

KIRIN HOLDINGS COMPANY, LIMITED

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2020 (UNDER IFRS) (UNAUDITED)

August 7, 2020

(English Translation)

Fiscal year ending December 31, 2020

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
Submission date of quarterly securities report scheduled:	August 12, 2020
Commencement date of dividend distribution scheduled:	September 4, 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 first six months of the current fiscal year (January 1, 2020 – June 30, 2020)

[Unit: Japanese yen (¥)]

(1) Results of operations (cumulative): (Amounts are rounded to the nearest ¥1 million)
(Percentage change compares current results with those of the same period of the previous year)

	Revenue (¥ millions)	Percentage change (%)	Normalized operating profit (¥ millions)	Percentage change (%)	Profit before tax (¥ millions)	Percentage change (%)
Six months ended						
June 30, 2020	872,469	(6.2)	69,860	(23.1)	56,001	147.2
June 30, 2019	929,810	1.3	90,827	5.0	22,656	(82.8)

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company (¥ millions)	Percentage change (%)	Total comprehensive income (¥ millions)	Percentage change (%)
Six months ended						
June 30, 2020	48,681	328.6	33,305	-	20,898	-
June 30, 2019	11,357	(89.3)	(474)	-	(5,466)	-

	Basic earnings per share (¥)	Diluted earnings per share (¥)
Six months ended		
June 30, 2020	39.33	39.31
June 30, 2019	(0.54)	(0.56)

Reference: Operating profit
Six months ended June 30, 2020 ¥49,441 million 282.2%
Six months ended June 30, 2019 ¥12,934 million (87.1%)

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

(2) Financial position:

	Total assets	Total equity	Equity attributable to owners of the Company	Equity ratio attributable to owners of the Company
	(¥ millions)	(¥ millions)	(¥ millions)	(%)
As of				
June 30, 2020	2,372,002	1,057,507	808,829	34.1
December 31, 2019	2,412,874	1,146,825	906,576	37.6

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended December 31, 2019	-	31.50	-	32.50	64.00
Fiscal year ending December 31, 2020	-	32.50			
Fiscal year ending December 31, 2020 (Forecast)			-	32.50	65.00

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

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

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

	Revenue	Percentage change	Normalized operating profit	Percentage change	Profit before tax	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Fiscal year ending December 31, 2020	1,824,000	(6.0)	140,000	(26.6)	118,500	1.4

	Profit	Percentage change	Profit attributable to owners of the Company	Percentage change	Basic earnings per share
	(¥ millions)	(%)	(¥ millions)	(%)	(¥)
Fiscal year ending December 31, 2020	90,500	11.1	64,500	8.1	76.70

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

Reference: Operating profit Fiscal year ending December 31, 2020 ¥97,500 million (11.1%)

The consolidated earnings forecast for the fiscal year ending December 31, 2020 released on February 14, 2020 has been revised due to the financial impact of the global spread of COVID-19. For further information, please refer to the "Notice Regarding Revision of Consolidated Forecast for the Fiscal Year Ending December 2020" released today.

* Notes

(1) Changes in significant subsidiaries for the six months ended June 30, 2020: (Changes in specified subsidiaries accompanying change in scope of consolidation)	None
Newly included: -	Excluded: -
(2) Changes in accounting policies and changes in accounting estimates	
i. Changes in accounting policies required by IFRS:	None
ii. Changes in accounting policies due to other reasons:	None
iii. Changes in accounting estimates:	None
(3) Number of shares outstanding (ordinary shares)	
i. Number of shares outstanding at the end of the period (including treasury shares)	
As of June 30, 2020	914,000,000 shares
As of December 31, 2019	914,000,000 shares
ii. Number of treasury shares at the end of the period	
As of June 30, 2020	79,991,894 shares
As of December 31, 2019	45,271,331 shares
iii. Average number of shares during the period (cumulative from the beginning of the fiscal year)	
For the six months ended June 30, 2020	846,861,187 shares
For the six months ended June 30, 2019	878,031,480 shares

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

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

- (1) The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of the release date of this material. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, market trends, and exchange rates.
- (2) The Company will post the Supplementary Documents to the Financial Results today, Friday, August 7, and will post the presentation materials from the financial results presentation to be held on Tuesday, August 11, 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

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

(¥ millions)

	At December 31, 2019	At June 30, 2020
Assets		
Non-current assets		
Property, plant and equipment	561,253	566,458
Goodwill	233,899	237,471
Intangible assets	168,905	195,852
Equity-accounted investees	384,756	385,938
Other financial assets	139,018	124,605
Other non-current assets	18,248	18,971
Deferred tax assets	94,656	97,234
Total non-current assets	1,600,735	1,626,529
Current assets		
Inventories	219,200	226,317
Trade and other receivables	395,656	322,321
Other financial assets	7,441	6,721
Other current assets	24,171	27,260
Cash and cash equivalents	165,671	162,854
Total current assets	812,139	745,473
Total assets	2,412,874	2,372,002

(¥ millions)

	At December 31, 2019	At June 30, 2020
Equity		
Share capital	102,046	102,046
Share premium	24,853	24,870
Retained earnings	958,292	963,358
Treasury shares	(124,999)	(201,781)
Reserves	(53,615)	(79,664)
Equity attributable to owners of the Company	906,576	808,829
Non-controlling interests	240,249	248,678
Total equity	1,146,825	1,057,507
Liabilities		
Non-current liabilities		
Bonds and borrowings	291,207	465,141
Other financial liabilities	141,058	138,183
Defined benefit liability	65,274	65,436
Provisions	4,816	4,457
Other non-current liabilities	5,538	4,044
Deferred tax liabilities	20,786	14,104
Total non-current liabilities	528,679	691,364
Current liabilities		
Bonds and borrowings	239,644	230,465
Trade and other payables	231,051	194,788
Other financial liabilities	64,658	57,624
Current tax liabilities	23,497	15,412
Provisions	5,690	4,817
Other current liabilities	172,831	120,025
Total current liabilities	737,370	623,131
Total liabilities	1,266,049	1,314,495
Total equity and liabilities	2,412,874	2,372,002

**(2) CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
 COMPREHENSIVE INCOME
 CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 SIX MONTHS ENDED JUNE 30, 2020**

(¥ millions)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Revenue	929,810	872,469
Cost of sales	520,073	498,729
Gross profit	409,737	373,741
Selling, general and administrative expenses	318,911	303,881
Normalized operating profit	90,827	69,860
Other operating income	2,830	2,268
Other operating expenses	80,722	22,686
Operating profit	12,934	49,441
Finance income	2,512	1,753
Finance costs	5,442	3,551
Share of profit of equity-accounted investees	12,651	8,358
Profit before tax	22,656	56,001
Income tax expense	11,299	7,320
Profit	11,357	48,681
Profit (loss) attributable to:		
Owners of the Company	(474)	33,305
Non-controlling interests	11,831	15,377
Profit	11,357	48,681
Earnings per share (¥)		
Basic earnings per share	(0.54)	39.33
Diluted earnings per share	(0.56)	39.31

CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2020

(¥ millions)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Profit	11,357	48,681
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in equity instruments measured at fair value through other comprehensive income	(1,983)	(9,890)
Remeasurements of defined benefit plans	(20)	-
Share of other comprehensive income of equity-accounted investees	439	(182)
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(14,044)	(19,142)
Cash flow hedges	(167)	(29)
Share of other comprehensive income of equity-accounted investees	(1,049)	1,460
Total other comprehensive income	(16,823)	(27,783)
Comprehensive income	(5,466)	20,898
Comprehensive income attributable to:		
Owners of the Company	(17,637)	7,250
Non-controlling interests	12,171	13,648
Comprehensive income	(5,466)	20,898

(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2019

(¥ millions)

	Equity attributable to owners of the Company					
	Share capital	Share premium	Retained earnings	Treasury shares	Reserves	
					Net change in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2019	102,046	2,238	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 (loss)	-	-	(474)	-	-	-
Other comprehensive income	-	-	-	-	(2,335)	439
Comprehensive income	-	-	(474)	-	(2,335)	439
Dividends from surplus	-	-	(23,706)	-	-	-
Acquisition of treasury shares	-	-	-	(13)	-	-
Disposal of treasury shares	-	0	-	5	-	-
Share-based payments	-	(9)	-	101	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	22,592	-	-	133	-
Transfer from reserves to retained earnings	-	-	2,639	-	(2,200)	(439)
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	22,584	(21,067)	92	(2,067)	(439)
Balance at June 30, 2019	102,046	24,821	909,986	(101,812)	52,462	-

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2019	(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 (loss)	-	-	-	(474)	11,831	11,357
Other comprehensive income	(15,100)	(168)	(17,164)	(17,164)	340	(16,823)
Comprehensive income	(15,100)	(168)	(17,164)	(17,637)	12,171	(5,466)
Dividends from surplus	-	-	-	(23,706)	(7,255)	(30,961)
Acquisition of treasury shares	-	-	-	(13)	-	(13)
Disposal of treasury shares	-	-	-	5	-	5
Share-based payments	-	-	-	92	(137)	(44)
Changes in the ownership interest in a subsidiary without a loss of control	(839)	-	(706)	21,887	(56,342)	(34,455)
Transfer from reserves to retained earnings	-	-	(2,639)	-	-	-
Other	-	-	-	-	(339)	(339)
Total transactions with owners of the Company	(839)	-	(3,345)	(1,736)	(64,073)	(65,808)
Balance at June 30, 2019	(100,129)	(1,431)	(49,098)	885,943	232,724	1,118,667

SIX MONTHS ENDED JUNE 30, 2020

(¥ 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, 2020	102,046	24,853	958,292	(124,999)	41,410	-
Profit	-	-	33,305	-	-	-
Other comprehensive income	-	-	-	-	(9,695)	(149)
Comprehensive income	-	-	33,305	-	(9,695)	(149)
Dividends from surplus	-	-	(28,234)	-	-	-
Acquisition of treasury shares	-	-	-	(76,793)	-	-
Disposal of treasury shares	-	(0)	-	2	-	-
Share-based payments	-	17	-	9	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	(0)	-	-	(1)	-
Transfer from reserves to retained earnings	-	-	(5)	-	(144)	149
Other	-	1	-	-	-	-
Total transactions with owners of the Company	-	17	(28,238)	(76,782)	(145)	149
Balance at June 30, 2020	102,046	24,870	963,358	(201,781)	31,570	-

	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, 2020	(94,043)	(983)	(53,615)	906,576	240,249	1,146,825
Profit	-	-	-	33,305	15,377	48,681
Other comprehensive income	(16,182)	(29)	(26,054)	(26,054)	(1,729)	(27,783)
Comprehensive income	(16,182)	(29)	(26,054)	7,250	13,648	20,898
Dividends from surplus	-	-	-	(28,234)	(5,459)	(33,692)
Acquisition of treasury shares	-	-	-	(76,793)	-	(76,793)
Disposal of treasury shares	-	-	-	1	-	1
Share-based payments	-	-	-	26	(137)	(110)
Changes in the ownership interest in a subsidiary without a loss of control	2	-	2	1	376	377
Transfer from reserves to retained earnings	-	-	5	-	-	-
Other	(0)	-	(0)	1	2	2
Total transactions with owners of the Company	2	-	6	(104,997)	(5,218)	(110,215)
Balance at June 30, 2020	(110,222)	(1,012)	(79,664)	808,829	248,678	1,057,507

(4) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

(¥ millions)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Cash flows from operating activities		
Profit before tax	22,656	56,001
Depreciation and amortization	40,178	39,997
Impairment losses	62,132	7,713
Interest and dividends received	(2,297)	(1,417)
Share of profit of equity-accounted investees	(12,651)	(8,358)
Interest paid	3,644	2,444
Gain on sale of property, plant and equipment and intangible assets	(1,658)	(249)
Loss on disposal and sale of property, plant and equipment and intangible assets	652	815
Gain on sale of shares of subsidiaries	-	(42)
(Increase) decrease in trade receivables	21,987	65,599
(Increase) decrease in inventories	(22,239)	(8,135)
Increase (decrease) in trade payables	(3,498)	(12,029)
Increase (decrease) in liquor taxes payable	(3,608)	(29,259)
Increase (decrease) in deposits received	(23,009)	(10,709)
Other	(28,149)	(39,409)
Sub-total	54,140	62,962
Interest and dividends received	9,332	11,056
Interest paid	(2,967)	(2,386)
Income taxes paid	(7,970)	(23,889)
Cash flows from (used in) operating activities	52,535	47,743

(¥ millions)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(42,085)	(49,638)
Proceeds from sale of property, plant and equipment and intangible assets	2,932	503
Acquisition of investments	(238)	(233)
Proceeds from sale of investments	4,555	118
Acquisition of shares of subsidiaries, net of cash acquired	(4,503)	(39,628)
Proceeds from sale of shares of subsidiaries, net of cash disposed of	-	18
Acquisition of equity-accounted investees	(4,773)	(729)
Other	(2,301)	(1,298)
Cash flows from (used in) investing activities	(46,412)	(90,886)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	6,016	69,284
Increase (decrease) in commercial paper	16,000	(57,007)
Proceeds from long-term borrowings	12,511	135,000
Repayment of long-term borrowings	(23,201)	(10,919)
Proceeds from issuance of bonds	-	49,961
Payment for redemption of bonds	-	(20,000)
Repayment of lease liabilities	(8,161)	(8,544)
Payment for acquisition of treasury shares	(26)	(76,788)
Payment for acquisition of treasury shares by a consolidated subsidiary	(22,595)	(7)
Dividends paid	(23,706)	(28,234)
Dividends paid to non-controlling interests	(8,878)	(9,327)
Other	(527)	(370)
Cash flows from (used in) financing activities	(52,566)	43,050
Effect of exchange rate changes on cash and cash equivalents	(1,932)	(2,725)
Net increase (decrease) in cash and cash equivalents	(48,375)	(2,817)
Cash and cash equivalents at beginning of period	173,102	165,671
Cash and cash equivalents at end of period	124,727	162,854

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

There are no matters to report under this item.

2. OTHER

(1) CONSOLIDATED FORECASTS

The consolidated earnings forecast for the fiscal year ending December 31, 2020 released on February 14, 2020 has been revised as below due to the financial impact of the global spread of COVID-19.

Consolidated forecast for the fiscal year ending December 31, 2020

(¥ millions)

	Revenue	Normalized operating profit	Profit before tax	Profit	Profit attributable to owners of the Company	Basic earnings per share
Previous forecast (A)	2,000,000	191,000	189,500	143,500	115,500	¥136.79
Revised forecast (B)	1,824,000	140,000	118,500	90,500	64,500	¥76.70
Change (B-A)	(176,000)	(51,000)	(71,000)	(53,000)	(51,000)	-
Change (%)	(8.8)	(26.7)	(37.5)	(36.9)	(44.2)	-
Actual result for the fiscal year ended December 31, 2019	1,941,305	190,754	116,823	81,438	59,642	¥68.00

For further information, please refer to the “Notice Regarding Revision of Consolidated Forecast for the Fiscal Year Ending December 2020” released today.

**Supplementary Documents to
the Consolidated Financial Statements
for the Six Months Ended June 30, 2020**

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

**KIRIN HOLDINGS COMPANY, LIMITED
August 7, 2020**

1. SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ billions)

	As of June 30, 2020, Actual	As of December 31, 2019, Actual	Increase (decrease)	Description of changes
Non-current assets	1,626.5	1,600.7	25.8	
Property, plant and equipment	566.5	561.3	5.2	
Goodwill	237.5	233.9	3.6	
Intangible assets	195.9	168.9	26.9	
Equity-accounted investees	385.9	384.8	1.2	
Other	240.8	251.9	(11.1)	
Current assets	745.5	812.1	(66.7)	
Inventories	226.3	219.2	7.1	
Trade and other receivables	322.3	395.7	(73.3)	Decrease due to the year-end of previous year being a bank holiday, etc.
Cash and cash equivalents	162.9	165.7	(2.8)	
Other	34.0	31.6	2.4	
Total assets	2,372.0	2,412.9	(40.9)	
Equity	1,057.5	1,146.8	(89.3)	
Equity attributable to owners of the Company	808.8	906.6	(97.7)	Acquisition of treasury shares, etc.
Non-controlling interests	248.7	240.2	8.4	
Non-current liabilities	691.4	528.7	162.7	
Bonds and borrowings	465.1	291.2	173.9	Increase due to new borrowings, etc.
Other	226.2	237.5	(11.2)	
Current liabilities	623.1	737.4	(114.2)	
Bonds and borrowings	230.5	239.6	(9.2)	
Trade and other payables	194.8	231.1	(36.3)	
Other	197.9	266.7	(68.8)	Decrease in accrued liquor tax, etc.
Total liabilities	1,314.5	1,266.0	48.4	
Total equity and liabilities	2,372.0	2,412.9	(40.9)	

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

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

(¥ billions)

	Six months ended June 30, 2020, Actual	Six months ended June 30, 2019, Actual	Increase (decrease)	
Revenue	872.5	929.8	(57.3)	(6.2%)
Gross profit	373.7	409.7	(36.0)	(8.8%)
Selling, general and administrative expenses	303.9	318.9	(15.0)	(4.7%)
Normalized operating profit	69.9	90.8	(21.0)	(23.1%)
Other operating income	2.3	2.8	(0.6)	(19.9%)
Other operating expenses	22.7	80.7	(58.0)	(71.9%)
Operating profit	49.4	12.9	36.5	282.2%
Finance income	1.8	2.5	(0.8)	(30.2%)
Finance costs	3.6	5.4	(1.9)	(34.7%)
Share of profit of equity-accounted investees	8.4	12.7	(4.3)	(33.9%)
Profit before tax	56.0	22.7	33.3	147.2%
Income tax expense	7.3	11.3	(4.0)	(35.2%)
Profit (loss)	48.7	11.4	37.3	328.6%
Owners of the Company	33.3	(0.5)	33.8	-
Non-controlling interests	15.4	11.8	3.5	30.0%
Normalized EPS	¥56	¥71	(¥15)	(21.1%)
Revenue (excluding liquor tax)	748.6	794.6	(46.0)	(5.8%)
Normalized operating profit ratio (excluding liquor tax)	9.3%	11.4%		
Normalized EBITDA	109.9	131.6	(21.7)	(16.5%)
Gross Debt Equity Ratio	0.86	0.48		

* The numbers above for the six months ended June 30, 2019 have been revised retroactively, since changes in accounting policies was made at the fiscal year end of 2019.

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

(¥)

	Six months ended June 30, 2020, Actual	Six months ended June 30, 2019, Actual
Lion (AUD)	69.91	77.61
Myanmar Brewery (MMK ('000))	76.61	72.42
Coke Northeast (USD)	108.24	109.97

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

	Six months ended June 30, 2020, Actual	Six months ended June 30, 2019, Actual
San Miguel Brewery	From October 2019 to March 2020	From October 2018 to March 2019

3. REVENUE DETAILS

(1) Revenue Details

(¥ billions)

	Six months ended June 30, 2020, Actual	Six months ended June 30, 2019, Actual	Increase (decrease)	
Revenue	872.5	929.8	(57.3)	(6.2%)
Japan Beer and Spirits	295.9	315.1	(19.2)	(6.1%)
Kirin Brewery	287.2	307.1	(19.9)	(6.5%)
Other and elimination	8.7	8.0	0.7	8.3%
Japan Non-alcoholic Beverages	118.8	134.2	(15.4)	(11.5%)
Kirin Beverage	119.7	135.1	(15.3)	(11.4%)
Elimination	(1.0)	(0.9)	(0.0)	-
Oceania Integrated Beverages	131.9	145.8	(13.9)	(9.6%)
Lion	131.9	145.8	(13.9)	(9.6%)
Beer, Spirits, and Wine	77.8	80.3	(2.6)	(3.2%)
Dairy and Drinks	54.1	65.5	(11.4)	(17.4%)
Elimination	(0.0)	(0.0)	0.0	-
Pharmaceuticals	157.5	150.9	6.7	4.4%
Kyowa Kirin	157.8	151.4	6.4	4.2%
Elimination	(0.3)	(0.5)	0.3	-
Other	168.4	183.8	(15.4)	(8.4%)
Mercian	30.0	30.3	(0.3)	(0.9%)
Myanmar Brewery	16.3	17.7	(1.5)	(8.3%)
Coke Northeast	63.9	65.3	(1.4)	(2.1%)
Kyowa Hakko Bio	31.8	39.3	(7.5)	(19.1%)
Other and elimination	26.4	31.2	(4.8)	(15.4%)

(Reference) Revenue excluding liquor tax

(¥ billions)

	Six months ended June 30, 2020, Actual	Six months ended June 30, 2019, Actual
Kirin Brewery	171.7	180.2

(2) Sales Volume Details of Major Business Companies

a. Kirin Brewery

	Six months ended June 30, 2020		Six months ended June 30, 2019	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	191	(24.3%)	252	(7.1%)
<i>Happo-shu</i>	182	(2.1%)	186	(7.4%)
New genre	384	8.5%	354	15.8%
Sub-total	757	(4.4%)	793	1.9%
RTD	191	8.2%	177	7.6%
Non-alcohol beverages	21	22.0%	17	(6.2%)

The sales volume above excludes exports and liquor tax exempts.

b. Kirin Beverage Group

	Six months ended June 30, 2020		Six months ended June 30, 2019	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	2,440	(8.5%)	2,665	9.4%
Japanese tea	1,482	(7.2%)	1,597	1.3%
Coffee	1,127	(12.7%)	1,291	(3.2%)
Fruit and vegetable juice	1,110	(6.3%)	1,184	(6.2%)
Carbonated beverage	731	(25.1%)	976	(3.6%)
Functional beverage	481	(4.3%)	503	0.4%
Water	2,042	3.2%	1,978	(1.5%)
Other	753	(8.8%)	825	9.6%
Total	10,166	(7.7%)	11,019	1.2%
Container Type				
Can	1,251	(20.3%)	1,570	(11.3%)
Large-sized PET bottles (2L, 1.5L, etc.)	3,747	2.0%	3,673	0.8%
Small-sized PET bottles (500ml, 280ml, etc.)	4,334	(10.0%)	4,815	9.2%
Other	834	(13.2%)	961	(9.4%)
Total	10,166	(7.7%)	11,019	1.2%

4. PROFIT DETAILS

(1) Normalized Operating Profit Details

(¥ billions)

	Six months ended June 30, 2020, Actual	Six months ended June 30, 2019, Actual	Increase (decrease)	
Normalized operating profit	69.9	90.8	(21.0)	(23.1%)
Japan Beer and Spirits	32.8	33.3	(0.6)	(1.8%)
Kirin Brewery	31.5	32.4	(0.9)	(2.8%)
Others	1.3	0.9	0.3	33.1%
Japan Non-alcoholic Beverages	7.5	11.0	(3.5)	(32.1%)
Kirin Beverage	7.5	11.0	(3.5)	(32.1%)
Oceania Integrated Beverages	4.4	18.2	(13.8)	(75.9%)
Lion	4.4	18.2	(13.8)	(75.9%)
Beer, Spirits, and Wine	7.6	21.1	(13.6)	(64.1%)
Dairy and Drinks	(0.6)	(0.4)	(0.2)	-
Corporate	(2.6)	(2.6)	(0.0)	-
Pharmaceuticals	34.6	32.6	2.0	6.0%
Kyowa Kirin	34.6	32.6	2.0	6.0%
Other	11.9	15.6	(3.7)	(24.0%)
Mercian	1.1	0.5	0.6	112.5%
Myanmar Brewery	7.1	8.1	(1.0)	(11.8%)
Coke Northeast	3.5	1.9	1.6	86.3%
Kyowa Hakko Bio	(1.9)	2.9	(4.8)	-
Others	2.1	2.3	(0.2)	(9.7%)
Corporate expenses and inter-segment eliminations	(21.2)	(20.0)	(1.3)	-

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.	(7.6)	Total beer products (5.7) Sales decrease in beer (61) thousand KL Sales decrease in <i>happo-shu</i> (4) thousand KL Sales increase in new genre 30 thousand KL Total products other than beer products 0.7 Sales increase in RTD 14 thousand KL Sales increase in non-alcohol beverages 4 thousand KL, etc. Difference of change in composite of products, etc. (2.6)
	Increase in raw material cost of alcohol beverages	(1.4)	
	Decrease in selling expenses	5.5	Decrease in sales promotion 4.7, and decrease in advertising 0.8 (Total 31.1→25.6)
	Decrease in other expenses	2.6	
	Total		(0.9)
Kirin Beverage	Decrease in marginal profit of soft drink beverages	(6.8)	Decrease in sales volume (8.53) million cases (4.1) Difference of change in products mix and composition ratio of containers, etc. (2.7)
	Decrease in raw material cost, etc.	0.6	Decrease in raw material cost 0.5, decrease in material cost 0.7, and increase in processing cost (0.6)
	Decrease in selling expenses	1.4	Decrease in sales promotion 0.6, and decrease in advertising 0.8 (Total 16.9→15.5)
	Decrease in other expenses	1.3	
Total		(3.5)	

(3) Other Operating Income and Other Operating Expenses

(¥ billions)

	Six months ended June 30, 2020, Actual	Six months ended June 30, 2019, Actual	Increase (decrease)
Other operating income	2.3	2.8	(0.6)
Gain on sale of property, plant and equipment and intangible assets	0.2	1.7	(1.4)
Gain on sale of shares of subsidiaries	0.0	-	0.0
Other	2.0	1.2	0.8
Other operating expenses	22.7	80.7	(58.0)
Impairment losses	7.7	62.1	(54.4)
Business restructuring expenses	3.5	7.9	(4.5)
Software development expenses	7.0	5.0	2.1
Loss on disposal and sale of property, plant and equipment and intangible assets	0.9	0.8	0.1
Other	3.5	4.9	(1.3)

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

(¥ billions)

	Six months ended June 30, 2020, Actual	Six months ended June 30, 2019, Actual	Increase (decrease)
Finance income	1.8	2.5	(0.8)
Interest income	0.8	0.8	0.0
Dividend income	0.6	1.5	(0.9)
Foreign exchange gains (net)	0.1	-	0.1
Other	0.3	0.2	0.0
Finance costs	3.6	5.4	(1.9)
Interest paid	2.4	3.6	(1.2)
Other	1.1	1.8	(0.7)
Share of profit of equity-accounted investees	8.4	12.7	(4.3)
San Miguel Brewery	11.5	13.2	(1.7)
Other	(3.2)	(0.6)	(2.6)

5. SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

(1) Summary of Statement of Cash Flows

(¥ billions)

	Six months ended June 30, 2020, Actual	Six months ended June 30, 2019, Actual	Increase (decrease)
Cash flows from operating activities	47.7	52.5	(4.8)
Profit before tax	56.0	22.7	33.3
Depreciation and amortization	40.0	40.2	(0.2)
Other	(48.3)	(10.3)	(38.0)
Cash flows from investing activities	(90.9)	(46.4)	(44.5)
Acquisition of property, plant and equipment and intangible assets	(49.6)	(42.1)	(7.6)
Other	(41.2)	(4.3)	(36.9)
Cash flows from financing activities	43.1	(52.6)	95.6
Increase (decrease) in interest-bearing liabilities	166.3	11.3	155.0
Dividends paid	(37.6)	(32.6)	(5.0)
Other	(85.7)	(31.3)	(54.4)
Exchange rate changes.	(2.7)	(1.9)	(0.8)
Net increase (decrease) in cash and cash equivalents	(2.8)	(48.4)	45.6

(2) Information by Segment

As of June 30, 2020, Actual

(¥ billions)

	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Integrated Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	5.8	3.2	5.4	7.6	8.2	1.2	31.5
Acquisition of property, plant and equipment and intangible assets	6.2	4.4	3.7	18.7	11.2	5.3	49.6
Normalized EBITDA	38.6	10.7	9.8	42.1	28.7	(20.0)	109.9

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

As of June 30, 2019, Actual

(¥ billions)

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

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

**Supplementary Documents to
the Financial Forecast
for the Fiscal 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

August 7, 2020

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

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

(¥ billions)

	Fiscal year ending December 31, 2020, Revised Forecast	Fiscal year ended December 31, 2019, Actual	Increase (decrease)		Fiscal year ending December 31, 2020, Initial forecast	Increase (decrease)
Revenue	1,824.0	1,941.3	(117.3)	(6.0%)	2,000.0	(176.0)
Normalized operating profit	140.0	190.8	(50.8)	(26.6%)	191.0	(51.0)
Other operating income	4.7	6.6	(2.0)	(29.6%)	3.7	0.9
Other operating expenses	47.2	109.7	(62.5)	(57.0%)	34.2	12.9
Operating profit	97.5	87.7	9.8	11.1%	160.5	(63.0)
Finance income	4.5	4.8	(0.3)	(7.0%)	3.8	0.7
Finance costs	5.6	9.4	(3.9)	(40.9%)	5.7	(0.1)
Share of profit of equity-accounted investees	22.1	33.7	(11.6)	(34.5%)	30.9	(8.8)
Profit before tax	118.5	116.8	1.7	1.4%	189.5	(71.0)
Income tax expense	28.0	35.4	(7.4)	(20.9%)	46.0	(18.0)
Profit	90.5	81.4	9.1	11.1%	143.5	(53.0)
Owners of the Company	64.5	59.6	4.9	8.1%	115.5	(51.0)
Non-controlling interests	26.0	21.8	4.2	19.3%	28.0	(2.0)
ROIC	5.4%	5.2%			8.9%	
Normalized EPS	¥111	¥158	(¥47)	(29.7%)	¥162	(¥51)
Revenue (excluding liquor tax)	1,546.0	1,649.2	(103.2)	(6.3%)	1,699.0	(153.0)
Normalized operating profit ratio (excluding liquor tax)	9.1%	11.6%			11.2%	
ROE	7.5%	6.6%			13.1%	
Normalized EBITDA	216.7	272.6	(55.9)	(20.5%)	278.7	(62.0)
Gross Debt Equity Ratio	0.85	0.59			0.62	

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

	Fiscal year ending December 31, 2020, Revised Forecast
Normalized operating profit	138.5
ROIC	5.3%
Normalized EPS	¥110

*Converted foreign currency amounts of the revised forecast at the exchange rate of the initial forecast released on February 14

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 the 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

(¥)

	Fiscal year ending December 31, 2020, Revised Forecast	Fiscal year ended December 31, 2019, Actual	Fiscal year ending December 31, 2020, Initial forecast
Lion (AUD)	73.00	75.95	74.00
Myanmar Brewery (MMK ('000))	77.00	72.07	74.00
Coke Northeast (USD)	108.00	109.24	108.00

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

	Fiscal year ending December 31, 2020, Revised Forecast	Fiscal 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)

	Fiscal year ending December 31, 2020, Revised Forecast	Fiscal year ended December 31, 2019, Actual	Increase (decrease)		Fiscal year ending December 31, 2020, Initial forecast	Increase (decrease)
Revenue	1,824.0	1,941.3	(117.3)	(6.0%)	2,000.0	(176.0)
Japan Beer and Spirits	649.7	681.9	(32.2)	(4.7%)	697.6	(47.8)
Kirin Brewery	631.5	665.0	(33.5)	(5.0%)	679.1	(47.6)
Other and elimination	18.2	16.9	1.3	7.9%	18.4	(0.2)
Japan Non-alcoholic Beverages	249.7	286.8	(37.1)	(12.9%)	288.5	(38.8)
Kirin Beverage	251.3	288.8	(37.5)	(13.0%)	290.4	(39.1)
Elimination	(1.6)	(2.0)	0.4	-	(1.9)	0.3
Oceania Integrated Beverages	276.1	299.7	(23.6)	(7.9%)	318.6	(42.5)
Lion	276.2	299.8	(23.6)	(7.9%)	318.7	(42.5)
Beer, Spirits, and Wine	164.8	171.5	(6.8)	(4.0%)	200.5	(35.8)
Dairy and Drinks	111.4	128.2	(16.8)	(13.1%)	118.1	(6.7)
Elimination	(0.1)	(0.0)	(0.0)	-	(0.1)	-
Pharmaceuticals	312.1	304.9	7.2	2.4%	326.1	(14.0)
Kyowa Kirin	313.0	305.8	7.2	2.3%	327.0	(14.0)
Elimination	(0.9)	(1.0)	0.0	-	(0.9)	-
Other	336.4	368.0	(31.6)	(8.6%)	369.2	(32.9)
Mercian	61.9	63.9	(2.0)	(3.1%)	65.3	(3.4)
Myanmar Brewery	30.5	32.6	(2.1)	(6.4%)	36.4	(5.9)
Coke Northeast	129.1	132.6	(3.5)	(2.6%)	132.5	(3.5)
Kyowa Hakko Bio	59.0	74.9	(15.9)	(21.2%)	64.5	(5.5)
Other and elimination	56.0	64.2	(8.2)	(12.8%)	70.6	(14.7)

(Reference) Revenue excluding liquor tax

(¥ billions)

	Fiscal year ending December 31, 2020 Revised Forecast	Fiscal year ended December 31, 2019 Actual	Fiscal year ending December 31, 2020 Initial forecast
Kirin Brewery	370.6	390.1	395.8

(2) Sales Volume Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ending December 31, 2020		Fiscal year ended December 31, 2019	
	Revised forecast	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	474	(15.4%)	560	(5.0%)
<i>Happo-shu</i>	373	(4.8%)	392	(7.1%)
New genre	813	6.5%	763	9.3%
Sub-total	1,659	(3.3%)	1,715	0.3%
RTD	405	6.0%	382	6.3%
Non-alcohol beverages	43	7.7%	40	1.6%

The above sales volume excludes exports and liquor tax exempts.

b. Kirin Beverage Group

	Fiscal year ending December 31, 2020		Fiscal year ended December 31, 2019	
	Revised forecast	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	5,190	(9.1%)	5,711	10.1%
Japanese tea	3,232	(5.5%)	3,419	(0.9%)
Coffee	2,303	(16.5%)	2,758	4.8%
Fruit and vegetable juice	2,195	(10.5%)	2,453	(3.1%)
Carbonated beverage	1,439	(25.4%)	1,929	(10.5%)
Functional beverage	1,066	(6.8%)	1,144	(7.7%)
Water	4,200	(1.3%)	4,256	(1.5%)
Other	1,716	(10.2%)	1,912	6.2%
Total	21,340	(9.5%)	23,583	1.1%
Container Type				
Can	2,519	(20.4%)	3,166	(10.6%)
Large-sized PET bottles (2L, 1.5L, etc.)	7,692	(2.2%)	7,864	(0.6%)
Small-sized PET bottles (500ml, 280ml, etc.)	9,313	(11.7%)	10,551	8.8%
Other	1,816	(9.3%)	2,001	(7.5%)
Total	21,340	(9.5%)	23,583	1.1%

3. PROFIT DETAILS

(1) Normalized Operating Profit Details

	Fiscal year ending December 31, 2020, Revised Forecast	Fiscal year ended December 31, 2019, Actual	Increase (decrease)		Fiscal year ending December 31, 2020, Initial forecast	
						Increase (decrease)
Normalized operating profit	140.0	190.8	(50.8)	(26.6%)	191.0	(51.0)
Japan Beer and Spirits	71.6	85.2	(13.5)	(15.9%)	85.5	(13.9)
Kirin Brewery	70.0	83.3	(13.3)	(16.0%)	84.0	(14.0)
Others	1.6	1.8	(0.2)	(10.3%)	1.5	0.1
Japan Non-alcoholic Beverages	20.0	26.4	(6.4)	(24.1%)	26.5	(6.5)
Kirin Beverage	20.0	26.4	(6.4)	(24.1%)	26.5	(6.5)
Oceania Integrated Beverages	16.2	41.4	(25.2)	(60.9%)	36.2	(20.0)
Lion	16.2	41.4	(25.2)	(60.9%)	36.2	(20.0)
Beer, Spirits, and Wine	21.8	45.1	(23.3)	(51.7%)	42.6	(20.9)
Dairy and Drinks	0.3	1.6	(1.3)	(83.7%)	1.8	(1.6)
Corporate	(5.8)	(5.3)	(0.5)	-	(8.2)	2.4
Pharmaceuticals	57.0	55.4	1.6	2.9%	64.0	(7.0)
Kyowa Kirin	57.0	55.4	1.6	2.9%	64.0	(7.0)
Other	21.3	27.0	(5.7)	(21.2%)	25.8	(4.5)
Mercian	2.9	2.2	0.7	34.1%	2.7	0.2
Myanmar Brewery	11.3	12.9	(1.5)	(12.0%)	14.6	(3.3)
Coke Northeast	6.0	5.3	0.7	12.8%	6.0	-
Kyowa Hakko Bio	(2.0)	2.3	(4.3)	-	(2.0)	-
Others	3.1	4.4	(1.3)	(29.5%)	4.6	(1.5)
Corporate expenses and inter-segment eliminations	(46.1)	(44.6)	(1.6)	-	(47.1)	0.9

(¥ billions)

(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.	(16.4)	Total beer products (10.4) Sales decrease in beer (86) thousand KL Sales decrease in <i>happo-shu</i> (19) thousand KL Sales increase in new genre 50 thousand KL Total other than beer products 0.9 Sales increase in RTD 23 thousand KL Sales increase in non-alcohol beverages 3 thousand KL, etc. Difference of change in composite of products, etc. (6.9)
	Increase in raw material cost of alcohol beverages	(2.3)	
	Decrease in selling expenses	2.4	Decrease in sales promotion and advertising (Total 59.6→57.1)
	Decrease in other expenses	3.0	
	Total		(13.3)
Kirin Beverage	Decrease in marginal profit of soft drink beverages	(16.5)	Decrease in sales volume (22.42) million cases, (10.9) Difference of change in products mix and composition ratio of containers, etc. (5.6)
	Decrease in raw material cost, etc.	0.9	Decrease in raw material cost 0.7, decrease in material cost 0.7, and increase in processing cost (0.5)
	Decrease in selling expenses	6.8	Decrease in sales promotion and advertising (Total 37.2→30.4)
	Decrease in other expenses	2.4	
	Total		(6.4)

4. INFORMATION BY SEGMENT

Fiscal year ending December 31, 2020, Revised forecast

(¥ billions)

	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Integrated Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	11.8	6.5	11.8	16.0	15.9	3.3	65.4
Acquisition of property, plant and equipment and intangible assets	9.9	9.8	7.7	34.1	21.0	14.8	97.3
Normalized EBITDA	83.5	26.5	28.0	73.0	48.6	(42.8)	216.7

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

Fiscal 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.