

# KIRIN HOLDINGS COMPANY, LIMITED

## SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2019 (UNDER IFRS) (UNAUDITED)

May 9, 2019

(English Translation)

Fiscal year ending December 31, 2019

### KIRIN HOLDINGS COMPANY, LIMITED

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

Code No.:	2503
Shares Listed:	Tokyo, Nagoya, Sapporo and Fukuoka
Representative:	Mr. Yoshinori Isozaki, President and CEO
For further information, please contact:	Mr. Nobuhiko Hori, General Manager of Corporate Communications Department Telephone: +81-3-6837-7015 from overseas
Submission date of quarterly securities report scheduled:	May 14, 2019
Commencement date of dividend distribution scheduled:	–
Preparation of supplementary documents to the financial results:	Yes
Holding of financial results presentation (for institutional investors and analysts):	Yes

### 1. Consolidated business results and financial position for the first three months of the current fiscal year (January 1, 2019 – March 31, 2019)

[Unit: Japanese yen (¥)]

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

	Revenue (¥ millions)	Percentage change (%)	Normalized operating profit (¥ millions)	Percentage change (%)	Profit before tax (¥ millions)	Percentage change (%)
Three months ended						
March 31, 2019	434,331	0.7	36,857	(0.6)	(25,988)	-
March 31, 2018	431,201	4.0	37,067	(3.2)	74,602	68.6

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company (¥ millions)	Percentage change (%)	Total comprehensive income (¥ millions)	Percentage change (%)
Three months ended						
March 31, 2019	(36,539)	-	(40,754)	-	(26,981)	-
March 31, 2018	62,973	115.5	50,067	123.7	27,316	(34.9)

	Basic earnings per share (¥)	Diluted earnings per share (¥)
Three months ended		
March 31, 2019	(46.42)	(46.42)
March 31, 2018	54.86	54.85

Reference: Operating profit	Three months ended March 31, 2019	(¥29,793 million)	-
	Three months ended March 31, 2018	¥50,009 million	26.9%

\* Normalized operating profit is a profit indicator for measuring recurring performance which is calculated by deducting cost of sales and

selling, general and administrative expenses from revenue.

(2) Financial position:

	Total assets	Total equity	Equity attributable to owners of the Company	Equity ratio attributable to owners of the Company
	(¥ millions)	(¥ millions)	(¥ millions)	(%)
As of				
March 31, 2019	2,267,484	1,121,046	851,632	37.6
December 31, 2018	2,303,624	1,200,920	916,080	39.8

2. Dividends

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

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

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

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

	Revenue	Percentage change	Normalized operating profit	Percentage change	Profit before tax	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Fiscal year ending December 31, 2019	2,000,000	3.6	190,000	(4.7)	132,900	(46.2)

	Profit	Percentage change	Profit attributable to owners of the Company	Percentage change	Basic earnings per share
	(¥ millions)	(%)	(¥ millions)	(%)	(¥)
Fiscal year ending December 31, 2019	81,900	(58.0)	62,900	(61.7)	71.64

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

Note: There is no revision of the forecast from the figures announced on April 26, 2019.

Reference: Operating profit Fiscal year ending December 31, 2019 ¥105,400 million (46.9%)

## \* Notes

- (1) Changes in significant subsidiaries for the three months ended March 31, 2019: None  
(Changes in specified subsidiaries accompanying change in scope of consolidation)

Newly included: —

Excluded: —

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

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

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

- i. Number of shares outstanding at the end of the period (including treasury shares)

As of March 31, 2019 914,000,000 shares  
As of December 31, 2018 914,000,000 shares

- ii. Number of treasury shares at the end of the period

As of March 31, 2019 36,003,483 shares  
As of December 31, 2018 36,001,121 shares

- iii. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the three months ended March 31, 2019 877,997,409 shares  
For the three months ended March 31, 2018 912,603,427 shares

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

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

- (1) The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of the release date of this material. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, market trends, and exchange rates.
- (2) The Company will post the Supplementary Documents to the Financial Results today, Thursday, May 9, and will post the presentation materials from the financial results presentation (teleconference) to be held today and the main Q&A at the meeting as soon as possible on the Company's website.  
(URL of the Company's website)  
<https://www.kirinholdings.co.jp/english/ir/event/explain/index.html>

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

(¥ millions)

	At December 31, 2018	At March 31, 2019
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	527,039	575,072
Goodwill	244,222	237,170
Intangible assets	179,892	163,001
Equity-accounted investees	240,597	244,019
Other financial assets	177,787	183,744
Other non-current assets	13,653	13,297
Deferred tax assets	88,676	86,823
<b>Total non-current assets</b>	<b>1,471,866</b>	<b>1,503,127</b>
<b>Current assets</b>		
Inventories	204,837	221,919
Trade and other receivables	404,934	360,018
Other financial assets	6,713	8,188
Other current assets	42,172	47,232
Cash and cash equivalents	173,102	127,002
<b>Total current assets</b>	<b>831,758</b>	<b>764,358</b>
<b>Total assets</b>	<b>2,303,624</b>	<b>2,267,484</b>

(¥ millions)

	At December 31, 2018	At March 31, 2019
Equity		
Share capital	102,046	102,046
Share premium	2,238	(4,139)
Retained earnings	943,468	878,187
Treasury shares	(101,904)	(101,906)
Reserves	(29,767)	(22,555)
Equity attributable to owners of the Company	916,080	851,632
Non-controlling interests	284,840	269,414
Total equity	1,200,920	1,121,046
Liabilities		
Non-current liabilities		
Bonds and borrowings	317,937	289,854
Other financial liabilities	92,078	143,738
Defined benefit liability	68,441	67,744
Provisions	6,914	6,914
Other non-current liabilities	10,851	9,405
Deferred tax liabilities	16,534	20,374
Total non-current liabilities	512,755	538,029
Current liabilities		
Bonds and borrowings	97,057	173,313
Trade and other payables	227,137	213,979
Other financial liabilities	49,727	53,235
Current tax liabilities	17,339	10,036
Provisions	1,059	991
Other current liabilities	197,630	156,856
Total current liabilities	589,949	608,410
Total liabilities	1,102,704	1,146,438
Total equity and liabilities	2,303,624	2,267,484

**(2) CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND  
 COMPREHENSIVE INCOME  
 CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
 THREE MONTHS ENDED MARCH 31, 2019**

(¥ millions)

	Three months ended March 31, 2018	Three months ended March 31, 2019
Revenue	431,201	434,331
Cost of sales	245,297	243,076
Gross profit	185,904	191,255
Selling, general and administrative expenses	148,837	154,398
Normalized operating profit	37,067	36,857
Other operating income	18,182	2,350
Other operating expenses	5,240	69,001
Operating profit (loss)	50,009	(29,793)
Finance income	772	701
Finance costs	2,922	2,288
Share of profit of equity-accounted investees	6,961	5,392
Gain on sale of equity-accounted investees	19,782	-
Profit (loss) before tax	74,602	(25,988)
Income tax expense	11,629	10,551
Profit (loss)	62,973	(36,539)
Profit (loss) attributable to:		
Owners of the Company	50,067	(40,754)
Non-controlling interests	12,906	4,215
Profit (loss)	62,973	(36,539)
Earnings per share (¥)		
Basic earnings per share	54.86	(46.42)
Diluted earnings per share	54.85	(46.42)



**CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2019**

(¥ millions)

	Three months ended March 31, 2018	Three months ended March 31, 2019
Profit (loss)	62,973	(36,539)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in equity instruments measured at fair value through other comprehensive income	(3,462)	4,144
Remeasurements of defined benefit plans	(563)	(20)
Share of other comprehensive income of equity-accounted investees	175	441
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(37,854)	6,360
Cash flow hedges	650	283
Share of other comprehensive income of equity-accounted investees	5,398	(1,649)
Total other comprehensive income	(35,657)	9,558
Comprehensive income	27,316	(26,981)
Comprehensive income attributable to:		
Owners of the Company	17,170	(33,003)
Non-controlling interests	10,146	6,023
Comprehensive income	27,316	(26,981)

**(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**THREE MONTHS ENDED MARCH 31, 2018**

(¥ millions)

	Equity attributable to owners of the Company					
	Share capital	Share premium	Retained earnings	Treasury shares	Reserves	
					Net change in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2018	102,046	2,208	811,454	(2,020)	73,523	-
Profit	-	-	50,067	-	-	-
Other comprehensive income	-	-	-	-	(3,409)	(121)
Comprehensive income	-	-	50,067	-	(3,409)	(121)
Dividends from surplus	-	-	(23,271)	-	-	-
Acquisition of treasury shares	-	-	-	(9)	-	-
Disposal of treasury shares	-	0	-	0	-	-
Share-based payments	-	-	-	-	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	22	-	-	(0)	-
Transfer from reserves to retained earnings	-	-	5,802	-	(5,922)	121
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	22	(17,470)	(9)	(5,923)	121
Balance at March 31, 2018	102,046	2,230	844,051	(2,029)	64,192	-

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2018	(27,352)	(2,031)	44,140	957,828	271,311	1,229,139
Profit	-	-	-	50,067	12,906	62,973
Other comprehensive income	(30,019)	652	(32,897)	(32,897)	(2,760)	(35,657)
Comprehensive income	(30,019)	652	(32,897)	17,170	10,146	27,316
Dividends from surplus	-	-	-	(23,271)	(3,764)	(27,035)
Acquisition of treasury shares	-	-	-	(9)	-	(9)
Disposal of treasury shares	-	-	-	0	-	0
Share-based payments	-	-	-	-	(87)	(87)
Changes in the ownership interest in a subsidiary without a loss of control	1	-	1	23	119	142
Transfer from reserves to retained earnings	-	-	(5,802)	-	-	-
Other	-	-	-	-	(1)	(1)
Total transactions with owners of the Company	1	-	(5,800)	(23,258)	(3,732)	(26,990)
Balance at March 31, 2018	(57,370)	(1,379)	5,442	951,740	277,725	1,229,465

**THREE MONTHS ENDED MARCH 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	943,468	(101,904)	56,863	-
Effect of accounting change	-	-	(1,262)	-	-	-
Restated balance at January 1, 2019	102,046	2,238	942,205	(101,904)	56,863	-
Profit (loss)	-	-	(40,754)	-	-	-
Other comprehensive income	-	-	-	-	3,763	441
Comprehensive income	-	-	(40,754)	-	3,763	441
Dividends from surplus	-	-	(23,706)	-	-	-
Acquisition of treasury shares	-	-	-	(6)	-	-
Disposal of treasury shares	-	0	-	4	-	-
Share-based payments	-	-	-	-	-	-
Changes in the ownership interest in a subsidiary without a loss of control	-	(6,377)	-	-	52	-
Transfer from reserves to retained earnings	-	-	441	-	0	(441)
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	(6,377)	(23,265)	(2)	53	(441)
Balance at March 31, 2019	102,046	(4,139)	878,187	(101,906)	60,679	-

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2019	(85,366)	(1,263)	(29,767)	916,080	284,840	1,200,920
Effect of accounting change	-	-	-	(1,262)	(215)	(1,477)
Restated balance at January 1, 2019	(85,366)	(1,263)	(29,767)	914,818	284,625	1,199,443
Profit (loss)	-	-	-	(40,754)	4,215	(36,539)
Other comprehensive income	3,264	283	7,751	7,751	1,807	9,558
Comprehensive income	3,264	283	7,751	(33,003)	6,023	(26,981)
Dividends from surplus	-	-	-	(23,706)	(5,172)	(28,878)
Acquisition of treasury shares	-	-	-	(6)	-	(6)
Disposal of treasury shares	-	-	-	4	-	4
Share-based payments	-	-	-	-	(124)	(124)
Changes in the ownership interest in a subsidiary without a loss of control	(150)	-	(98)	(6,475)	(15,938)	(22,413)
Transfer from reserves to retained earnings	-	-	(441)	-	-	-
Other	-	-	-	-	0	0
Total transactions with owners of the Company	(150)	-	(539)	(30,183)	(21,234)	(51,416)
Balance at March 31, 2019	(82,253)	(981)	(22,555)	851,632	269,414	1,121,046

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

There are no matters to report under this item.

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

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

(1) Significant accounting policies

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

1) Right-of-use assets

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

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

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

2) Lease liabilities

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

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

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

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

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

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

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

(2) Application of IFRS 16

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

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

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

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

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

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

**Supplementary Documents to  
the Consolidated Financial Statements  
for the Three Months Ended March 31, 2019**

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

**KIRIN HOLDINGS COMPANY, LIMITED  
May 9, 2019**

# 1. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ billions)

	As of March 31, 2019, Actual	As of December 31, 2018, Actual	Increase (decrease)	Description of changes
Non-current assets	1,503.1	1,471.9	31.3	Increase due to right-of-use assets by the application of IFRS 16, etc.
Property, plant and equipment	575.1	527.0	48.0	
Goodwill	237.2	244.2	(7.1)	
Intangible assets	163.0	179.9	(16.9)	
Equity-accounted investees	244.0	240.6	3.4	
Other	283.9	280.1	3.7	
Current assets	764.4	831.8	(67.4)	
Inventories	221.9	204.8	17.1	
Trade and other receivables	360.0	404.9	(44.9)	
Cash and cash equivalents	127.0	173.1	(46.1)	
Other	55.4	48.9	6.5	
Total assets	2,267.5	2,303.6	(36.1)	
Equity	1,121.0	1,200.9	(79.9)	
Equity attributable to owners of the Company	851.6	916.1	(64.4)	
Non-controlling interests	269.4	284.8	(15.4)	
Non-current liabilities	538.0	512.8	25.3	Decrease due to replacement of long-term's with short-term's, etc. Increase due to lease liabilities by the application of IFRS 16, etc.
Bonds and borrowings	289.9	317.9	(28.1)	
Other	248.2	194.8	53.4	
Current liabilities	608.4	589.9	18.5	Increase due to issuance of commercial papers, and replacement of long-term's with short-term's, etc.
Bonds and borrowings	173.3	97.1	76.3	
Trade and other payables	214.0	227.1	(13.2)	
Other	221.1	265.8	(44.6)	
Total liabilities	1,146.4	1,102.7	43.7	
Total equity and liabilities	2,267.5	2,303.6	(36.1)	

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

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

(¥ billions)

	Three months ended March 31, 2019, Actual	Three months ended March 31, 2018, Actual	Increase (decrease)	
Revenue	434.3	431.2	3.1	0.7%
Gross profit	191.3	185.9	5.4	2.9%
Selling, general and administrative expenses	154.4	148.8	5.6	3.7%
Normalized operating profit	36.9	37.1	(0.2)	(0.6%)
Other operating income	2.4	18.2	(15.8)	(87.1%)
Other operating expenses	69.0	5.2	63.8	-
Operating profit (loss)	(29.8)	50.0	(79.8)	-
Finance income	0.7	0.8	(0.1)	(9.2%)
Finance costs	2.3	2.9	(0.6)	(21.7%)
Share of profit of equity-accounted investees	5.4	7.0	(1.6)	(22.5%)
Gain on sale of equity-accounted investees	-	19.8	(19.8)	-
Profit before tax (loss)	(26.0)	74.6	(100.6)	-
Income tax expense	10.6	11.6	(1.1)	(9.3%)
Profit (loss)	(36.5)	63.0	(99.5)	-
Owners of the Company	(40.8)	50.1	(90.8)	-
Non-controlling interests	4.2	12.9	(8.7)	(67.3%)
Normalized EPS	¥25	¥29	(¥4)	(13.8%)
Revenue (excluding liquor tax)	374.2	370.9	3.3	0.9%
Normalized operating profit ratio (excluding liquor tax)	9.8%	10.0%		
Normalized EBITDA	57.5	53.1	4.4	8.3%
Gross Debt Equity Ratio	0.54	0.43		

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

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

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

\* For the three months ended March 31, 2019, depreciation and amortization exclude those from right-of-use assets.



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

(¥)

	Three months ended March 31, 2019, Actual	Three months ended March 31, 2018, Actual
Lion (AUD)	78.98	84.37
Myanmar Brewery (MMK ('000))	72.86	80.58
CCNNE (USD)	110.27	107.47

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

	Three months ended March 31, 2019, Actual	Three months ended March 31, 2018, Actual
San Miguel Brewery	From October 2018 to December 2018	From October 2017 to December 2017

**3. REVENUE DETAILS**

## (1) Revenue Details

(¥ billions)

	Three months ended March 31, 2019, Actual	Three months ended March 31, 2018, Actual	Increase (decrease)	
Revenue	434.3	431.2	3.1	0.7%
Japan Beer and Spirits	139.9	138.9	1.0	0.7%
Kirin Brewery	136.3	135.4	0.9	0.6%
Other and elimination	3.6	3.5	0.1	3.1%
Japan Non-alcoholic Beverages	58.7	59.1	(0.5)	(0.8%)
Kirin Beverage	59.1	59.5	(0.4)	(0.6%)
Elimination	(0.4)	(0.4)	(0.1)	-
Oceania Integrated Beverages	73.5	83.0	(9.4)	(11.4%)
Lion	73.5	83.0	(9.4)	(11.4%)
Beer, Spirits, and Wine	39.8	46.3	(6.4)	(13.9%)
Dairy and Drinks	33.7	36.7	(3.0)	(8.2%)
Elimination	(0.0)	(0.0)	(0.0)	-
Pharmaceuticals and Bio-chemicals	92.5	83.1	9.4	11.3%
Pharmaceuticals (Kyowa Hakko Kirin)	75.6	66.2	9.4	14.2%
Bio-chemicals (Kyowa Hakko Bio)	18.5	18.7	(0.1)	(0.8%)
Elimination	(1.6)	(1.7)	0.1	-
Other	69.8	67.1	2.7	4.0%
Mercian	14.1	13.9	0.2	1.6%
Myanmar Brewery	9.1	7.7	1.4	17.9%
CCNNE	29.8	28.9	0.9	3.1%
Other and elimination	16.7	16.6	0.2	1.0%

The Company acquired 95% of shares in Kyowa Hakko Bio Co., Ltd., a wholly-owned subsidiary of Kyowa Hakko Kirin Co., Ltd. in April 24, 2019. From the second quarter, Bio-chemicals Business will be included in "Other".

(Reference) Revenue excluding liquor tax

(¥ billions)

	Three months ended March 31, 2019, Actual	Three months ended March 31, 2018, Actual
Kirin Brewery	80.0	78.3

(2) Sales Volume Details of Major Business Companies

a. Kirin Brewery

	Three months ended March 31, 2019		Three months ended March 31, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	111	(13.2%)	127	6.5%
<i>Happo-shu</i>	84	(7.9%)	91	(6.3%)
New genre	155	27.3%	122	13.2%
Sub-total	349	2.7%	340	4.9%
RTD	81	15.3%	70	4.5%
Non-alcohol beverages	7	(5.6%)	8	70.6%

The above sales volume excludes exports and liquor tax exempts

b. Kirin Beverage Group

	Three months ended March 31, 2019		Three months ended March 31, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	1,341	7.5%	1,247	(2.7%)
Japanese tea	707	8.0%	654	7.5%
Coffee	565	(15.0%)	665	(9.2%)
Fruit and vegetable juice	500	(7.6%)	541	6.0%
Carbonated beverage	383	11.2%	344	(11.2%)
Functional beverage	181	(10.3%)	202	28.4%
Water	892	4.7%	852	5.2%
Other	299	0.1%	298	2.8%
Total	4,868	1.3%	4,804	0.5%
Container Type				
Can	735	(11.1%)	827	(9.4%)
Large-sized PET bottles (2L, 1.5L, etc.)	1,639	5.7%	1,551	4.2%
Small-sized PET bottles (500ml, 280ml, etc.)	2,088	6.3%	1,964	0.6%
Other	406	(12.2%)	462	8.8%
Total	4,868	1.3%	4,804	0.5%

## 4. PROFIT DETAILS

### (1) Normalized Operating Profit Details

(¥ billions)

	Three months ended March 31, 2019, Actual	Three months ended March 31, 2018, Actual	Increase (decrease)	
Normalized operating profit	36.9	37.1	(0.2)	(0.6%)
Japan Beer and Spirits	12.2	11.4	0.8	7.2%
Kirin Brewery	11.8	10.9	0.9	8.0%
Others	0.4	0.4	(0.1)	(12.8%)
Japan Non-alcoholic Beverages	2.8	3.9	(1.2)	(29.2%)
Kirin Beverage	2.8	3.9	(1.2)	(29.2%)
Oceania Integrated Beverages	8.5	10.9	(2.4)	(22.3%)
Lion	8.5	10.9	(2.4)	(22.3%)
Beer, Spirits, and Wine	10.2	12.0	(1.8)	(14.7%)
Dairy and Drinks	(0.1)	0.9	(1.0)	-
Corporate	(1.7)	(2.0)	0.3	-
Pharmaceuticals and Bio-chemicals	18.3	14.9	3.5	23.3%
Pharmaceuticals (Kyowa Hakko Kirin)	17.5	13.0	4.5	34.5%
Bio-chemicals (Kyowa Hakko Bio)	0.6	1.2	(0.6)	(47.4%)
Others	0.2	0.7	(0.5)	(70.8%)
Other	4.8	3.8	1.0	26.7%
Mercian	(0.1)	0.0	(0.1)	-
Myanmar Brewery	3.9	3.5	0.4	12.0%
CCNNE	0.0	(0.4)	0.4	-
Others	0.9	0.7	0.3	37.1%
Corporate expenses and inter-segment eliminations	(9.7)	(7.8)	(1.9)	-

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

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

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Decrease in marginal profit of alcohol beverages, etc.	(0.8)	Total beer products (1.2) Sales decrease in beer (17) thousand KL Sales decrease in <i>happo-shu</i> (7) thousand KL Sales increase in new genre 33 thousand KL Total other than beer products 0.8 Sales increase in RTD 11 thousand KL Sales decrease in non-alcohol beverages (0) thousand KL, etc. Difference of change in composite of products, etc. (0.4)
	Decrease in raw material cost of alcohol beverages	0.3	
	Decrease in selling expenses	0.3	Decrease in sales promotion 0.6, increase in advertising (0.3) (Total 14.1→13.8)
	Decrease in other expenses	1.1	Decrease in allocated corporate expenses 0.6, etc.
Total		0.9	
Kirin Beverage	Increase in marginal profit of soft drink beverages	0.5	Increase in sales volume 0.64 million cases, 0.3 Difference of change in products mix and in composition ratio of containers, etc. 0.2
	Increase in raw material cost, etc.	(0.5)	Decrease in raw material cost 0.1, increase in material cost (0.3), increase in processing cost (0.3)
	Increase in selling expenses	(1.1)	Increase in sales promotion (0.5), increase in advertising (0.6) (Total 6.2→7.4)
	Increase in other expenses	(0.1)	Decrease in allocated corporate expenses 0.2, increase in depreciation of vending machines, etc.
Total		(1.2)	

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

(¥ billions)

	Three months ended March 31, 2019, Actual	Three months ended March 31, 2018, Actual	Increase (decrease)
Other operating income	2.4	18.2	(15.8)
Gain on sale of property, plant and equipment and intangible assets	1.5	2.1	(0.6)
Gain on sale of shares of subsidiaries	-	12.1	(12.1)
Other	0.9	4.0	(3.2)
Other operating expenses	69.0	5.2	63.8
Impairment losses *	57.3	0.5	56.8
Business restructuring expenses	6.1	0.5	5.6
Software development expenses	2.5	2.0	0.6
Loss on disposal and sale of property, plant and equipment and intangible assets	0.2	0.4	(0.2)
Other	2.8	1.8	1.0

\* For the three months ended March 31, 2019, includes ¥57.1 billion impairment losses of the Lion Dairy and Drinks business.

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

(¥ billions)

	Three months ended March 31, 2019, Actual	Three months ended March 31, 2018, Actual	Increase (decrease)
Finance income	0.7	0.8	(0.1)
Interest income	0.4	0.5	(0.0)
Dividend income	0.2	0.3	(0.0)
Other	0.0	0.1	(0.0)
Finance costs	2.3	2.9	(0.6)
Interest paid	2.1	1.5	0.5
Foreign exchange losses (net)	0.0	1.3	(1.2)
Other	0.2	0.2	0.1
Share of profit of equity-accounted investees	5.4	7.0	(1.6)
San Miguel Brewery	6.3	6.7	(0.4)
Others	(0.9)	0.3	(1.2)
Gain on sale of equity-accounted investees	-	19.8	(19.8)

## (5) Other

As announced on April 26, 2019, taking into ¥57.1 billion as impairment losses of the Lion Dairy and Drinks business for the three months ended March 31, 2019, consolidated forecast for the fiscal year ending December 31, 2019, have been revised.

Consolidated forecast for the fiscal year ending December 31, 2019

(¥ millions)

	Revenue	Normalized operating profit	Profit before tax	Profit	Profit attributable to owners of the Company	Basic earnings per share
Forecast as of February 14 (A)	2,000,000	190,000	190,000	139,000	120,000	¥136.67
Forecast as of April 26 (B)	2,000,000	190,000	132,900	81,900	62,900	¥71.64
Change (B-A)	-	-	(57,100)	(57,100)	(57,100)	-
Change (%)	-	-	(30.1)	(41.1)	(47.6)	-
Actual result of the previous fiscal year (December 31, 2018)	1,930,522	199,327	246,852	195,211	164,202	¥183.57