.3%)
Profit before tax	189.5	116.8	72.7	62.2%
Income tax expense	46.0	35.4	10.6	30.0%
Profit	143.5	81.4	62.1	76.2%
Owners of the Company	115.5	59.6	55.9	93.7%
Non-controlling interests	28.0	21.8	6.2	28.5%
ROIC	8.9%	5.2%		
Normalized EPS	¥162	¥158	¥4	2.5%
Revenue (excluding liquor tax)	1,699.0	1,649.2	49.8	3.0%
Normalized operating profit ratio (excluding liquor tax)	11.2%	11.6%		
ROE	13.1%	6.6%		
Normalized EBITDA	278.7	272.6	6.0	2.2%
Gross Debt Equity Ratio	0.62	0.59		

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

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

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

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

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

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

(¥)

	Year ending December 31, 2020, Forecast	Year ended December 31, 2019, Actual
Lion (AUD)	74.00	75.95
Myanmar Brewery (MMK ('000))	74.00	72.07
Coke Northeast (USD)	108.00	109.24

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

	Year ending December 31, 2020, Forecast	Year ended December 31, 2019, Actual
San Miguel Brewery	From October 2019 to September 2020	From October 2018 to September 2019

2. REVENUE DETAILS

(1) Revenue Details

(¥ billions)

	Year ending December 31, 2020, Forecast	Year ended December 31, 2019, Actual	Increase (decrease)	
Revenue	2,000.0	1,941.3	58.7	3.0%
Japan Beer and Spirits	697.6	681.9	15.7	2.3%
Kirin Brewery	679.1	665.0	14.1	2.1%
Other and elimination	18.4	16.9	1.6	9.2%
Japan Non-alcoholic Beverages	288.5	286.8	1.7	0.6%
Kirin Beverage	290.4	288.8	1.5	0.5%
Elimination	(1.9)	(2.0)	0.1	-
Oceania Integrated Beverages	318.6	299.7	18.9	6.3%
Lion	318.7	299.8	18.9	6.3%
Beer, Spirits, and Wine	200.5	171.5	29.0	16.9%
Dairy and Drinks *	118.1	128.2	(10.1)	(7.9%)
Elimination	(0.1)	(0.0)	(0.0)	-
Pharmaceuticals	326.1	304.9	21.2	7.0%
Kyowa Kirin	327.0	305.8	21.2	6.9%
Elimination	(0.9)	(1.0)	0.0	-
Other	369.2	368.0	1.2	0.3%
Mercian	65.3	63.9	1.4	2.2%
Myanmar Brewery	36.4	32.6	3.8	11.7%
Coke Northeast	132.5	132.6	(0.0)	(0.0%)
Kyowa Hako Bio	64.5	74.9	(10.4)	(13.9%)
Other and elimination	70.6	64.2	6.5	10.1%

* Kirin Foods Australia Holdings, a 100% subsidiary of Lion had entered into the Stock Purchase Agreement whereby Lion-Dairy and Drinks are to be transferred to Mengniu Dairy's subsidiary in November, 2019. The timing of the transfer has not been determined.

(Reference) Revenue excluding liquor tax

(¥ billions)

	Year ending December 31, 2020, Forecast	Year ended December 31, 2019, Actual
Kirin Brewery	395.8	390.1

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Year ending December 31, 2020		Year ended December 31, 2019	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	570	1.7%	560	(5.0%)
<i>Happo-shu</i>	389	(0.8%)	392	(7.1%)
New genre	771	1.1%	763	9.3%
Sub-total	1,730	0.9%	1,715	0.3%
RTD	420	9.9%	382	6.3%
Non-alcohol beverages	50	25.3%	40	1.6%

The above sales volume excludes exports and liquor tax exempts

b. Kirin Beverage Group

	Year ending December 31, 2020		Year ended December 31, 2019	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	5,773	1.1%	5,711	10.1%
Japanese tea	3,591	5.0%	3,419	(0.9%)
Coffee	2,634	(4.5%)	2,758	4.8%
Fruit and vegetable juice	2,401	(2.1%)	2,453	(3.1%)
Carbonated beverage	2,110	9.4%	1,929	(10.5%)
Functional beverage	1,072	(6.2%)	1,144	(7.7%)
Water	4,218	(0.9%)	4,256	(1.5%)
Other	1,800	(5.9%)	1,912	6.2%
Total	23,600	0.1%	23,583	1.1%
Container Type				
Can	3,129	(1.2%)	3,166	(10.6%)
Large-sized PET bottles (2L, 1.5L, etc.)	7,788	(1.0%)	7,864	(0.6%)
Small-sized PET bottles (500ml, 280ml, etc.)	10,732	1.7%	10,551	8.8%
Other	1,951	(2.5%)	2,001	(7.5%)
Total	23,600	0.1%	23,583	1.1%

3. PROFIT DETAILS

(1) Normalized Operating Profit Details

(¥ billions)

	Year ending December 31, 2020, Forecast	Year ended December 31, 2019, Actual	Increase (decrease)	
Normalized operating profit	191.0	190.8	0.2	0.1%
Japan Beer and Spirits	85.5	85.2	0.3	0.4%
Kirin Brewery	84.0	83.3	0.7	0.8%
Others	1.5	1.8	(0.3)	(17.5%)
Japan Non-alcoholic Beverages	26.5	26.4	0.1	0.5%
Kirin Beverage	26.5	26.4	0.1	0.5%
Oceania Integrated Beverages	36.2	41.4	(5.1)	(12.4%)
Lion	36.2	41.4	(5.1)	(12.4%)
Beer, Spirits, and Wine	42.6	45.1	(2.4)	(5.4%)
Dairy and Drinks	1.8	1.6	0.2	14.4%
Corporate	(8.2)	(5.3)	(2.9)	-
Pharmaceuticals	64.0	55.4	8.6	15.6%
Kyowa Kirin	64.0	55.4	8.6	15.6%
Other	25.8	27.0	(1.2)	(4.5%)
Mercian	2.7	2.2	0.5	23.2%
Myanmar Brewery	14.6	12.9	1.7	13.4%
Coke Northeast	6.0	5.3	0.7	12.8%
Kyowa Hakko Bio	(2.0)	2.3	(4.3)	-
Others	4.6	4.4	0.2	4.4%
Corporate expenses and inter-segment eliminations	(47.1)	(44.6)	(2.5)	-

(2) Normalized Operating Profit Breakdown of Major Business Companies

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Increase in marginal profit of alcohol beverages, etc.	2.1	Total beer products 1.3 Sales increase in beer 10 thousand KL Sales decrease in <i>happo-shu</i> (3) thousand KL Sales increase in new genre 8 thousand KL Total other than beer products 4.7 Sales increase in RTD 38 thousand KL Sales increase in non-alcohol beverages 10 thousand KL, etc. Difference of change in composite of products, etc. (3.9)
	Increase in raw material cost of alcohol beverages	(1.9)	
	Decrease in selling expenses	0.5	Decrease in sales promotion and advertising (Total 59.6→59.1), etc.
	Decrease in other expenses	0.0	
	Total		0.7
Kirin Beverage	Increase in marginal profit of soft drink beverages	1.4	Increase in sales volume 0.17 million cases 0.1 Difference of change in products mix and in composition ratio of containers, etc. 1.3
	Decrease in raw material cost, etc.	0.4	Decrease in raw material cost 0.5, decrease in material cost 0.1, increase in processing cost (0.2)
	Increase in selling expenses	(0.5)	Increase in sales promotion and advertising (0.5) (total 37.2→37.7)
	Increase in other expenses	(1.2)	Increase in depreciation of vending machines, etc.
Total		0.1	

4. INFORMATION BY SEGMENT

Year ending December 31, 2020, Forecast

(¥ billions)

	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Integrated Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	13.3	6.6	12.7	16.0	16.8	5.5	71.0
Acquisition of property, plant and equipment and intangible assets	16.4	11.0	12.7	23.1	31.8	14.7	109.6
Normalized EBITDA	98.8	33.1	49.0	80.0	59.2	(41.6)	278.7

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

Year ended December 31, 2019, Actual

(¥ billions)

	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Integrated Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	12.1	6.5	10.3	15.3	16.1	5.2	65.5
Acquisition of property, plant and equipment and intangible assets	16.6	7.1	13.5	20.9	24.0	14.4	96.4
Normalized EBITDA	97.3	32.8	51.6	70.7	59.5	(39.4)	272.6

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