

# KIRIN HOLDINGS COMPANY, LIMITED

## SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNDER IFRS) (UNAUDITED)

February 15, 2021

(English Translation)

Fiscal year ended December 31, 2020

### KIRIN HOLDINGS COMPANY, LIMITED

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

Code No.:	2503
Shares Listed:	Tokyo, Nagoya, Sapporo and Fukuoka
Representative:	Mr. Yoshinori Isozaki, President and CEO
For further information, please contact:	Mr. Nobuhiko Hori, General Manager of Corporate Communications Department Telephone: +81-3-6837-7015 from overseas
Scheduled date of general meeting of shareholders held:	March 30, 2021
Commencement date of dividend distribution scheduled:	March 31, 2021
Submission date of securities report scheduled:	March 30, 2021
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, 2020 - December 31, 2020)

[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, 2020	1,849,545	(4.7)	162,115	(15.0)	124,550	6.6
December 31, 2019	1,941,305	0.6	190,754	(4.3)	116,823	(52.7)

	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, 2020	99,842	22.6	71,935	20.6	91,834	16.4
December 31, 2019	81,438	(58.3)	59,642	(63.7)	78,906	(38.7)

	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, 2020	85.57	85.54	8.2	5.1	8.8
December 31, 2019	68.00	67.98	6.6	4.9	9.8

Reference: Share of profit of equity-accounted investees

Fiscal year ended December 31, 2020

¥24,752 million

Fiscal year ended December 31, 2019

¥33,722 million

Operating profit	Fiscal year ended December 31, 2020	¥102,919 million	17.3%
	Fiscal year ended December 31, 2019	¥87,727 million	(55.8%)
Ratio of operating profit to revenue	Fiscal year ended December 31, 2020	5.6%	
	Fiscal year ended December 31, 2019	4.5%	

\* 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:

As of	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 (¥)
December 31, 2020	2,459,363	1,095,939	838,584	34.1	1,005.96
December 31, 2019	2,412,874	1,146,825	906,576	37.6	1,043.57

## (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, 2020	164,839	(115,981)	(52,474)	161,667
Fiscal year ended December 31, 2019	178,826	(175,619)	(9,997)	165,671

## 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 ended December 31, 2020	—	32.50	—	32.50	65.00
Fiscal year ending December 31, 2021 (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, 2019	55,894	94.1	6.2
Fiscal year ended December 31, 2020	54,185	76.0	6.3
Fiscal year ending December 31, 2021 (Forecast)		52.6	

## 3. Forecast consolidated business results for the next fiscal year (January 1, 2021 - December 31, 2021)

(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, 2021	1,880,000	1.6	180,000	11.0	177,000	42.1

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company (¥ millions)	Percentage change (%)	Basic earnings per share (¥)
Fiscal year ending December 31, 2021	132,000	32.2	103,000	43.2	123.56
Reference: Operating profit			Fiscal year ending December 31, 2021		¥151,000 million 46.7%

## \* Notes

(1) Changes in significant subsidiaries for the fiscal year ended December 31, 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 December 31, 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 December 31, 2020

80,385,352 shares

As of December 31, 2019

45,271,331 shares

iii. Average number of shares during the period

For the fiscal year ended December 31, 2020

840,688,862 shares

For the fiscal year ended December 31, 2019

877,038,478 shares

Note: Number of treasury shares at December 31, 2020 includes 388,000 shares held in the BIP (Board Incentive Plan) Trust. These shares are excluded in calculation of the average number of shares during the period.

\* 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, Monday, February 15, and will post the presentation materials and the main Q&A from the financial results presentation content (video) to be held on Tuesday, February 16, on the Company's website as soon as possible.

(URL of the Company's website)

<https://www.kirinholdings.co.jp/english/ir/event/explain/index.html>

s

## ATTACHED MATERIALS

## INDEX

1. KIRIN GROUP'S CURRENT BUSINESS PERFORMANCE.....	2
(1) STATEMENT OF BUSINESS ACTIVITIES AND RESULTS.....	2
(2) FINANCIAL POSITION.....	11
(3) BASIC POLICY AND DISTRIBUTION OF PROFITS AND DIVIDEND FOR 2020 AND 2021.....	12
2. BASIC RATIONALE FOR SELECTION OF ACCOUNTING STANDARDS.....	13
3. CONSOLIDATED FINANCIAL STATEMENTS.....	14
(1) CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	14
(2) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME.....	16
CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	16
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	17
(3) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	18
(4) CONSOLIDATED STATEMENT OF CASH FLOWS.....	20
(5) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....	22
(GOING CONCERN ASSUMPTION).....	22
(SEGMENT INFORMATION).....	23
(PER SHARE INFORMATION).....	27
(SIGNIFICANT SUBSEQUENT EVENTS).....	28
(ADDITIONAL INFORMATION).....	28
4. OTHER.....	29
CHANGE OF DIRECTORS AND BOARD MEMBERS.....	29

# 1. KIRIN GROUP'S CURRENT BUSINESS PERFORMANCE

## 1) STATEMENT OF BUSINESS ACTIVITIES AND RESULTS

The year 2020 was a very important year for the Kirin Group, as we set out the Long-Term Management Vision statement [Kirin Group Vision 2027 \(KV2027\)](#), and took steps to become a leading company in CSV<sup>\*1</sup> worldwide. In the midst of the global spread of COVID-19 and a significant increase in uncertainty, we steadily developed our business in the three domains of Food & Beverages, Pharmaceutical, and Health science that we have cultivated through the fermentation and biotechnology, and pursued synergies among the Group companies across the three domains.

By developing our business in these three domains, we were able to absorb to a certain extent the impact of COVID-19 on our results, and we were able to demonstrate the strength of our business portfolio in responding to the accelerating trend towards health. We also strengthened our global management structure by actively engaging in dialogue with each stakeholder under an increasingly diverse governance structure.

\*1 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.

The COVID-19 pandemic restricted the activities of people around the world and had an enormous impact on social and economic activities. The business activities of the Kirin Group were also severely affected by the contraction of the on-premise market, the postponement and cancellation of various events, and restrictions on sales activities. However, on the premise of ensuring the health and safety of our employees, customers, and business partners, we took thorough measures to prevent possible infection, and placed the highest priority on fulfilling our social responsibility to supply products, medicines, and services. Despite a very challenging business environment, we produced a number of positive results. For example, Kirin Brewery Company, Limited (Kirin Brewery) has outperformed market trends for the third consecutive year, and significantly increased its presence within the beer industry and Kyowa Kirin Co., Ltd. (Kyowa Kirin) has steadily expanded its three global strategic products in multiple regions.

While adapting to this drastic change in customer values and the operating environment, we pursued structural reforms at each of our Group companies under the keywords of transformation, acceleration, reduction, and cessation with the aim of creating future value. "Transformation" means to transform our business to meet the needs of society. "Acceleration" means to accelerate the implementation of this transformation. "Reduction" and "Cessation" mean to streamline our company by reducing or stopping some products or activities. In particular, activities that were transformed and accelerated included the development of brands for products and services, internal and external communications using digital technology, efforts to address environmental issues of increasing global importance, and the development of the Health Sciences domain, which will be the foundation for future growth, and activities were further deepened.

In the Health Science domain, we have designated Immunity, Brain Function, and Intestinal Environment as three key domains. As such, we have created synergies with FANCL Corporation ([FANCL](#), pronounced "fahn-kell"), which joined the Kirin Group in 2019, as well as promoted various R&D and product development. Above all, the [iMUSE](#) brand of soft drinks and supplements containing the Kirin Group's proprietary [Lactococcus lactis strain Plasma](#)<sup>\*2</sup> have become the first "foods with functional claims" for immune functions in Japan to be registered with Japan's Consumer Affairs Agency in August<sup>\*3</sup>. Koiwai Dairy Products Co., Ltd.'s yogurt and FANCL's supplements, which both also use Lactococcus lactis strain Plasma also received the notification for their immune functions, and were launched in turn. As a result, we have made great progress in our efforts to promote health and well-being, one of the CSV priority issues.

\*2 Lactic acid bacteria that 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 plasmacytoid dendritic cells (pDC) that activate the immune system.

\*3 The first product ever to be accepted for notification by [Japan's Consumer Affairs Agency](#) (CAA) under the foods with functional claims system as "supporting the maintenance of immune function in healthy people."

As a result, in 2020 we mitigated the decline in revenue in each business to a minimum and generated normalized operating profit through cost reduction and risk reduction, from the impact of COVID-19, but in parallel, from the perspective of reduction and stopping products or activities that are no longer needed.

In addition, employee engagement<sup>\*4</sup>, an important non-financial target in the [2019-2021 Medium-Term Business Plan \(2019MTBP\)](#), improved significantly from the previous year a result of greater employee understanding of and sympathy for CSV management, as well as the Work Satisfaction reforms launched in July, which included a review of work duties and the liberalization of work locations. In the area of Environment - one of our key CSV issues - [Kirin Holdings received the "Environmental Value Award" at the 2nd Nikkei SDGs](#)

[Management Awards](#)<sup>\*5</sup> for our efforts to address climate change and protect biological resources. In addition, Kirin Holdings was selected as the Grand Prize Company in the Corporate Governance of the Year® 2020<sup>\*6</sup> for its major changes to its governance structure, including the appointment of [female directors, non-Japanese directors](#) and a majority of non-exclusive directors, and for our CSV management.

- \*4 An indicator of the degree of trust employees have in the company and their willingness to voluntarily contribute to the company by empathizing with its direction.
- \*5 Based on the [Nikkei SDGs Survey](#) conducted by Nikkei Inc., the award recognizes companies that link their management to the United Nations Sustainable Development Goals (SDGs), work to solve social, economic, and environmental issues through their business, and enhance their corporate value.
- \*6 This is an award system that the [Japan Association of Corporate Directors](#) (JACD) has been held since 2015 with the support of the Ministry of Economy, Trade and Industry (METI), in order to encourage companies that use corporate governance to maintain healthy growth over the medium- to long-term. Kirin Holdings was selected as a "Grand Prize Company," the highest award among approximately 2,000 companies listed on the First Section of the Tokyo Stock Exchange (TSE).

Consolidated revenue	1,849.5 billion yen, down 4.7%
Consolidated normalized operating profit	162.1 billion yen, down 15.0%
Consolidated profit before tax	124.6 billion yen, up 6.6%
Consolidated profit attributable to owners of the Company (Key performance indicators)	71.9 billion yen, up 20.6%
ROIC	6.0%
Normalized EPS*	136 yen, down 13.9%

- \* 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 Business (Kirin Brewery Company, Limited)**

In the domestic alcoholic beverage market, while sales of products for the on-premise sector significantly declined due to the impact of COVID-19, Kirin Brewery has achieved results to focus marketing investment on and strengthen its mainstream brands. Although beer category sales volume decreased due to a decline in demand for eating out, the sales volume of canned products under the [KIRIN ICHIBAN](#) brand increased from the previous year due to strong sales of canned products of the mainstay *KIRIN ICHIBAN* and the new [KIRIN ICHIBAN Zero Sugar](#)<sup>\*7</sup>, partly due the October liquor tax revision. In the new genre category, the sales volume of *Honkirin*, which reliably captured "home drinking" demand grew significantly - up 30% year on year - and sales of *Kirin Nodogoshi Nama* were also strong. As a result, the new genre category achieved an all-time new record high in sales volume. Therefore, although the beer category's overall sales volume declined, Kirin Brewery has established outperformed market trends for the third consecutive year, and significantly increased its presence within the beer industry.

- \*7 According to food labeling standards.

In the RTD<sup>\*8</sup> category, which mainly consists of products for home consumption, total category sales volume increased 10% year on year due to the strong performance of the [Kirin Hyoketsu](#) series, the core brand that achieved cumulative sales of 15 billion units<sup>\*9</sup>, as well as very strong sales from [KIRIN'S SIGNATURE SOUR](#) and [Kirin Honshibori™ Chuhai](#).

- \*8 Abbreviation for Ready to Drink. Generally a canned cocktail.

- \*9 Measured at 250ml conversion.

As a result, although sales volumes of canned beer, RTD and non-alcoholic beverage categories increased in the off-premise channel, revenue decreased due to a significant decline in beer sales volumes in the on-premise channel. In addition, marginal profit declined due to lower sales volumes and a lower proportion of the beer category, resulting in lower normalized operating profit.

Japan Beer and Spirits Businesses 2020 results:	
Consolidated revenue	651.4 billion yen, down 4.5%
Consolidated normalized operating profit	75.5 billion yen, down 11.4%

### **Japan Non-alcoholic Beverages Businesses (Kirin Beverage Company, Limited)**

In the domestic beverage market, changes in consumer behavioral patterns due to COVID-19, such as changes in where products are purchased, a shift to hand-brewed beverages (such as home-made tea or coffee) due to an increase in time spent at home, and growing support for health-conscious products such as sugar-free and low-sugar beverages had a significant impact on sales.

Kirin Beverage accelerated its efforts to meet consumers' needs for Health and Well-being with the aim of generating profits through growth centered on the practice of CSV-based management. We expanded our lineup of sugar-free products, including [Kirin Lemon Sparkling Sugar-Free](#), launched in June, and [Kirin Nama-cha Houji Sencha](#), launched in September, as well as low-sugar products such as the [Kirin Gogo-no-Kocha Meisters](#) series, to offer the value of no- and low-sugar, low-calorie products. In addition, sales volume of beverages containing *Lactococcus lactis strain Plasma*, such as *Kirin iMUSE Lemon* – re-launched as a “food with functional claims” – increased significantly, by 2.4 times from the previous year. On the other hand, overall sales volume of soft drinks decreased due to a decline in sales in vending machines and convenience stores were affected by COVID-19.

As a result, revenue decreased due to a decline in sales volume and a deterioration in the unit price of revenue. Despite efforts to reduce sales promotion and advertising costs, this was not enough to offset the decline in sales volumes and the deterioration in difference of change in product mix and in composition ratio of containers etc. due to changes in the channel mix and other factors, resulting in a decline in normalized operating profit.

Japan Non-alcoholic Beverages Businesses 2020 results:	
Consolidated revenue	252.2 billion yen, down 12.1%
Consolidated normalized operating profit	21.8 billion yen, down 17.4%

### **Oceania Integrated Beverages Business (Lion Pty Ltd.)**

In Australia, New Zealand, the U.S., and the U.K., where [Lion Pty Ltd.](#) (Lion) operates, restrictions on the number of people going out and entering restaurants were imposed due to COVID-19, and sales volume in Lion's alcoholic beverages business also declined, mainly in the on-premise market.

In Australia, Lion focused on boosting and nurturing its major beer brands, including the launch of new products from its core brands XXXX (pronounced four-ex) and *James Squire*. In the overseas craft beer business, which Lion has positioned as a future growth area, sales of *Voodoo Ranger*, a mainstream product of [New Belgium Brewing Company](#) in the United States, (acquired in 2020) which continues to show strong growth ahead of the United States craft beer market. Lion also improved operational efficiency through the introduction of an ERP<sup>\*10</sup> system and promoted environmental initiatives by achieving carbon neutrality<sup>\*11</sup> at all of its breweries operating in Australia. As for the Lion Dairy and Drinks business, Kirin Holdings along with Lion signed a share transfer agreement with major Australian dairy company Bega Cheese Limited in November<sup>\*12</sup>. As a result, the Kirin Group has completed the remaining issue of restructuring of low-profit businesses in the Group under the 2019MTBP.

\*10 Enterprise Resources Planning. A concept and system for improving management efficiency by integrating key information such as sales, production, personnel and accounting.

\*11 This means that the amount of greenhouse gases emitted by Lion that cannot be reduced by the company itself is offset by the amount of reduction, absorption, etc. implemented by other companies licensed in Australia, thereby effectively reducing the amount to zero.

\*12 Procedures to transfer Lion Dairy and Drinks shares to Bega Cheese Limited will be completed in January 2021.

As a result, while sales volume declined due to COVID-19, revenue in Australian dollar increased due to the

increase in revenue resulting from the consolidation of New Belgium Brewing Company, while revenue in the yen decreased due to the appreciation of the yen against Australian dollar compared to the same period last year. In addition, due to COVID-19, sales volume through the highly profitable commercial channel declined significantly, resulting in a decline in operating profit in both Australian dollar and yen.

Oceania Integrated Beverages Business 2020 results:	
Consolidated revenue	292.1 billion yen, down 2.5%
Consolidated normalized operating profit	22.1 billion yen, down 46.5%

### **Pharmaceuticals Business (Kyowa Kirin Co., Ltd.)**

In the pharmaceutical industry, sales and clinical development were affected by COVID-19, which changed the therapeutic environment and limited business activities. In line with its goal of becoming a Global Specialty Pharmaceutical Company<sup>\*13</sup>, Kyowa Kirin Co., Ltd. (Kyowa Kirin) limited the impact of these factors and achieved increased sales and profits. Sales of its three global strategic products [Crysvita](#)<sup>\*14</sup>, [Poteligeo](#)<sup>\*15</sup>, and [Nourianz](#)<sup>\*16</sup> expanded steadily in Europe, the United States, and other countries. In Asia, sales of [REGPARA](#)<sup>\*17</sup> were strong in China. Overseas sales compensated for the impact of the drug price revision in Japan and the ongoing switch to generic biopharmaceuticals due to the expiration of the patent on [NESP](#)<sup>\*18</sup>, the company's mainstay product.

\*13 This term refers to a pharmaceutical company, contributing through innovative drug discovery and global commercialization, driven by state-of-the-art antibody technologies, in the core therapeutic areas of oncology, nephrology, central nervous system and immunology.

\*14 Crysvita is used to treat rare genetic diseases that impair bone growth and metabolism. It is already being sold in Japan as "CRYSVITA".

\*15 Poteligeo is used to treat certain hematologic cancers. It is already being sold in Japan under the same brand name.

\*16 Nourianz is used to treat Parkinson's disease. It is already being sold in Japan as "NOURIAST".

\*17 REGPARA is used to treat the secretion of parathyroid hormones by acting on the calcium receptors of the parathyroid glands. It is already being sold in Japan under the same brand name.

\*18 NESP is used to treat renal anemia caused by decreased renal function due to kidney disease.

In addition to building a robust quality assurance system, improving risk management, and reforming the corporate culture as the company's top management priorities, the company also worked to strengthen its global management system.

As a result, revenue increased due to an increase in overseas pharmaceutical sales, particularly of global strategic products. Normalized operating profit increased due to higher gross profit according to higher sales revenue, which offset the increase of selling, general and administrative expense associated with sales of global strategic products.

Pharmaceuticals Business 2020 results:	
Consolidated revenue	317.8 billion yen, up 4.2%
Consolidated normalized operating profit	59.0 billion yen, up 6.6%

### **Other Businesses**

#### **■ Mercian Co., Ltd.**

With the spread of home drinking demand due to COVID-19, Mercian worked to expand the number of customers in and improve profitability in the off-premise wine market, and increased its profits. In particular, sales of [Maker's Recipe](#) and [Oishii-Sankaboushizai-Mutenka Wine Cidre](#) - both of which are aimed at expanding the market - were strong. In Japan, the Mariko Winery became the first winery in Japan to win the "[World's Best Vineyard 2020](#)" award<sup>\*19</sup> less than a year after it opened.

\*19 "World's Best Vineyards" is organized and compiled by William Reed Business Media. The awards highlight the 50 best vineyards globally. The awards were launched by the same company that hosts the International Wine Challenge (IWC), the world's foremost wine competition. 1,800 wineries were nominated in 2020; Château Mercian Mariko Winery placed at number 30 and selected as Best Vineyard in Asia.



### ■ Myanmar Brewery Limited

In Myanmar, because of the impact of COVID-19, the on-premise market declined significantly due to restrictions on the restaurant business and the issuance of stay-at-home measures, while the off-premise market expanded. [Myanmar Brewery Limited](#) promoted operational efficiency through the development of integrated marketing and IT investments. Sales volume of *Andaman Gold* in the economy category increased where sales activities were enhanced in line with the growth of the off-premise market, but overall sales decreased.

### ■ Coke Northeast Inc.

While sales in the beverage market in the U.S. was affected mainly in the on-premise market by COVID-19 from early spring, Coke Northeast Inc.<sup>\*20</sup> continued its structural reforms to improve profitability. The company achieved its highest ever profit, exceeding targets by quickly reviewing its business activities in a rapidly changing market and improving operational efficiency through major reforms in operations and organization.

\*20 Coke Northeast stands for [Coca-Cola Beverages Northeast](#), Inc., which conducts manufacturing and sales business in soft drinks centering on the northeastern U.S.

### ■ Kyowa Hakko Bio Co., Ltd.

Kyowa Hakko Bio Co., Ltd. experienced a significant decline in sales of its main products due to the impact of restricting the number of items manufactured as the company reviewed the manufacturing management and quality assurance systems at its Yamaguchi Production Center from the end of fiscal 2019. The company formulated a new business strategy and worked to strengthen its quality assurance system and rebuild its production system with the support of the Kirin Group. In November, the company announced the construction of a new [manufacturing facility for human milk oligosaccharide \(HMOs\)<sup>\\*21</sup> at its base in Thailand](#), in line with its policy of concentrating on high-function ingredients that will drive growth.

\*21 HMOs are particular oligosaccharide found in human breast milk. Currently, more than 250 types of HMOs have been identified in human breast milk, and the results of research contributing to immunity and brain function have been reported.

## <Outlook for 2021>

With the spread of the COVID-19, society, the economy, and people's lives around the world are undergoing drastic changes, and values are changing dramatically. The path forward for the Kirin Group is to accelerate CSV management. As initiatives for Health and Well-being, Community Engagement, and the Environment become even more important, the Kirin Group believes that its mission is to accelerate its efforts to solve social issues without wavering from the direction it has set in KV2027; that is to be "A global leader in CSV, creating value across the world of Food & Beverages to Pharmaceuticals."

In 2021, we will seize the changes in the environment that have become increasingly apparent due to the effects of COVID-19 as an opportunity for new growth, and implement bold reforms in the business models and profit structures of each of our businesses. We will expand our business domains into the three areas of Food & Beverages, Pharmaceutical, and Health Sciences, and while strongly promoting globalization. Doing so, we will further strengthen the flexibility, diversity, and governance of our management in order to solidify the sustainable growth of the Kirin Group.

In light of COVID-19, we will review the quantitative targets set in the 2019MTBP, but we will maintain financial discipline to ensure positive free cash flow after dividends, after making the necessary investments to maintain and grow key functions in each business. We will also work to ensure the achievement of the various targets of our CSV Commitment\*1.

We will also establish and implement a medium- to long-term vision and priority issues for the quality assurance/SCM\*2/engineering systems that support the *monozukuri* (Japanese craftsmanship) of Kirin Group companies.

\*1 In order to achieve the long-term and non-financial target of KV2027, also called "CSV Purpose," Kirin Holdings has set out the details of activities to be undertaken in the medium- and long-term future targets for each of its businesses, which have been set as non-financial targets for the 2019MTBP. By achieving these goals, the Kirin Group will create social value as well as economic value by strengthening its competitiveness and by growing its business.

\*2 SCM is an abbreviation 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.

### Consolidate Earnings Forecasts for the Fiscal Year 2021:

Consolidated revenue	1,880.0 billion yen, up 1.6%
Consolidated normalized operating profit	180.0 billion yen, up 11.0%
Consolidated profit before tax	177.0 billion yen, up 42.1%
Consolidated profit attributable to owners of the Company (Key performance indicators)	103.0 billion yen, up 43.2%
ROIC	7.6%
Normalized EPS*	147 yen, up 8.1%

## **1. Establishment and development of the Health Science Domain**

As COVID-19 continues to grow around the world, interest in and expectations for the Health Science domain are increasing.

The Kirin Group has a track record of successfully launching pharmaceutical businesses in addition to its food and beverage businesses, utilizing the fermentation and biotechnology that it has cultivated since the founding of its beer business. We believe that the Kirin Group's *raison d'être* is to continue to make the most of this technology, to develop the Health Science domain in addition to the Food & Beverages and Pharmaceuticals domains, and to solve social issues through collaboration among these three domains.

In order to achieve this goal, we will create group synergies in a variety of areas, including research and product development, production technology, and sales channels, by combining the strengths of the following, as well as by collaborating with operating companies.

- Kirin Holdings - basic research of original health materials and oversee Group companies,
- Kyowa Hakko Bio - research and development, production technology for low-cost mass production of highly functional ingredients,
- Kirin Beverage - beverage product development, manufacturing and sales network,
- FANCL - high product quality and marketing backed by research, and
- Kyowa Kirin - research based on antibody technology and accumulated knowledge cultivated over 70 years.

In 2021, we will make further use of materials that have evidence of health-related functions. In particular, we will give top priority to the widespread use and penetration of plasma lactic acid bacteria, and in addition to product sales from Kirin Group companies we will provide *Lactococcus lactis* strain Plasma as a material to companies in Japan and overseas to accelerate business expansion. We will utilize Kyowa Hakko Bio's highly functional materials such as amino acids, HMOs and citicoline, and develop services that address individual health and well-being issues. In order to expand this value, collaboration with FANCL is essential, and we will further evolve the collaborative efforts we made last year to resolve unmet needs in the world that only the Kirin Group and FANCL can solve.

In addition, we will continue to search for new businesses and pursue corporate venture capital (CVC)<sup>\*3</sup> to solve social issues related to the health of its consumers, focusing on the three key domains of Immunity, Brain function, and Intestinal environment.

\*3 It has been used for many years in many countries around the world as a treatment for brain diseases and in health foods to support the improvement of cognitive function. In Japan, it is currently classified as a pharmaceutical product.

\*4 CVC refers to the investment of corporate funds directly in external startup companies.

## **2. Profit growth in existing businesses**

In order to promote new business areas, existing businesses must be solid. In the Food & Beverages domain, the Kirin Group will further promote the development and reinforcement of its brands to build a strong revenue base and take on the challenge of creating new business models. In the Pharmaceuticals domains, the Group will steadily strengthen its foundation as a global specialty pharmaceutical provider.

Kirin Brewery will strengthen its mainstay brands such as *KIRIN ICHIBAN* and *Honkirin* in the beer category, and in the RTD category and non-alcoholic beverages category, it will propose products that cater to health and well-being consciousness and provide high value-added products and services for our customers.

Kirin Beverage will drive growth to address consumer demands for no- and low-sugar, low-calorie products and products with positive health effects in a variety of products, and will contribute to value creation in the Health Science domain. We will also accelerate the introduction of environmentally friendly containers and packaging, especially for the *Kirin Nama-cha* brand. As *Kirin Gogo-no-Kocha* celebrates its 35th anniversary, Kirin Beverage will strengthen the brand further by increasing the number of touchpoints with customers.

Lion will continue to invest and strengthen its major brands as well as achieve additional growth through craft beer and hard seltzer<sup>\*5</sup>. In addition, Lion has a strong program of productivity gains through the use of technology, optimization of its supply chain and a leaner operating model.

\*5 Hard seltzer is carbonated water with alcohol. The alcohol is usually derived from sugar cane, fruit juice, and other ingredients. It also has an alcohol content of around 3-5%. It is characterized by its low calorie content compared to other alcoholic beverages and soft drinks, and its market has been growing in recent years, especially in the United States.

Mercian will revitalize the wine market by expanding its market share and reforming its profit structure, and foster Japan wine culture through initiatives at Château Mercian.

Myanmar Brewery will continue to strengthen the expanding off-premise market.

Coke Northeast will continue to strengthen its sales capabilities and improve operational efficiency to further enhance its presence and profitability in the carbonated beverage market, and focus on strengthening its management base by improving operational quality.

Kyowa Kirin has announced a new five-year mid-term business plan commenced in 2021, aiming to achieve growth by maximizing the value of its global products. In the midst of rapid globalization, Kyowa Kirin will also work to strengthen its quality assurance, SCM systems, and head office functions to ensure a stable supply of pharmaceuticals. In order to respond to new changes in society's therapeutic needs, Kyowa Kirin will consider how to take advantage of the opportunities that arise from interactions between the Pharmaceuticals domain and the Health Sciences domain.

### **3. Strengthening Organizational capabilities**

To reinforce organizational capabilities that will drive growth, in 2021, the Kirin Group will promote DX<sup>\*6</sup>, workplace satisfaction, and quality Assurance/SCM Initiatives in all businesses, where issues have become apparent.

<sup>\*6</sup> DX is an abbreviation for Digital Transformation. To make better changes in people's lives through the adoption of advanced digital technologies.

#### ● **Quality Assurance/SCM Initiatives**

As our business domains further expand, we must build a quality assurance and SCM system that enables us to develop and deliver safe, high-quality products and services to our customers. Based on the experience and technology with the premise of "quality first" - which has been in the Kirin Group DNA since its founding - the Kirin Group will make group-wide efforts to deliver safety and reliability at all times. In particular, the Kirin Group will focus on improving the level of quality assurance and building a production system in the Health Science domain, and developing quality assurance and SCM systems in the rapidly expanding Pharmaceuticals domain.

#### ● **Work Satisfaction Reforms**

The Kirin Group will further promote the Work Satisfaction reforms launched last year, and work to improve productivity, creativity, and personal fulfillment that will lead to the sustainable growth of the Group by helping each employee feel satisfied with his or her work.

Specifically, we will continuously review the content of employees' duties itself by improving the environment based on the four pillars of 1) choice of work location, 2) expansion of systems/IT tools, 3) expansion of systems related to work methods, and 4) new communication methods. We will also continue to train marketing personnel for the Kirin Group, create a place where diverse human resources can play an active role and foster an organizational culture that encourages challenges.

#### ● **Promoting DX (Digital Transformation)**

To ensure sustainable future growth, the Kirin Group will accelerate DX initiatives to solve the issues faced by Group management and each business. For example, we will significantly improve operational efficiency by transforming current business processes, create deeper contact with customers, and develop new business

models to meet customer needs.

In promoting DX, we will recruit and train human resources from both inside and outside the company. We will also promote robust security to ensure safe business operations, and implement security measures in anticipation of global expansion.

### **Respect for Human Rights and Myanmar**

Recognizing that respect for human rights is the foundation of all its business activities, the Kirin Group is working to support the utmost respect for human rights based on the Kirin Group Human Rights Policy, which complies with the [United Nations Guiding Principles on Business and Human Rights](#).

Kirin Holdings decided to invest in Myanmar in 2015, believing that, through our business, we could contribute positively to the people and the economy of the country as it entered an important period of democratization. Our aspiration was and remains to create a positive impact on Myanmar's economy and society through our operations at Myanmar Brewery Limited and Mandalay Brewery Limited.

Kirin Holdings has been monitoring the situation in Myanmar closely with great concern and is deeply concerned by the recent actions of the military in Myanmar, which are against our standards and Kirin Group Human Rights Policy. Given the current circumstances, we have no option but to terminate our current joint-venture partnership with Myanma Economic Holdings Public Company Limited, which provides the service of welfare fund management for the Myanmar military.

Kirin Holdings is keenly aware of its corporate and social responsibilities related to doing business in Myanmar and will be taking steps as a matter of urgency to put this termination into effect.

### **In Closing**

Finally, the Kirin Group believes that it should do more to find opportunities amidst the global upheaval of climate change and a once-in-a-century pandemic. We think it is important to continue to innovate across domains through effective synergies inherent in the Group to achieve our purpose. Global warming not only affects crops and can cause natural disasters, but it is also said to have the potential to cause outbreaks and epidemics of infectious diseases, which could be a threat to humanity.

In addition to these the environment and health and well-being initiatives, we aim to achieve further growth by evolving our CSV management, aiming to achieve a CSV-purpose that addresses social issues such as a responsible alcohol producer, and community engagement. Through these initiatives, we will continue to enhance our corporate value and increase our engagement with our various stakeholders.

Reflecting on the previous year's achievements and future possibilities, the Kirin Group hopes you are also proud of our progress and more optimistic about the opportunities that lie ahead. We look forward to your continued understanding and support.

## **(2) FINANCIAL POSITION**

Total assets at the end of the current consolidated fiscal year were 2,459.4 billion yen, an increase of 46.5 billion yen from the end of the previous consolidated fiscal year mainly due to an increase in goodwill and intangible assets by acquisition of New Belgium Brewing. Some of the assets and liabilities of the Oceania Integrated Beverages business and other business at the end of the current fiscal year are classified as assets held for sale and liabilities directly associated with assets held for sale, respectively.

Equity decreased by 50.9 billion yen from the end of the previous consolidated fiscal year to 1,095.9 billion yen mainly due to an increase in treasury shares and a decrease in reserves, despite an increase in retained earnings.

Liabilities increased by 97.4 billion yen from the end of the previous consolidated fiscal year to 1,363.4 billion yen mainly due to an increase in bonds and borrowings caused by new borrowings and issuance of bonds.

The balance of cash and cash equivalents (hereinafter referred to as “net cash” ) at the end of the current consolidated fiscal year was 161.7 billion yen, a decrease of 4.0 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 14.0 billion yen year on year to 164.8 billion yen. Outflow of working capital decreased by 20.3 billion yen, while income taxes paid increased by 17.2 billion yen.

### Cash flows from investing activities

Net cash used in investing activities decreased by 59.6 billion yen year on year to 116.0 billion yen. Outflow for acquisition of property, plant and equipment and intangible assets decreased by 3.4 billion yen year on year to 93.0 billion yen, and outflow of 39.6 billion yen for acquisition of shares of subsidiaries were incurred.

### Cash flows from financing activities

Net cash used in financing activities increased by 42.5 billion yen year on year to 52.5 billion yen. While proceeds of 135.0 billion yen were received from long-term borrowings and 60.0 billion yen from issuance of bonds, outflow of 86.6 billion yen for repayment of long-term borrowings, 76.8 billion yen for acquisition of treasury shares, and 70.1 billion yen for dividends paid were incurred.

### **(3) BASIC POLICY AND DISTRIBUTION OF PROFITS AND DIVIDEND FOR 2020 AND 2021**

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 2020, based on a consolidated dividend payout ratio on normalized EPS of at least 40% set forth in the 2019 MTBP, Kirin's Board of Directors made a resolution on an interim dividend of 32.5 yen per share and a year-end dividend of 32.5 yen per share, for an annual dividend totaling 65 yen per share (an increase of 1 yen per share from the previous year). The year-end dividend of 32.5 yen will be determined at the 182nd General Meeting of Shareholders scheduled for March 30, 2021.

As for the distribution of surplus funds for 2021, 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, 2019	At December 31, 2020
<b>Assets</b>		
Non-current assets		
Property, plant and equipment	561,253	521,919
Goodwill	233,899	245,709
Intangible assets	168,905	209,291
Equity-accounted investees	384,756	387,467
Other financial assets	139,018	105,740
Other non-current assets	18,248	21,162
Deferred tax assets	94,656	101,533
Total non-current assets	1,600,735	1,592,821
Current assets		
Inventories	219,200	217,176
Trade and other receivables	395,656	372,146
Other financial assets	7,441	7,948
Other current assets	24,171	33,941
Cash and cash equivalents	165,671	161,667
(Sub-total)	812,139	792,878
Assets held for sale	—	73,664
Total current assets	812,139	866,542
<b>Total assets</b>	<b>2,412,874</b>	<b>2,459,363</b>

(¥ millions)

	At December 31, 2019	At December 31, 2020
<b>Equity</b>		
Share capital	102,046	102,046
Share premium	24,853	24,940
Retained earnings	958,292	980,903
Treasury shares	(124,999)	(201,783)
Reserves	(53,615)	(67,522)
Equity attributable to owners of the Company	906,576	838,584
Non-controlling interests	240,249	257,355
<b>Total equity</b>	<b>1,146,825</b>	<b>1,095,939</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bonds and borrowings	291,207	393,610
Other financial liabilities	141,058	140,343
Defined benefit liability	65,274	66,890
Provisions	4,816	4,456
Other non-current liabilities	5,538	3,408
Deferred tax liabilities	20,786	17,243
<b>Total non-current liabilities</b>	<b>528,679</b>	<b>625,950</b>
<b>Current liabilities</b>		
Bonds and borrowings	239,644	249,033
Trade and other payables	231,051	220,277
Other financial liabilities	64,658	63,781
Current tax liabilities	23,497	8,707
Provisions	5,690	3,961
Other current liabilities	172,831	164,692
(Sub-total)	737,370	710,451
Liabilities directly associated with assets held for sale	—	27,024
<b>Total current liabilities</b>	<b>737,370</b>	<b>737,475</b>
<b>Total liabilities</b>	<b>1,266,049</b>	<b>1,363,424</b>
<b>Total equity and liabilities</b>	<b>2,412,874</b>	<b>2,459,363</b>

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

(¥ millions)

	Year ended December 31, 2019	Year ended December 31, 2020
Revenue	1,941,305	1,849,545
Cost of sales	1,093,743	1,045,662
Gross profit	847,561	803,883
Selling, general and administrative expenses	656,807	641,768
Normalized operating profit	190,754	162,115
Other operating income	6,626	6,376
Other operating expenses	109,654	65,572
Operating profit	87,727	102,919
Finance income	4,822	5,400
Finance costs	9,448	8,521
Share of profit of equity-accounted investees	33,722	24,752
Profit before tax	116,823	124,550
Income tax expense	35,385	24,709
Profit	81,438	99,842
Profit attributable to:		
Owners of the Company	59,642	71,935
Non-controlling interests	21,796	27,907
Profit	81,438	99,842
Earnings per share (Yen)		
Basic earnings per share	68.00	85.57
Diluted earnings per share	67.98	85.54

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(¥ millions)

	Year ended December 31, 2019	Year ended December 31, 2020
Profit	81,438	99,842
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	(2,174)	(10,513)
Remeasurements of defined benefit plans	6,551	512
Share of other comprehensive income of equity-accounted investees	442	(139)
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(1,041)	(1,028)
Cash flow hedges	283	407
Share of other comprehensive income of equity-accounted investees	(6,593)	2,754
Total other comprehensive income	(2,532)	(8,008)
Comprehensive income	78,906	91,834
Comprehensive income attributable to:		
Owners of the Company	54,134	64,028
Non-controlling interests	24,772	27,806
Comprehensive income	78,906	91,834

### (3) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

Year ended December 31, 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	—	—	71,935	—	—	—
Other comprehensive income	—	—	—	—	(10,095)	(554)
Comprehensive income	—	—	71,935	—	(10,095)	(554)
Dividends from surplus	—	—	(55,326)	—	—	—
Acquisition of treasury shares	—	—	—	(76,796)	—	—
Disposal of treasury shares	—	(1)	—	3	—	—
Share-based payments	—	28	—	9	—	—
Changes in the ownership interest in a subsidiary without a loss of control	—	60	—	—	(0)	—
Transfer from reserves to retained earnings	—	—	6,003	—	(6,557)	554
Other	—	1	—	—	—	—
Total transactions with owners of the Company	—	87	(49,323)	(76,784)	(6,558)	554
Balance at December 31, 2020	102,046	24,940	980,903	(201,783)	24,757	—

	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	—	—	—	71,935	27,907	99,842
Other comprehensive income	2,337	406	(7,907)	(7,907)	(101)	(8,008)
Comprehensive income	2,337	406	(7,907)	64,028	27,806	91,834
Dividends from surplus	—	—	—	(55,326)	(10,946)	(66,273)
Acquisition of treasury shares	—	—	—	(76,796)	—	(76,796)
Disposal of treasury shares	—	—	—	2	—	2
Share-based payments	—	—	—	38	(155)	(118)
Changes in the ownership interest in a subsidiary without a loss of control	4	—	3	63	371	434
Transfer from reserves to retained earnings	—	—	(6,003)	—	—	—
Other	0	—	0	1	31	32
Total transactions with owners of the Company	4	—	(6,000)	(132,020)	(10,700)	(142,720)
Balance at December 31, 2020	(91,702)	(577)	(67,522)	838,584	257,355	1,095,939

**(4) CONSOLIDATED STATEMENT OF CASH FLOWS**

(¥ millions)

	Year ended December 31, 2019	Year ended December 31, 2020
Cash flows from operating activities		
Profit before tax	116,823	124,550
Depreciation and amortization	80,742	82,109
Impairment losses	64,318	29,619
Interest and dividends received	(4,511)	(2,752)
Share of profit of equity-accounted investees	(33,722)	(24,752)
Interest paid	6,700	4,890
Gain on sale of property, plant and equipment and intangible assets	(3,218)	(1,629)
Loss on disposal and sale of property, plant and equipment and intangible assets	1,956	1,704
Gain on sale of shares of subsidiaries	—	(42)
(Increase) decrease in trade receivables	6,182	3,781
(Increase) decrease in inventories	(17,248)	(6,081)
Increase (decrease) in trade payables	(8,039)	(1,106)
Increase (decrease) in liquor taxes payable	(5,021)	(392)
Other	(2,027)	(7,100)
Sub-total	202,935	202,800
Interest and dividends received	19,717	21,470
Interest paid	(6,398)	(4,791)
Income taxes paid	(37,428)	(54,641)
Cash flows from (used in) operating activities	178,826	164,839

(¥ millions)

	Year ended December 31, 2019	Year ended December 31, 2020
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(96,397)	(93,026)
Proceeds from sale of property, plant and equipment and intangible assets	5,876	2,083
Acquisition of investments	(3,674)	(606)
Proceeds from sale of investments	37,265	19,401
Acquisition of shares of subsidiaries, net of cash acquired	(4,508)	(39,628)
Proceeds from sale of shares of subsidiaries, net of cash disposed of	21,087	18
Acquisition of equity-accounted investees	(134,497)	(1,885)
Other	(772)	(2,339)
Cash flows from (used in) investing activities	(175,619)	(115,981)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	393	356
Increase (decrease) in commercial paper	127,000	28,003
Proceeds from long-term borrowings	40,659	135,000
Repayment of long-term borrowings	(69,596)	(86,570)
Proceeds from issuance of bonds	70,000	60,000
Payment for redemption of bonds	(50,000)	(20,000)
Repayment of lease liabilities	(16,437)	(16,554)
Payment for acquisition of treasury shares	(23,270)	(76,811)
Payment for acquisition of treasury shares by a consolidated subsidiary	(22,601)	(14)
Payment for settlement of derivatives	—	(5,091)
Dividends paid	(51,366)	(55,326)
Dividends paid to non-controlling interests	(13,871)	(14,815)
Other	(909)	(652)
Cash flows from (used in) financing activities	(9,997)	(52,474)
Effect of exchange rate changes on cash and cash equivalents	(641)	(388)
Net increase (decrease) in cash and cash equivalents	(7,431)	(4,004)
Cash and cash equivalents at beginning of year	173,102	165,671
Cash and cash equivalents at end of year	165,671	161,667



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

There are no matters to report under this item.

## **(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) Information on reportable segments

Information related to each reportable segment is set out below.

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 relating to some reportable segments incurred in shared services 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 shared services 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, 2020

(¥ 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	651,424	252,173	292,120	317,797	336,030	—	1,849,545	
Inter-segment revenue	2,022	2,046	46	554	72,519	(77,187)	—	
Total revenue	653,446	254,219	292,167	318,352	408,550	(77,187)	1,849,545	
Segment income (Note 3)	75,491	21,758	22,130	59,015	29,291	(45,569)	162,115	
							Other operating income	6,376
							Other operating expenses	65,572
							Finance income	5,400
							Finance costs	8,521
							Share of profit of equity- accounted investees	24,752
							Profit before tax	124,550

(¥ 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	424,416	149,864	471,312	741,697	871,649	(199,574)	2,459,363
Other items							
Depreciation and amortization	14,187	7,170	14,021	19,112	20,462	7,156	82,109
Impairment losses (excluding financial assets)	—	1,277	20,258	2,857	5,228	—	29,619
Equity-accounted investees	12,342	—	8,632	9,463	357,030	—	387,467
Capital expenditures	12,701	8,207	14,475	35,888	28,440	19,124	118,835

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 relating to some reportable segments incurred in shared services 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 shared services 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.

### (3) Geographic information

#### 1) Revenue

(¥ millions)

	Year ended December 31, 2019	Year ended December 31, 2020
Japan	1,276,943	1,180,205
Oceania	294,350	257,469
America	200,799	249,313
Others	169,213	162,560
Total	1,941,305	1,849,545

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

#### 2) Non-current assets

(¥ millions)

	At December 31, 2019	At December 31, 2020
Japan	464,438	489,489
Oceania	269,932	219,214
America	68,527	107,271
Others	163,946	162,625
Total	966,843	978,599

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

#### (4) 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, 2019	Year ended December 31, 2020
Mitsubishi Shokuhin Co., Ltd.	Japan Beer and Spirits, Japan Non-alcoholic Beverages, and other	225,059	223,675

**(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, 2019	Year ended December 31, 2020
Profit attributable to owners of the Company	59,642	71,935
Profit not attributable to ordinary shareholders of the Company	—	—
Profit attributable to ordinary shareholders of the Company	59,642	71,935

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

(Thousands of shares)

	Year ended December 31, 2019	Year ended December 31, 2020
Weighted-average number of ordinary shares	877,038	840,689

**(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, 2019	Year ended December 31, 2020
Profit attributable to ordinary shareholders of the Company	59,642	71,935
Adjustments for potential ordinary shares issued by subsidiary	(23)	(22)
Profit attributable to ordinary shareholders of the Company (diluted)	59,620	71,913

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

(Thousands of shares)

	Year ended December 31, 2019	Year ended December 31, 2020
Weighted-average number of ordinary shares (basic)	877,038	840,689
Effect of dilution	—	—
Weighted-average number of ordinary shares (diluted)	877,038	840,689

**(SIGNIFICANT SUBSEQUENT EVENTS)**

There are no matters to report under this item. For the transfer of the Oceania Non-alcoholic Beverages business, please refer to the 'ADDITIONAL INFORMATION' section below.

**(ADDITIONAL INFORMATION)**

Lion Pty Limited, the Company's Australian subsidiary, concluded an agreement on November 26, 2020 to transfer its Oceania Non-alcoholic Beverages business to Bega Cheese Limited, and the transfer was completed on January 25, 2021. As a result, 'Oceania Integrated Beverages' segment will be renamed 'Oceania Adult Beverages' segment from the fiscal year ending December 31, 2021. The transfer of this business will have a negligible impact on the Group's performance for the year ending December 31, 2021.

The assets and liabilities of the Oceania Non-alcoholic Beverages business at the end of the current fiscal year are classified as assets held for sale and liabilities directly associated with assets held for sale, respectively.

## Change of Directors and Board Members

Kirin Holdings Company, Limited hereby announces the change of Directors and Board Members as follows (Scheduled at the end of March 2021).

### 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
Kaoru Kato	Non-executive Director of the Board	Corporate Advisor, NTT DOCOMO INC.

(2) Retiring Director of the Board

Name	New	Current
Shoshi Arakawa		Non-executive Director of the Board

Note: (i) Toshiya Miyoshi, Noriya Yokota, Noriaki Kobayashi; and (ii) Masakatsu Mori, Hiroyuki Yanagi, Chieko Matsuda, Noriko Shiono, Rod Eddington, George Olcott 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

None

(2) Retiring Audit & Supervisory Board Members

None

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

END



## Profile of candidates for the new Non-executive Director of the Board

### **Kaoru Kato**

**Date of birth :** May 20, 1951

**Experience:**

Jun 2019-present Outside Director of Mitsubishi UFJ Financial Group, Inc.

Jun 2018-present Corporate Advisor, NTT DOCOMO INC.

Jun 2016 Corporate Advisor, Member of the board of Directors, NTT DOCOMO INC.

Jun 2012 President and CEO, Member of the Board of Directors, NTT DOCOMO INC.

Apr 1977 Joined Nippon Telegraph and Telephone Public Company

**Supplementary Documents to  
the Consolidated Financial Statements  
for the Year Ended December 31, 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  
February 15, 2021**

## 1.SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ billions)

	As of December 31, 2020, Actual	As of December 31, 2019, Actual	Increase (decrease)	Description of changes
Non-current assets	1,592.8	1,600.7	(7.9)	
Property, plant and equipment	521.9	561.3	(39.3)	
Goodwill	245.7	233.9	11.8	
Intangible assets	209.3	168.9	40.4	
Equity-accounted investees	387.5	384.8	2.7	
Other	228.4	251.9	(23.5)	
Current assets	866.5	812.1	54.4	
Inventories	217.2	219.2	(2.0)	
Trade and other receivables	372.1	395.7	(23.5)	
Cash and cash equivalents	161.7	165.7	(4.0)	
Other	115.6	31.6	83.9	Assets held for sale, etc.
Total assets	2,459.4	2,412.9	46.5	
Equity	1,095.9	1,146.8	(50.9)	
Equity attributable to owners of the Company	838.6	906.6	(68.0)	Acquisition of treasury shares, etc.
Non-controlling interests	257.4	240.2	17.1	
Non-current liabilities	625.9	528.7	97.3	
Bonds and borrowings	393.6	291.2	102.4	Increase due to new borrowings, etc.
Other	232.3	237.5	(5.1)	
Current liabilities	737.5	737.4	0.1	
Bonds and borrowings	249.0	239.6	9.4	
Trade and other payables	220.3	231.1	(10.8)	
Other	268.2	266.7	1.5	
Total liabilities	1,363.4	1,266.0	97.4	
Total equity and liabilities	2,459.4	2,412.9	46.5	

## 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, 2020, Actual	Year ended December 31, 2019, Actual	Increase (decrease)	
Revenue	1,849.5	1,941.3	(91.8)	(4.7%)
Gross profit	803.9	847.6	(43.7)	(5.2%)
Selling, general and administrative expenses	641.8	656.8	(15.0)	(2.3%)
Normalized operating profit	162.1	190.8	(28.6)	(15.0%)
Other operating income	6.4	6.6	(0.3)	(3.8%)
Other operating expenses	65.6	109.7	(44.1)	(40.2%)
Operating profit	102.9	87.7	15.2	17.3%
Finance income	5.4	4.8	0.6	12.0%
Finance costs	8.5	9.4	(0.9)	(9.8%)
Share of profit of equity-accounted investees	24.8	33.7	(9.0)	(26.6%)
Profit before tax	124.6	116.8	7.7	6.6%
Income tax expense	24.7	35.4	(10.7)	(30.2%)
Profit	99.8	81.4	18.4	22.6%
Owners of the Company	71.9	59.6	12.3	20.6%
Non-controlling interests	27.9	21.8	6.1	28.0%
ROIC	6.0%	5.2%		
Normalized EPS	¥136	¥158	(¥22)	(13.9%)
Revenue (excluding liquor tax)	1,572.6	1,649.2	(76.5)	(4.6%)
Normalized operating profit ratio (excluding liquor tax)	10.3%	11.6%		
ROE	8.2%	6.6%		
Normalized EBITDA	244.0	272.6	(28.7)	(10.5%)
Gross Debt Equity Ratio	0.77	0.59		

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

	Year ended December 31, 2020, Actual
Normalized operating profit	159.6
ROIC	5.9%
Normalized EPS	¥134

\* Converted foreign currency amounts of the actual results at the exchange rate of the initial forecast announced on February 14, 2020.

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 ended December 31, 2020, Actual	Year ended December 31, 2019, Actual
Lion (AUD)	75.09	75.95
Myanmar Brewery (MMK ('000))	77.87	72.07
Coke Northeast (USD)	106.43	109.24

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

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

### 3. REVENUE DETAILS

(1) Revenue Details

(¥ billions)

	Year ended December 31, 2020, Actual	Year ended December 31, 2019, Actual	Increase (decrease)	
Revenue	1,849.5	1,941.3	(91.8)	(4.7%)
Japan Beer and Spirits	651.4	681.9	(30.5)	(4.5%)
Kirin Brewery	632.2	665.0	(32.9)	(4.9%)
Other and elimination	19.3	16.9	2.4	14.1%
Japan Non-alcoholic Beverages	252.2	286.8	(34.6)	(12.1%)
Kirin Beverage	254.2	288.8	(34.6)	(12.0%)
Elimination	(2.0)	(2.0)	(0.0)	-
Oceania Integrated Beverages	292.1	299.7	(7.6)	(2.5%)
Lion	292.2	299.8	(7.6)	(2.5%)
Beer, Spirits, and Wine	177.5	171.5	5.9	3.4%
Dairy and Drinks	114.7	128.2	(13.5)	(10.5%)
Elimination	(0.0)	(0.0)	(0.0)	-
Pharmaceuticals	317.8	304.9	12.9	4.2%
Kyowa Kirin	318.4	305.8	12.5	4.1%
Elimination	(0.6)	(1.0)	0.4	-
Other	336.0	368.0	(32.0)	(8.7%)
Mercian	62.1	63.9	(1.8)	(2.7%)
Myanmar Brewery	31.8	32.6	(0.7)	(2.2%)
Coke Northeast	129.4	132.6	(3.2)	(2.4%)
Kyowa Hakko Bio	57.3	74.9	(17.6)	(23.5%)
Other and elimination	55.4	64.2	(8.8)	(13.7%)

## (Reference) Revenue excluding liquor tax

(¥ billions)

	Year ended December 31, 2020, Actual	Year ended December 31, 2019, Actual
Kirin Brewery	373.1	390.1

## (2) Sales Volume Details of Major Business Companies

## a. Kirin Brewery

	Year ended December 31, 2020		Year ended December 31, 2019	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	456	(18.6%)	560	(5.0%)
<i>Happo-shu</i>	384	(2.1%)	392	(7.1%)
New genre	798	4.6%	763	9.3%
Sub-total	1,638	(4.5%)	1,715	0.3%
RTD	429	12.3%	382	6.3%
Non-alcohol beverages	44	10.8%	40	1.6%

The above sales volume excludes exports and liquor tax exempts.

## b. Kirin Beverage Group

	Year ended December 31, 2020		Year ended December 31, 2019	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	5,064	(11.3%)	5,711	10.1%
Japanese tea	3,257	(4.7%)	3,419	(0.9%)
Coffee	2,334	(15.4%)	2,758	4.8%
Fruit and vegetable juice	2,314	(5.7%)	2,453	(3.1%)
Carbonated beverage	1,529	(20.7%)	1,929	(10.5%)
Functional beverage	1,141	(0.2%)	1,144	(7.7%)
Water	4,169	(2.0%)	4,256	(1.5%)
Other	1,630	(14.7%)	1,912	6.2%
Total	21,439	(9.1%)	23,583	1.1%
Container Type				
Can	2,603	(17.8%)	3,166	(10.6%)
Large-sized PET bottles (2L, 1.5L, etc.)	7,624	(3.1%)	7,864	(0.6%)
Small-sized PET bottles (500ml, 280ml, etc.)	9,416	(10.8%)	10,551	8.8%
Other	1,796	(10.3%)	2,001	(7.5%)
Total	21,439	(9.1%)	23,583	1.1%

## 4. PROFIT DETAILS

### (1) Normalized Operating Profit Details

(¥ billions)

	Year ended December 31, 2020, Actual	Year ended December 31, 2019, Actual	Increase (decrease)	
Normalized operating profit	162.1	190.8	(28.6)	(15.0%)
Japan Beer and Spirits	75.5	85.2	(9.7)	(11.4%)
Kirin Brewery	73.2	83.3	(10.2)	(12.2%)
Others	2.3	1.8	0.5	26.2%
Japan Non-alcoholic Beverages	21.8	26.4	(4.6)	(17.4%)
Kirin Beverage	21.8	26.4	(4.6)	(17.4%)
Oceania Beer, Spirits, and Wine	22.1	41.4	(19.2)	(46.5%)
Lion	22.1	41.4	(19.2)	(46.5%)
Beer, Spirits, and Wine	24.4	45.1	(20.7)	(45.9%)
Dairy and Drinks	3.1	1.6	1.5	96.8%
Corporate	(5.4)	(5.3)	(0.1)	—
Pharmaceuticals	59.0	55.4	3.6	6.6%
Kyowa Kirin	59.0	55.4	3.6	6.6%
Other	29.3	27.0	2.2	8.3%
Mercian	3.6	2.2	1.4	63.3%
Myanmar Brewery	13.8	12.9	0.9	7.2%
Coke Northeast	9.3	5.3	4.0	75.1%
Kyowa Hakko Bio	(2.3)	2.3	(4.6)	—
Others	4.9	4.4	0.5	12.3%
Corporate expenses and inter-segment eliminations	(45.6)	(44.6)	(1.0)	-

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.	(15.2)	Total beer products (11.3)			
			Sales decrease in beer (104) thousand KL			
			Sales decrease in happo-shu (8) thousand KL			
			Sales increase in new genre 35 thousand KL			
			Total other than beer products 3.5			
Kirin Beverage	Increase in raw material cost of alcohol beverages	(1.0)	Sales increase in RTD 47 thousand KL			
			Sales increase in non-alcohol beverages 4 thousand KL, etc.			
			Difference of change in composite of products, etc. (7.4)			
Kirin Beverage	Decrease in selling expenses	0.3	Decrease in sales promotion 8.3, increase in advertising (7.9) (Total 59.6→59.2)			
			Kirin Beverage	Decrease in other expenses	3.6	Decrease in labor costs and travel expense, etc.
Total		(10.2)				
Kirin Beverage	Decrease in marginal profit of soft drink beverages	(15.6)	Decrease in sales volume (21.44) million cases (10.4)			
			Difference of change in products mix and composition ratio of containers, etc. (5.2)			
			Decrease in raw material cost, etc.			
			Decrease in selling expenses			
Kirin Beverage	Decrease in other expenses	3.6	Decrease in raw material cost 0.7, decrease in material cost 1.0, Increase in processing cost (0.9)			
			Decrease in sales promotion 3.2, decrease in advertising 3.3 (Total 37.2→30.7)			
			Decrease in sales machine costs and labor costs, etc.			
Total		(4.6)				

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

(¥ billions)

	Year ended December 31, 2020, Actual	Year ended December 31, 2019, Actual	Increase (decrease)
Other operating income	6.4	6.6	(0.3)
Gain on sale of property, plant and equipment and intangible assets	1.6	3.2	(1.6)
Gain on sale of shares of subsidiaries	0.0	—	0.0
Other	4.7	3.4	1.3
Other operating expenses	65.6	109.7	(44.1)
Impairment losses	29.6	64.0	(34.4)
Business restructuring expenses	7.1	16.9	(9.8)
Software development expenses	14.4	11.4	3.0
Loss on disposal and sale of property, plant and equipment and intangible assets	1.9	2.3	(0.3)
Other	12.5	15.1	(2.6)

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

(¥ billions)

	Year ended December 31, 2020, Actual	Year ended December 31, 2019, Actual	Increase (decrease)
Finance income	5.4	4.8	0.6
Interest income	1.6	2.1	(0.5)
Dividend income	1.1	2.4	(1.2)
Other	2.6	0.3	2.4
Finance costs	8.5	9.4	(0.9)
Interest paid	4.9	6.7	(1.8)
Foreign exchange losses (net)	1.2	1.7	(0.5)
Other	2.4	1.0	1.4
Share of profit of equity-accounted investees	24.8	33.7	(9.0)
San Miguel Brewery	19.1	26.3	(7.2)
Others	5.7	7.4	(1.8)

## 5. SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

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

(¥ billions)

	Year ended December 31, 2020, Actual	Year ended December 31, 2019, Actual	Increase (decrease)
Cash flows from operating activities	164.8	178.8	(14.0)
Profit before tax	124.6	116.8	7.7
Depreciation and amortization	82.1	80.7	1.4
Other	(41.8)	(18.7)	(23.1)
Cash flows from investing activities	(116.0)	(175.6)	59.6
Acquisition of property, plant and equipment and intangible assets	(93.0)	(96.4)	3.4
Other	(23.0)	(79.2)	56.3
Cash flows from financing activities	(52.5)	(10.0)	(42.5)
Increase (decrease) in interest-bearing liabilities	116.8	118.5	(1.7)
Dividends paid	(70.1)	(65.2)	(4.9)
Other	(99.1)	(63.2)	(35.9)
Exchange rate changes.	(0.4)	(0.6)	0.3
Net increase (decrease) in cash and cash equivalents	(4.0)	(7.4)	3.4

### (2) Information by Segment

As of December 31, 2020, Actual

(¥ billions)

	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Integrated Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	12.7	6.4	10.6	15.8	16.7	2.2	64.4
Acquisition of property, plant and equipment and intangible assets	11.2	6.6	8.2	32.8	19.3	14.9	93.0
Normalized EBITDA	88.2	28.2	32.7	74.8	63.4	(43.3)	244.0

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

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.

**Supplementary Documents to the Forecast  
Consolidated Business Results  
for the Year Ending December 31, 2021**

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 15, 2021**

## 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, 2021, Forecast	Year ended December 31, 2020, Actual	Increase (decrease)	
Revenue	1,880.0	1,849.5	30.5	1.6%
Normalized operating profit	180.0	162.1	17.9	11.0%
Other operating income	1.7	6.4	(4.7)	(73.4%)
Other operating expenses	30.7	65.6	(34.9)	(53.2%)
Operating profit	151.0	102.9	48.1	46.7%
Finance income	3.3	5.4	(2.1)	(38.8%)
Finance costs	4.9	8.5	(3.6)	(42.0%)
Share of profit of equity-accounted investees	27.6	24.8	2.9	11.6%
Profit before tax	177.0	124.6	52.4	42.1%
Income tax expense	45.0	24.7	20.3	82.1%
Profit	132.0	99.8	32.2	32.2%
Owners of the Company	103.0	71.9	31.1	43.2%
Non-controlling interests	29.0	27.9	1.1	3.9%
ROIC	7.6%	6.0%		
Normalized EPS	¥147	¥136	11	8.1%
Revenue (excluding liquor tax)	1,581.0	1,572.6	8.4	0.5%
Normalized operating profit ratio (excluding liquor tax)	11.4%	10.3%		
ROE	11.9%	8.2%		
Normalized EBITDA	262.9	244.0	19.0	7.8%
Gross Debt Equity Ratio	0.72	0.77		

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, 2021, Forecast	Year ended December 31, 2020, Actual
Lion (AUD)	80.00	75.09
Myanmar Brewery (MMK ('000))	79.00	77.87
Coke Northeast (USD)	105.00	106.43

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

	Year ending December 31, 2021, Forecast	Year ended December 31, 2020, Actual
San Miguel Brewery	From October 2020 to September 2021	From October 2019 to September 2020

2. REVENUE DETAILS

(1) Revenue Details

(¥ billions)

	Year ending December 31, 2021, Forecast	Year ended December 31, 2020, Actual	Increase (decrease)	
Revenue	1,880.0	1,849.5	30.5	1.6%
Japan Beer and Spirits	694.4	651.4	43.0	6.6%
Kirin Brewery	673.6	632.2	41.4	6.6%
Other and elimination	20.9	19.3	1.6	8.2%
Japan Non-alcoholic Beverages	265.3	252.2	13.2	5.2%
Kirin Beverage	267.1	254.2	12.9	5.1%
Elimination	(1.7)	(2.0)	0.3	—
Oceania Adult Beverages	212.2	292.1	(79.9)	(27.3%)
Lion	212.3	292.2	(79.9)	(27.3%)
Beer, Spirits, and Wine	—	177.5	—	—
Dairy and Drinks	—	114.7	—	—
Elimination	(0.1)	(0.0)	(0.0)	—
Pharmaceuticals	350.3	317.8	32.5	10.2%
Kyowa Kirin	351.0	318.4	32.6	10.3%
Elimination	(0.7)	(0.6)	(0.1)	—
Other	357.6	336.0	21.6	6.4%
Mercian	62.1	62.1	(0.0)	(0.1%)
Myanmar Brewery	38.6	31.8	6.8	21.4%
Coke Northeast	130.0	129.4	0.6	0.5%
Kyowa Hakko Bio	57.8	57.3	0.5	0.9%
Other and elimination	69.1	55.4	13.7	24.7%

\*Oceania Integrated Beverages has been renamed Oceania Adult Beverages due to the sale of Lion Dairy and Drinks business, effective from 2021. In addition, the descriptions of "Beer, Spirits, and Wine", "Dairy and Drinks" and "Corporate" of Lion have been omitted from 2021.

## (Reference) Revenue excluding liquor tax

(¥ billions)

	Year ending December 31, 2021, Forecast	Year ended December 31, 2020, Actual
Kirin Brewery	392.3	373.1

## (2) Sales Details of Major Business Companies

## a. Kirin Brewery

	Year ending December 31, 2021		Year ended December 31, 2020	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	534	17.1%	456	(18.6%)
<i>Happo-shu</i>	361	(6.1%)	384	(2.1%)
New genre	770	(3.5%)	798	4.6%
Sub-total	1,665	1.6%	1,638	(4.5%)
RTD	450	4.9%	429	12.3%
Non-alcohol beverages	55	24.4%	44	10.8%

The above sales volume excludes exports and liquor tax exempts.

## b. Kirin Beverage Group

	Year ending December 31, 2021		Year ended December 31, 2020	
	Forecast	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	5,635	11.3%	5,064	(11.3%)
Japanese tea	3,420	5.0%	3,257	(4.7%)
Coffee	2,379	1.9%	2,334	(15.4%)
Fruit and vegetable juice	2,247	(2.9%)	2,314	(5.7%)
Carbonated beverage	1,552	1.5%	1,529	(20.7%)
Functional beverage	1,389	21.7%	1,141	(0.2%)
Water	3,907	(6.3%)	4,169	(2.0%)
Other	1,627	(0.2%)	1,630	(14.7%)
Total	22,157	3.3%	21,439	(9.1%)
Container Type				
Can	2,647	1.7%	2,603	(17.8%)
Large-sized PET bottles (2L, 1.5L, etc.)	7,483	(1.9%)	7,624	(3.1%)
Small-sized PET bottles (500ml, 280ml, etc.)	10,219	8.5%	9,416	(10.8%)
Other	1,808	0.7%	1,796	(10.3%)
Total	22,157	3.3%	21,439	(9.1%)

### 3. PROFIT DETAILS

#### (1) Normalized Operating Profit Details

(¥ billions)

	Year ending December 31, 2021, Forecast	Year ended December 31, 2020, Actual	Increase (decrease)	
Normalized operating profit	180.0	162.1	17.9	11.0%
Japan Beer and Spirits	76.8	75.5	1.3	1.7%
Kirin Brewery	75.0	73.2	1.8	2.5%
Others	1.8	2.3	(0.5)	(21.9%)
Japan Non-alcoholic Beverages	23.0	21.8	1.2	5.7%
Kirin Beverage	23.0	21.8	1.2	5.7%
Oceania Adult Beverages	30.6	22.1	8.5	38.5%
Lion	30.6	22.1	8.5	38.5%
Beer, Spirits, and Wine	-	24.4	-	-
Dairy and Drinks	-	3.1	-	-
Corporate	-	(5.4)	-	-
Pharmaceuticals	64.0	59.0	5.0	8.4%
Kyowa Kirin	64.0	59.0	5.0	8.4%
Other	35.2	29.3	5.9	20.1%
Mercian	3.2	3.6	(0.4)	(11.3%)
Myanmar Brewery	16.0	13.8	2.1	15.5%
Coke Northeast	9.1	9.3	(0.2)	(1.7%)
Kyowa Hakko Bio	0.1	(2.3)	2.4	-
Others	6.9	4.9	1.9	39.6%
Corporate expenses and inter-segment eliminations	(496)	(45.6)	(40)	-

\*Oceania Integrated Beverages has been renamed Oceania Adult Beverages due to the sale of Lion Dairy and Drinks business, effective from 2021. In addition, the descriptions of "Beer, Spirits, and Wine", "Dairy and Drinks" and "Corporate" of Lion have been omitted from 2021.



(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.	10.3	Total beer products 6.2 Sales increase in beer 78 thousand KL Sales decrease in <i>happo-shu</i> (23) thousand KL Sales decrease in new genre (28) thousand KL Total other than beer products 3.8 Sales increase in RTD 21 thousand KL Sales increase in non-alcohol beverages 11 thousand KL, etc. Difference of change in composite of products, etc. 0.3
	Decrease in raw material cost of alcohol beverages	0.8	
	Increase in selling expenses	(9.3)	Increase in sales promotion and advertising (9.3) (Total 59.2→68.6)
	Decrease in other expenses	0.0	
	<b>Total</b>		<b>1.8</b>
Kirin Beverage	Increase in marginal profit of soft drink beverages	7.1	Increase in sales volume 7.18 million cases 3.3 Difference of change in products mix and composition ratio of containers, etc. 3.8
	Decrease in raw material cost, etc.	0.8	Decrease in raw material cost 0.3, increase in material cost (0.1), decrease in processing cost 0.5
	Increase in selling expenses	(3.9)	Increase in sales promotion and advertising (3.9) (total 30.7→34.6)
	Increase in other expenses	(2.8)	Increase in labor costs, etc.
<b>Total</b>		<b>1.2</b>	

#### 4. INFORMATION BY SEGMENT

Year ending December 31, 2021, Forecast

(¥ billions)

	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Adult Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	11.7	6.9	10.2	17.2	17.4	2.0	65.3
Acquisition of property, plant and equipment and intangible assets	21.3	9.1	12.6	26.1	44.0	19.7	132.8
Normalized EBITDA	88.5	29.9	40.8	81.2	70.2	(47.6)	262.9

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

Year ended December 31, 2020, Actual

(¥ billions)

	Japan Beer and Spirits	Japan Non-alcoholic Beverages	Oceania Integrated Beverages	Pharmaceuticals	Others	Adjustment	Total
Depreciation and amortization	12.7	6.4	10.6	15.8	16.7	2.2	64.4
Acquisition of property, plant and equipment and intangible assets	11.2	6.6	8.2	32.8	19.3	14.9	93.0
Normalized EBITDA	88.2	28.2	32.7	74.8	63.4	(43.3)	244.0

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