

Asahi



ASAHI GROUP
INTEGRATED REPORT

2023

Asahi Group Philosophy

The Asahi Group Philosophy (AGP) serves as the starting point for all of our business activities.

As we aim to realize growth as a global corporation, the opportunities and risks we face in our operating environment are becoming more extensive and complex. Amid these circumstances, our employees around the world adopt the AGP as a shared language and, guided by the AGP, are boldly taking on challenges to create value that is uniquely Asahi while sharing among them a common set of Group values and ideas regarding the direction toward which the Group should aim. Going forward, each employee will strive to enhance the Group's corporate value over the medium to long term by implementing the AGP in their daily activities.

Our Mission

Deliver on our great taste promise and bring more fun to life

Our Vision

Be a value creator globally and locally, growing with high-value-added brands

Our Values

**Challenge and innovation
Excellence in quality
Shared inspiration**

Our Principles

Building value together with all our stakeholders

- Customers:** Win customer satisfaction with products and services that exceed expectations
- Employees:** Foster a corporate culture that promotes individual and Company growth
- Society:** Contribute to realizing a sustainable society through our business
- Partners:** Build relationships that promote mutual growth
- Shareholders:** Increase our share value through sustainable profit growth and shareholder returns

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Editorial Policy

In compiling *Integrated Report 2023*, we have referred to the International Integrated Reporting Framework issued by the International Financial Reporting Standards Foundation as well as the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry. In doing so, we have created a communication tool that systematically combines financial and non-financial information as part of our strategy story, aiming to further develop *Glocal* (global and local) Value Creation Management. We will continue working to enhance the content of the report in the hope that it will promote deeper understanding of the Group among a broad range of readers, including our shareholders and other investors.

Report Period Covered

January 1, 2022–December 31, 2022, including some information outside this period

Scope of Report

Asahi Group Holdings, Ltd. and Group companies

About Stated Amounts

For all amounts and percentages stated in this publication, the figures are rounded to the nearest unit.

Forward-Looking Statements

The current plans, forecasts, strategies, and performance presented in this report include forward-looking statements based on assumptions and opinions arrived at from currently available information. We caution readers that actual future results could differ materially from these forward-looking statements depending on the outcome of certain factors. All such forward-looking statements are subject to certain risks and uncertainties including, but not limited to, economic conditions, market competition, foreign exchange rates, taxes, and other systems and factors influencing the Company's business areas.

Issuance of *Integrated Report 2023*

Pushing Forward with Our Growth Strategies with a View to 30 Years in the Future While Swiftly Responding to Recently Occurring Changes

Since acquiring beer businesses in Western Europe in 2016, the Asahi Group has been rapidly moving forward with the globalization of its businesses. As our business domains have expanded, the changes occurring around us have become more complex and are occurring at an increasingly faster rate. We now find ourselves in an era in which we must promote management without having all the answers and in which it is extremely difficult to predict the future. I have constantly stated that, in such an era, it is imperative that we draft strategies from a medium- to long-term perspective. The Medium- to Long-Term Management Policy, which we updated in February 2022, has been formulated based on the long-term perspective of 10 to 30 years in the future. Over a year has passed since we updated the policy, and the business environment we find ourselves in has changed significantly. Even with such change, we continue to steadily promote our core strategies of sustainability, digital transformation (DX), and research and development (R&D). Furthermore, underpinned by the global business foundation we have built up over the years, we remain committed to strategies and policies aimed at creating a business portfolio that can satisfy people's needs for well-being. Additionally, we are striving to establish an operational structure that will enable us to accelerate our decision-making so that we can enhance our corporate value over the medium to long term while capitalizing on the opportunities provided to us by the changing business environment. In January 2022, we established a Regional Headquarters (RHQ) in Japan, thereby transitioning to an RHQ-based operating structure spanning the four regions of Japan, Europe, Oceania, and Southeast Asia. With this move, we have clarified the roles of the RHQ, which is to establish the direction in which their operating companies should head and lead accordingly, and the Global Headquarters (GHQ), which is to establish the direction in which the Group as a whole should head and offer guidance therein. I can also state with confidence that this new structure has helped us move forward with the delegation of authority and steadily accelerate the speed of our decision-making.

We have adopted "contribute to sustainable society and respond to changing conceptions of well-being through delivering great taste and fun" as the basic concept of our long-term strategies. To achieve this significant goal, it is essential that we engage in co-creation activities with a wide range of stakeholders, including our global employees, business partners, shareholders, and other investors. To that end, we will continue to place emphasis on holding dialogues with our stakeholders in order to actively disclose not only financial information but also non-financial information, which is necessary for improving our corporate value over the medium to long term. In the integrated report published in 2022, I gave an overview of the updated Medium- to Long-Term Management Policy and provided an explanation on the feasibility of achieving the policy's aims. In *Integrated Report 2023*, we aim to visualize the Asahi Group's transformation capabilities and sustainability, which are being enhanced through the implementation of the Asahi Group Philosophy (AGP), with a particular focus on explaining the progress we are making with the Medium- to Long-Term Management Policy. We also aim to communicate our ability to drive the creation of unique value. *Integrated Report 2023* has been produced to include the perspective of enhancing corporate value over the medium to long term while describing issues, targets, strategies, and specific measures for future growth and taking into account our performance in fiscal 2022 and the current business environment. I therefore declare that the compilation process, including the discussions we have held, and the content of this report are appropriate. We appreciate your taking the time to read *Integrated Report 2023* and look forward to not only your impressions of the report itself but also your honest opinions on the Group's management. We also ask for your continued support going forward.

May 2023

Akiyoshi Koji

Akiyoshi Koji
Chairperson of the Board





Key Figures

Long-Lasting Earnings Power from Financial and Non-Financial Perspectives

In these highly uncertain times, the Asahi Group aims to establish a global and robust earnings foundation. To that end, the Group will deliver value to the world that exceeds customer expectations, centered on its high-value-added brands in each country and region, while swiftly addressing the various changes occurring in the external operating environment.

Revenue

JPY **2,511.1** billion

Profit Attributable to Owners of Parent (adjusted)*1

JPY **165.4** billion

Profit Attributable to Owners of Parent
JPY 1,516 billion

Free Cash Flow

JPY **201.1** billion

Core Operating Profit

JPY **243.8** billion

EPS (adjusted)*1

JPY **326.5**

Net Debt/EBITDA*3

3.61 times

EBITDA

JPY **362.4** billion

ROE (adjusted)*2

11.1 %

Dividend Payout Ratio (adjusted)*1

34.6 %

*1 Adjusted figures exclude one-time special factors such as the impacts of business portfolio restructuring and the recording of impairment losses.

*2 Adjusted profit attributable to owners of parent / Equity attributable to owners of parent (after the deduction of translation difference on foreign operations and changes in fair value of financial instruments measured at fair value through other comprehensive income)

*3 Figures have been calculated by excluding 50% of the amount of JPY300.0 billion for outstanding subordinated bonds from net debt.

Key Figures

Sustainability Management

Placing sustainability at the core of our management, we are taking steps to create business models under which the resolution of social issues provides a source for profits.

In addition, now that we have become a global corporate group, we will further enhance our awareness of diversity and draw on that awareness to realize sustainable growth.



Number of Employees

29,920



CO₂ Emissions

686 kilotons

Intensity of Water Consumption

3.4 m³/kl



Ratio of Women in Managerial Positions

27 %



Non-Alcohol and Low-Alcohol Sales Composition Ratio of Main Alcohol Beverage Products

10.1 %



Usage Ratio for Sustainable Energy

46 %



Business and Human Rights Training Participation Rate

91 %

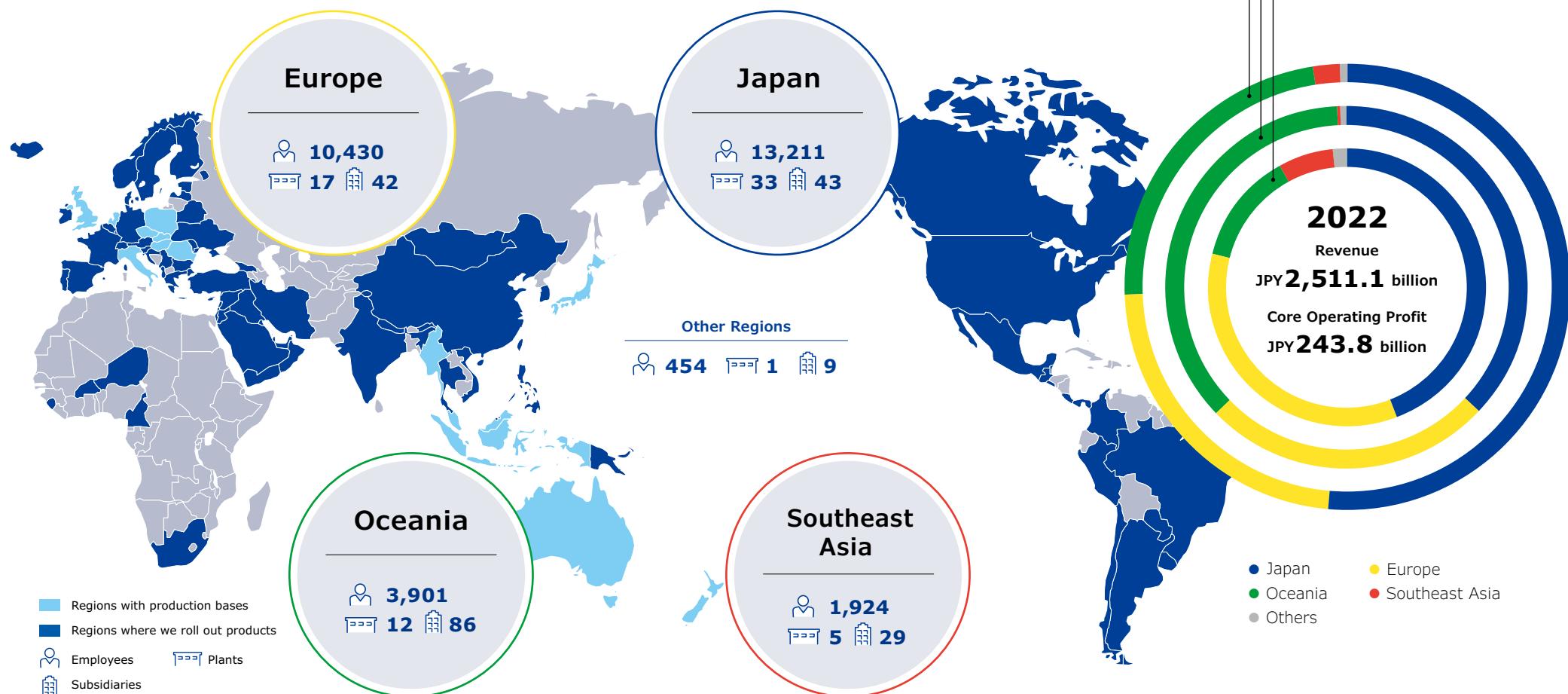
* Beer-type beverages, RTD, and non-alcohol beverages



Key Figures

Global Business Foundation

Under our global management structure, which spans across Japan, Europe, Oceania, and Southeast Asia, not only are we expanding the rollout of our global brands but also pushing forward with efforts to enhance the sophistication of our management strategies by working to integrate sustainability into our management.



Key Figures

Brand Power

Centered on the strong brands it possesses in each country, the Asahi Group is promoting the further premiumization of its brand portfolio in local markets.

The Group is also working to expand the rollout of its premium brands in the global market.



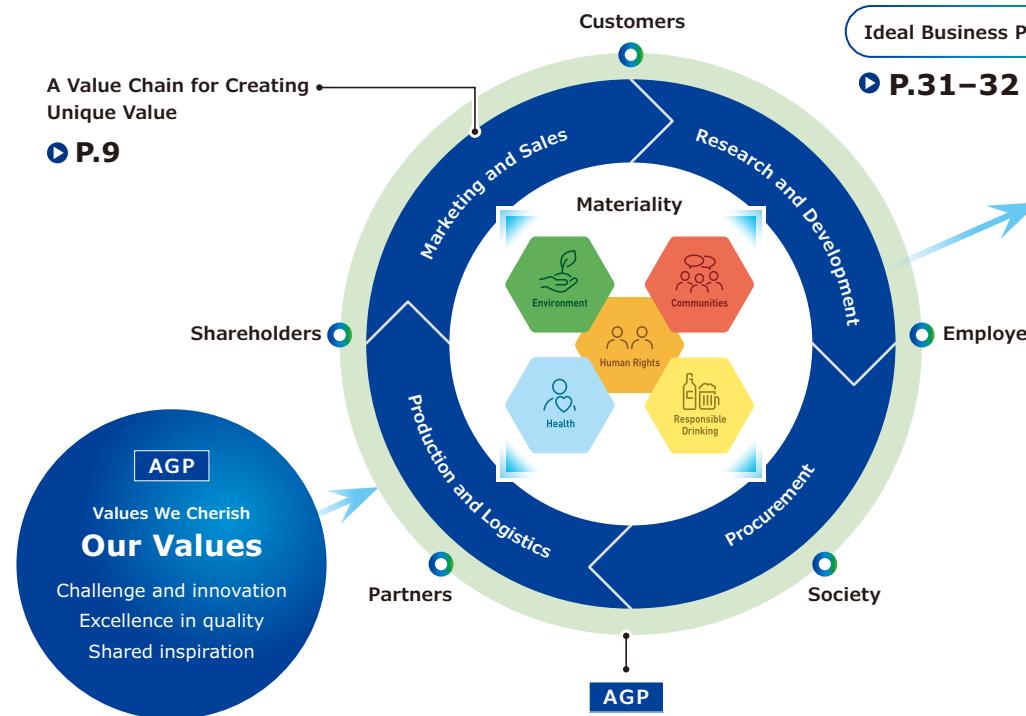
5 Global Brands

Model for Corporate Value Enhancement

Further Accelerating Value Creation through the Implementation of the AGP

The Asahi Group is enhancing the sophistication of its business models by focusing on integrating sustainability into management and drawing on the long-cultivated Our Values and Our Principles of the AGP. The Group is also steadily implementing its Medium- to Long-Term Management Policy.

In these ways, we are striving to achieve Our Mission and Our Vision—the other two parts of the AGP—which represent goals that the Group should realize going forward.



Guiding Principles toward Corporate Value Enhancement

Our Principles

Building value together with all our stakeholders



Our Value Chain

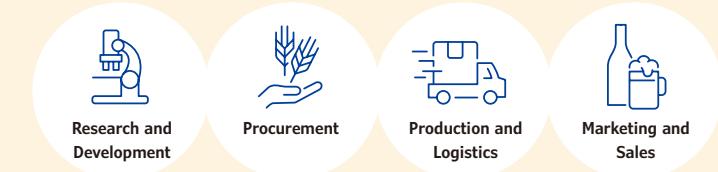
The Asahi Group seeks to enhance the sophistication of its value chain—spanning from research and development to procurement, production and distribution, marketing, and sales—with a view to creating high-value-added products and services. To that end, we will work to enhance the sustainability of both the Group and our value chain by evolving our business processes through an appropriate response to opportunities and risks in accordance with the Medium- to Long-Term Management Policy.

Placing Respect for Human Rights at the Center of Our Business Activities

In 2023, the Asahi Group established "Human Rights" as a material issue. To that end, the Group has been pursuing such efforts as newly identifying and reducing human rights-related risks within its value chain. In these ways, the Group has placed respect for human rights at the center of all of its business activities (see page 65 for more details on Human Rights).



Drawing on the gifts from nature to deliver a great taste that exceeds customer expectations



Unique Value Created

Creation of Innovative Added Value for People and the World

- Development of technologies to enhance added value of existing products and services
- Creation of new added value in areas such as alcohol alternatives and BACs*
- Development of products and technologies that offer health value
- Development of technologies that help reduce CO₂ emissions and make use of renewable energy
- Extraordinary innovations developed by the combination of existing and new technologies

* BACs (beer adjacent categories): Categories adjacent to beer, such as RTD low-alcohol beverages, non-alcohol beer-taste beverages, and adult soft drinks

Unique Value Created

Procurement of High-Quality Materials at Reasonable Costs through Our Stable Business Foundation and Global Network

- Ensured stability for the procurement of high-quality ingredients and eco-friendly materials for containers and packaging
- Enhanced traceability through the promotion of direct procurement from areas of business operation
- Optimized procurement costs through the expansion of our supplier network
- Establishment and implementation of human rights due diligence within our supply chain
- Improving the well-being of agricultural producers by engaging in activities centered on the material issue of "Communities"



Production and Logistics

Strengths We Can Leverage

- Unique, high-level standards for quality and globalized production management systems
- Synergies created through the sharing of technologies on a global basis (product development, quality improvements, and cost reductions)
- Enhanced efficiency through the hybrid production of alcohol beverages and soft drinks
- Advanced management capabilities optimized to supply-demand and inventory management technologies
- Highly efficient logistics networks



Marketing and Sales

Strengths We Can Leverage

- Marketing capabilities that have established leading brands in each country
- Development capabilities of new categories and brands that respond to changes in the consumption environment
- Trust-based relationships and sales capabilities with local business partners
- Global network that enables new market cultivation
- Regional collaboration that helps invigorate local communities

Unique Value Created

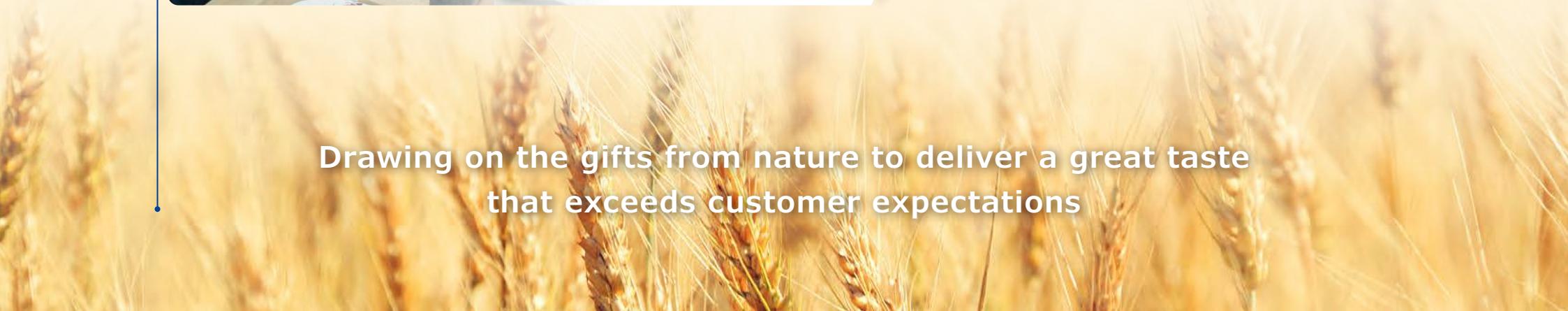
Stable Provision of Eco-Friendly, High-Quality Products to People around the World, Realized through Optimized Production and Logistics Structures

- Optimized lead time from production to storefront sales and comprehensive quality assurance
- Sharing of best practices through global benchmarks (quality improvements, and cost reductions)
- Reduction of CO₂ emissions in production and logistics processes and effective use of water resources in the production process
- Upcycling and recycling of by-products and waste
- Establishment of optimized production and logistics systems spanning across businesses and regions

Unique Value Created

Rollout of High-Value-Added Products and Services That Meet Diverse Needs around the Globe

- Expanded rollout of prominent global brands
- Provision of premium value through the utilization of brand portfolios in each region
- Rollout of non-alcohol and low-alcohol beverages that respond to rising health consciousness
- Provision of products and services that help realize a sustainable society
- Rollout of awareness-raising activities that help resolve alcohol-related problems and other health issues



Drawing on the gifts from nature to deliver a great taste
that exceeds customer expectations

02 Transformation Capabilities and Sustainability

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Message from the CEO

Keeping Our Momentum under a Challenging Business Environment and Remaining Committed to Investments toward Future Growth

Under a challenging business environment facing emerging geopolitical risks and unprecedented cost increases, we were able to steadily push forward and achieve growth by implementing appropriate response measures. Although we expect the business environment to remain challenging going forward, we will remain committed to investments toward future growth as we seek to control risks and turn them into growth opportunities.

Atsushi Katsuki

President and CEO,
Representative Director

At "One Young World," a global summit held for the purpose of cultivating future leaders and encouraging international exchange (see page 20)

Message from the CEO

Focusing on Growth Even Amid a Challenging Business Environment

In 2022, the negative impacts of the COVID-19 pandemic gradually began to dissipate. However, the business environment remained challenging, with Group-wide variable costs increasing approximately JPY85.0 billion in light of the unprecedented cost increases resulting from emerging geopolitical risks.

Amid these circumstances, we were able to boldly push forward with our premium strategies on a Group-wide basis due not only to a recovery in on-premise demand from the impacts of the COVID-19 pandemic but also our efforts to enhance profitability, centered on our main brands, and strengthen new value propositions. In addition, we maintained close communication with each Regional Headquarters (RHQ), which enabled us to swiftly enact appropriate response measures to the unprecedented scale of cost increases while gaining the understanding of consumers and our business partners. As a result of these initiatives, in 2022 we recorded revenue of JPY2,511.1 billion (up 8.0% year on year on a constant currency basis) and Core Operating Profit of JPY243.8 billion (up 5.9% year on year on a constant currency basis). One particularly impressive accomplishment during 2022 was our ability to further enhance our competitive edge through such means as expanding our share in the off-premise markets of nearly every major country of operation. This was achieved through ongoing efforts to bolster brand investments, focused on our mainstay brands, while implementing price revisions. Simply raising prices, however, is not sustainable. To realize sustainable top-line growth and maintain and improve profitability as a result, we must not only raise the price of our products but also simultaneously enhance the value we offer to our



While ascertaining megatrends, we will focus on controlling risks and turning them into growth opportunities.

customers. Amid forecasts of ongoing significant cost increases in 2023, we will further promote premiumization by leveraging our existing brand portfolio. At the same time, we will continue to invest in such areas as our brands and human capital as we seek to enhance the degree to which we can successfully achieve top-line growth in the future. As a result, Core Operating Profit growth in 2023 will likely be minimal. From 2024 onward, however, we will strive for greater profit increases with a focus on achieving the medium-term guidelines and financial policies that we adopted under our Medium- to Long-Term Management Policy. Furthermore, in consideration of the steady improvements we have seen in our current financial position, we will strive to raise our dividend payout ratio to 40% by 2025 and enhance shareholder returns in line with improvements in our business performance.

I am extremely satisfied with the fact that we were able to steadily promote initiatives aimed at the three pillars of our Medium- to Long-Term Management Policy, which are "ideal business portfolio," "core strategies," and "strategic foundation strengthening." We reinforced our business portfolio by steadily executing high-priority initiatives in each region of operation. These included the full-renewal of the *Asahi Super Dry* brand in Japan and efforts to bolster our premium strategies, primarily in Europe. These efforts also included the promotion of our multi-beverage strategy in Oceania, which draws on the strengths of our Alcohol Beverages and Non-Alcohol Beverages businesses, as well as the generation of

integration synergies in the region to an extent greater than we anticipated. Additionally, we shared our stance across the Group to never cut investments with regard to strengthening our strategic foundation, focusing on the medium- to long-term, or our core strategies, such as the integration of sustainability into our management, digital transformation (DX), and research and development (R&D) initiatives, even amid difficult circumstances. We continued to execute such investments in accordance with this stance. As the Group CEO, I am responsible for maintaining and further enhancing our growth momentum over the medium to long term. Even during challenging times, I cannot sacrifice the potential for future growth by becoming overly caught up in our current situation. My firm belief that we can achieve growth is precisely why we continued to relentlessly pursue future-oriented investments in 2022. As laid out in our Medium- to Long-Term Management Policy, we will endeavor to control risks and turn them into growth opportunities while maintaining a keen awareness of megatrends moving forward.

Sharing Our Ambition to Enhance Corporate Value

Another accomplishment I made as Group CEO in 2022 was to deepen the trust between the Global Headquarters (GHQ) and members of upper management at each RHQ by increasing the opportunities for direct communication between the GHQ and each RHQ. To promptly respond to

Message from the CEO

changes occurring in this difficult business environment, it is imperative that we establish relationships in which we can frankly exchange our opinions with one another without reservation. In our discussions, we spent most of the time talking about the current cost increases we are facing. We were able to move forward with discussions on the pressing issue of sharing trends in commodity and energy prices in a timely manner and enacting measures to respond accordingly, while constantly confirming orders of priority. I believe these discussions have led to agile and appropriate management decision-making.

Meanwhile, we also dedicated time to thorough discussions on future growth. In these talks, we fostered a shared desire to become a corporate group that can realize corporate value that surpasses the total sum of value from each of our businesses by acknowledging each other's strategies, sharing best practices on a global basis, enhancing the mobility of our human resources, and further promoting globalization. One aspect of our business we made solid progress on in our discussions was procurement. Even before facing the current situation of rapid cost increases, we formed a project in which the management of each RHQ worked together to make our global procurement functions more sophisticated. Under this project, we are moving forward with efforts to generate Group-wide synergies and are working to make it an advanced successful practice with a view to enhancing other aspects of our management in general.

Also, with regard to opportunities for dialogue with Group employees, in 2022 I visited 30 of our offices and factories both inside and outside Japan, giving me a chance to speak directly with roughly 1,400 Group employees. With these visits, my aim was to let employees in each region know what kind of person I am, what I want to do, and what kind of future I want to lead the Asahi Group to. In addition to explaining the journey of the Asahi Group to date, I spoke about such matters as

the ideals of the Medium- to Long-Term Management Policy and the expectations I have of Group employees. Through these conversations, I truly got the sense that the Asahi Group Philosophy (AGP), which was enacted in 2019, was not merely a simple statement that was framed and hung on a wall but rather a set of ideals that underpins the business strategies and guides employee conduct in each region. From young employees to veterans, the words spoken by Group employees demonstrated to me their strong awareness of our mission to create sustainable, future-oriented businesses in harmony with society. Over half of the opinions and questions I received in these conversations pertained to sustainability and diversity, equity, and inclusion (DE&I), which were adopted as key initiatives under the Medium- to Long-Term Management Policy. Moreover, many Group employees talked about how to promote initiatives that incorporate sustainability and DE&I into our businesses. I once again got the sense that we are all heading toward the same goals as a unified corporate group.

At the same time, this direct dialogue shed light on an important issue, which is the fact that we are still lacking in terms of cross-organizational collaboration between each RHQ and each business, including the sharing of best practices on a global basis and the implementation of initiatives that span across various businesses. In addition to growing each individual business, we must realize synergistic growth by enhancing cross-organizational collaboration and enhancing business efficiency across the entire Group. In the engagement survey we conducted with all Group employees around the world, certain items under "business efficiency" received a low ranking, so I am aware that boosting business efficiency is a serious issue. To do so, we must ensure that our goal to strengthen collaboration within the Group is more than just a simple statement, and with this in mind, we must promptly facilitate such collaboration in our frontline operations.

Communicating Our Connections with Society Based on Our Corporate Statement of "Cheer the Future"

I mentioned that the AGP has been instilled across the Group and that all Group employees are heading toward the same direction. The AGP communicates what we want to be and what we aim to accomplish as a corporate group, and as such we will continue to incorporate it into our strategies and actions. Meanwhile, more so than ever before, capital markets and society as a whole are demanding that we demonstrate how we are addressing social and environmental issues and how we want to positively impact the world. To respond to this demand, we have reestablished "Cheer the Future," which was adopted as our promise to the future under our sustainability strategies, as our new Corporate Statement. Complementing the AGP, our Corporate Statement communicates how we will address social issues through the implementation of the AGP—so, in other words, the purpose of the AGP—to

Cheer the Future

Asahi will continue to deliver on its great taste promise and bring more fun to life. We are proud that our products and services made with the gifts of nature bring vitality and joy, and enrich lives around the world. That is why we are committed to a better future by creating meaningful connections between people, nature, communities, and societies.

Message from the CEO

our stakeholders in an easy-to-understand manner. "Cheer the Future" encapsulates our desire to realize a better future for society through delivering great taste and fun. Going forward, "Cheer the Future" will serve as the focal point of our dialogue with stakeholders as we strive to enhance our information dissemination and communication activities.

Recently, in our efforts to communicate with our stakeholders, including investors, we have recognized the need for explaining our business and social impacts in a quantitative manner. To that end, we must visualize and communicate such matters as how social issues impact our businesses and how our businesses impact the sustainability of society. Additionally, based on quantitative measurements of such impacts, we must consider how we will maximize positive impacts and minimize negative ones within our strategy formulation and investment decision-making. Comprehensively communicating all of our business and social impacts is an endeavor that needs to be undertaken over a long time frame, and we have already made a start at doing so in certain areas. One example of this is our calculation and disclosure of the impact of climate change on our businesses, in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) framework. At the moment, we are carrying out trial calculations regarding how sustainability initiatives, such as reducing CO₂ emissions, help impact our corporate value. In addition, we are striving to visualize the impact that our products and services, such as our alcohol beverages, have on society. In these ways, we are steadily moving forward with efforts to quantitatively communicate our business and social impacts. As long as we adopt the goal of integrating sustainability into our management, we must refrain from only disclosing positive data for our own convenience. Even in cases where the type of data we disclose may negatively impact our businesses in the near term, the act of disclosing such data gets our stakeholders

involved and serves as an opportunity for us to resolve social issues together with them through co-creation efforts. To that end, we are pursuing information disclosure initiatives with the intent of establishing the standard for impact visualization.

Revising Our Material Issues and Accelerating Actions to Address Them

To date, we have adopted Environment, Communities, Responsible Drinking, Health, and People as our five material issues and have been promoting sustainability-related initiatives toward addressing each issue. Recently, however, we have changed the material issue of People to "Human Rights." We will continue to promote DE&I, which was an important theme related to People, as a pillar that supports our medium- to long-term strategy of enhancing human capital.

The reason why we have now clarified Human Rights as a material issue is to highlight our renewed awareness regarding the necessity of placing respect for human rights at the core of our business activities. In our conversations with external experts to date, they have stated the opinion that management, no matter how good or effective it may be, cannot be commended if it neglects human rights. In light of this opinion, we have been proceeding with discussions at the upper-management level and stepping up efforts to foster an awareness among our employees. We have also taken steps to build frameworks for respecting human rights. However, I feel we are still lagging behind in terms of the specific actions we are taking to address this material issue. For example, we still face issues with establishing grievance mechanisms (mechanisms to help victims of human rights abuses) with expanded scope that includes suppliers and other relevant parties, and I regret that we

have not been handling this issue with the appropriate sense of speed. While we have made a firm commitment to respecting human rights at the managerial level, there are many other initiatives we need to pursue, which include reforming and cultivating the appropriate mindset among all employees and working hard to encourage the involvement of our stakeholders. In 2023, we have redefined our top priorities for respect for human rights and are ramping up Group-wide efforts to address these issues accordingly.

We are also sharing policies and promoting efforts across the Group to address the material issues of Environment, Communities, Health, and Responsible Drinking. In addition to adopting quantitative targets and establishing key performance indicators (KPIs), we have seen specific business-related successes with our efforts to address these material issues. In light of these successes, I can confidently say that we are pushing forward with determination to integrate sustainability into our management.

Steadily Executing Strategies in Accordance with the Medium- to Long-Term Management Policy

Guided by the basic concept of "contribute to a sustainable society and respond to changing conceptions of well-being through delivering on our great taste promise and bringing more fun to life," our Medium- to Long-Term Management Policy aims to realize a sustainable society and achieve solid business growth.

As I mentioned at the beginning of my message, we made accomplishments in various areas in 2022, even under a challenging business environment. These included carrying out future-oriented investments without losing momentum as well as enhancing the awareness of Group employees about their role as a stakeholder.

We aim to achieve R&D results focused on beer

Message from the CEO

adjacent categories (BACs) and new products and services in order to realize our ideal business portfolio. Our R&D organizations, starting with Asahi Quality & Innovations, Ltd. (AQI), are realizing such results one after another. This showcases one of the ways in which we have been promoting activities in accordance with the Medium- to Long-Term Management Policy within each function and each business.

In terms of our DX strategy, which we have adopted as one of our core strategies, it will take some time before we see clear results as we are still in the investment phase. With that said, we are steadily proceeding with such efforts as strategy formulation and human resource acquisition and development based on our policy of spurring innovation in three key areas: processes, organization, and business models.

Moreover, it is becoming even more important for Asahi Group Holdings, Ltd., which serves as the GHQ, to draft strategies from a medium- to long-term perspective and enhance its management while demonstrating appropriate leadership. To that end, the GHQ has been able to hold repeated discussions with the leaders of each RHQ and business to share the direction of the Medium- to Long-Term Management Policy, and this will allow the GHQ to make greater progress with the initiatives it needs to pursue going forward.

► Striving to Grow Our Global Brands and Promote Premiumization

In 2022, we continued to achieve robust sales growth with our five global brands: *Asahi Super Dry*, *Peroni Nastro Azzurro*, *Kozel*, *Pilsner Urquell*, and *Grolsch*. To reinforce these global brands as future growth drivers of the Asahi Group, we will continue our efforts to increase sales volumes of these brands in regions where they have already



We aim to contribute to the realization of a sustainable society and achieve solid business growth.

been introduced as well as cultivate new regions for roll-out. We have received positive feedback for our global brands in the brand equity surveys that we carry out on a regular basis, and I believe this feedback underscores the successes we have had in making upfront investments in marketing activities for these brands with a focus on the future. These investments have included sponsoring sporting events and rolling out globally consistent marketing campaigns, including in 2020 and 2021, when the impact of the COVID-19 pandemic was significant. Moving forward, we will continue to actively pursue promotional activities, including through the worldwide partner of the Rugby World Cup France 2023, in an effort to enhance the level of recognition for our brands on a global scale.

Alongside enhancing the presence of our global brands, we position the promotion of premiumization in our existing businesses at the center of our growth strategies. The shift toward premiumization in the market of each country is something that will continue over a medium- to long-term time frame. In Japan, with the liquor tax revisions scheduled for 2023 and 2026, we expect to see demand shift from new genre products and hoppo-shu to beer. In Europe, we expect that the premium category will continue to grow faster than mainstream and economy categories, even amid a consumption environment faced with rapid inflation. In Australia, as well, categories positioned in the upper mainstream are continuing to expand. If we look back on 2009, when we were feeling the impact of the global financial crisis,

products in the premium category saw a relatively smaller decline than products in other categories and were able to recover at a faster rate. With more than a decade passing since then, premium beer has now become a category that consumers are very familiar with. In the future, we will continue to respond to market trends while striving to accelerate the shift toward premiumization through proactive marketing activities.

Meanwhile, we forecast changes in the medium- to long-term business environment, including further diversification of alcohol preferences and drinking styles. We will flexibly respond to these changes through such means as ramping up our investments in BACs, including low-alcohol beverages, non-alcohol beer-taste beverages, and adult soft drinks. In terms of the business portfolio that we aim to achieve over the medium to long term, we will expand the Non-Alcohol Beverages Business and the BACs domain, while still maintaining a focus on beer. We will also seek to establish future growth foundations in the Food Business and new businesses. To that end, we will continue to strengthen our efforts toward new business domains, starting with BACs, while collaborating with external business partners.

Message from the CEO

► Accelerating Growth through Co-Creation

As part of our efforts to achieve growth in new business domains, we established the investment management company Asahi Group Beverages & Innovation, LLC in San Francisco. Since January 2023, Asahi Group Beverages & Innovation has been managing the start-up investment fund Asahi Group Beverages & Innovation Fund.

The United States is the world's largest consumer goods market and represents an advanced market in which new product categories and trends often emerge, as demonstrated by the significant growth of hard seltzers and energy drinks. Through Asahi Group Beverages & Innovation, we will invest in promising start-up companies that possess attractive brands that are expected to grow in the future, such as low-alcohol beverages and soft drinks in the premium price range created based on innovative concepts, as well as new technologies that can serve as the seeds for new sales methods and product development. By integrating and combining the fundamental technologies and capabilities of the Group with cutting-edge ideas and methods of start-up companies, we will aim to build win-win relationships with start-ups and help them realize future growth.

The background behind our decision to manage an investment fund overseas was our belief that the key to collaborating with external partners and pursuing M&As is to firmly understand the most recent market trends and investment environment and to establish trust-based relationships between people. With many examples of failed M&As that have occurred around the world, it has become clear that investments executed merely based on ideas bandied about in a conference room will not go smoothly. Furthermore, investments in start-up companies require swift decision-making, and it is impossible to carry out an attractive investment in these companies if you only make use of conventional investment discipline. While the



We will establish systems that further promote globalization and accelerate our global talent management.

investment committees and the board of directors of the investment management company will thoroughly examine and review each investment, we have given Asahi Group Beverages & Innovation free discretion to pursue investments as it sees fit within a predetermined investment ceiling.

Also, we remain committed to further pursuing growth investments going forward. For now, we plan to prioritize the allocation of free cash flow to the reduction of financial debt up through 2024. After that period, however, we will examine a more aggressive pursuit of investments in the event they are determined to be necessary for our business strategies, while giving ample consideration to our balance sheet.

► Globalizing Our Human Resources and Transforming Our Corporate Culture

In 2016 and 2017, we began to seriously shift gears toward full-scale globalization, starting with the acquisition of two beer businesses in Europe. Since then, we have steadily taken steps to reinforce the Group's management to better respond to globalization. With that said, issues still remain in terms of globalizing our human capital.

There is growing demand from capital markets for companies to disclose information on their human capital. I believe that we would be misreading the true nature of this demand if we viewed it in the context of simply being a request for visualizing our human capital-related initiatives and data. While disclosing relevant data is obviously necessary, it is even more important to disclose how we

promote such efforts as investing in our employees, which are an intangible asset; what results we achieve from these efforts; and what kind of outcomes these results lead to. Additionally, we need to communicate to our stakeholders the kinds of capabilities we require from our human resources in order to implement our management strategies, how we are working to acquire and nurture such human resources, and what kind of value is created as a result of our efforts to do so, as a consistent story. Communicating these aspects is what will allow us to pursue co-creation with all of our stakeholders, both inside and outside the Company. To further enhance our human capital, which serves as the foundation of the strategies we are promoting, it is essential that we pursue the globalization of our personnel. To that end, we must ensure that we establish a corporate culture and personnel systems that are befitting of a global corporation. To strengthen cross-organizational collaboration, including the sharing of best practices on a Groupwide basis, which I had mentioned earlier, we need to promote DE&I and, in particular, foster an inclusive corporate culture. We are fully aware of the fact that we will be unable to continue to compete in global markets if we do not embrace and respect diverse personalities and foster a corporate culture in which various global human resources play an active role and where best practices are shared on a Group-wide basis.

Cultivating managerial personnel is the most important issue. To that end, we must establish a global personnel pipeline to identify talent that can lead the next generation of the Group's management, including not only the Group

Message from the CEO

CEO but also the upper management of each RHQ and operating company. At Asahi Group Holdings, we are steadily moving forward with efforts to strengthen our talent management within the Group through the mobilization of our personnel and the implementation of recruiting activities in each area of operation. These efforts include appointing employees from overseas locations as our human resource managers and supply chain project leaders. Also, the majority of employees at Asahi Group Holdings, which conducts decision-making for the entire Group, are Japanese, and questions still remain as to whether such a structure is appropriate for a company that operates on a global scale. We therefore need to further diversify the managerial ranks of the Company as diverse perspectives are essential in the management of a global corporation. To address this issue, we aim to establish a management structure comprising people with significant overseas experience and people with diverse backgrounds in terms of nationality, gender, and other attributes. Accordingly, we will make better distinctions between matters that should be addressed at the local level, such as the execution of local initiatives and management of local functions, and matters that need to be determined and optimized on a global basis, such as the formulation of Group-wide policies and the management of shared corporate functions. I believe that for global matters, decision-making should be carried out by the GHQ, which should consist of a diverse range of human resources. I have confirmed that our RHQ structure functioned extremely effectively in 2022, so now our next step is to establish systems that further promote globalization and accelerate our global talent management.

Closing

It has been one year since we transitioned to a structure under which our four RHQ, which are located in Europe, Oceania, Southeast Asia, and Japan, handle management decision-making in an effort to accelerate the execution of strategies in each region. Under this structure, we have taken steps to strengthen the trust-based relationships we have cultivated between the upper management of each RHQ and operating company and have engaged in management that deepens discussion with these parties. I believe the era of corporate management when the top management led an organization with their charisma, skill, and experience has come to an end. I believe that, going forward, we will need leadership in which we deepen internal and external communication and incorporate the insight we gain through such communication into flexible decision-making. I will personally take steps to ensure that the Group establishes that kind of leadership.

We expect that 2023 will be a difficult year, with the ongoing impact of cost increases caused by geopolitical factors. Nevertheless, we will remain committed to pursuing co-creation with our internal and external stakeholders, starting with our employees, and pursuing management that will be highly evaluated by future stakeholders. While thoroughly addressing the issues we currently face, we must continue to carry out investment and policies that contribute to medium- to long-term corporate value enhancement. To that end, we will engage in management



focused on the medium- to long-term, while strengthening our relationship with society through open dialogue and transparent information disclosure about how we will relate to and impact society.

I would like to ask for your continued guidance and support as we pursue these endeavors going forward.

May 2023

Atsushi Katsuki
President and CEO, Representative Director

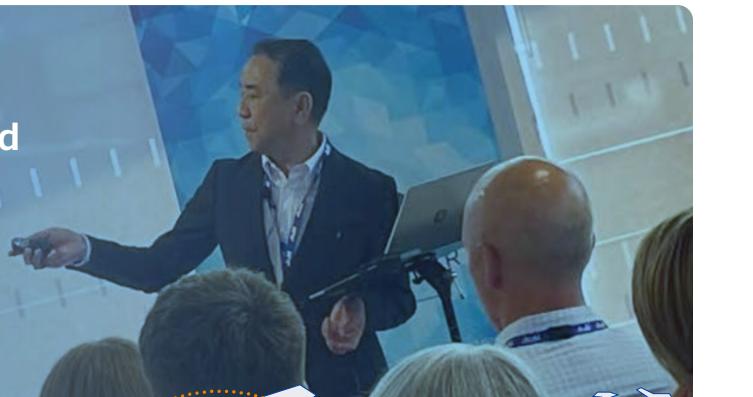
Column: Engagement Report ①

Actively Exchanging Opinions with Employees from Around the World

Holding Town Hall Meetings

In 2022, CEO Atsushi Katsuki visited Group offices around the world and held repeated dialogues with a large number of Group employees.

In each region, these dialogues focused on such topics as climate change; diversity, equity, and inclusion; and collaboration within the Group. Through these conversations, Mr. Katsuki listened to the candid opinions of employees and received numerous suggestions from them, illustrating their enthusiasm for their work. Going forward, the Asahi Group will gather its strengths and take action toward realizing the Asahi Group Philosophy to ensure that the Group's future vision will contribute to a better tomorrow for all of its stakeholders.



Number of offices visited:

30

Number of dialogue participants

Approx. 1,400



Japan

Europe

Oceania

Southeast Asia



Hokkaido (Yoichi Distillery)

Hungary

Malaysia

Column: Engagement Report [2]

Considering Responsible Drinking Together with the Leaders of the Next Generation

Participating in the One Young World 2022 Manchester Summit

In September 2022, the Asahi Group participated as a main sponsor in the One Young World 2022 Manchester Summit, an international summit that aims to cultivate leaders of the next generation and encourage international exchange. Approximately 30 Group employees from various countries and regions participated in the event, where they actively engaged with leaders of the next generation from around the world. At the same time, these employees were able to deepen communication amongst themselves.

In addition, through a keynote speech by CEO Atsushi Katsuki and workshops, we considered ideas surrounding responsible drinking together with participants. In these ways, the One Young World 2022 Manchester Summit served as an excellent opportunity for exchanging ideas on how to realize an even brighter future with stakeholders.

Number of countries and regions participating in dialogue:

196

Number of dialogue participants

Approx. 2,000



Message from the CFO



Kaoru Sakita

Director EVP and CFO



We are striving to further enhance our financial management with a view to the next stage of growth.

Continuously Improving Our Financial Soundness

Since fiscal 2016, the Asahi Group has been carrying out large-scale acquisitions of beer businesses in Europe and of Carlton & United Breweries Pty. Ltd. (CUB) in Australia. As a result, the Group's outstanding financial obligations, which were maintained at around JPY400 billion prior to fiscal 2015, stood at JPY1,823.6 billion as of December 31, 2020, with Net Debt/EBITDA (net debt after the deduction of 50% of outstanding subordinated bonds) rising to 6.03 times. Accordingly, improving our financial soundness by reducing financial debt has remained the most pressing financial-related issue we must address between fiscal 2022 and fiscal 2024.

From fiscal 2023 to fiscal 2025, we intend to repay financial debt centered on the bonds (including subordinated bonds) procured during the acquisition of the CUB business. While we will prioritize the allocation of free cash flow after dividend payments to the reduction of financial debt, there is still a need for a certain level of refinancing. With interest rates rising across the globe, we will strive to procure funds in an optimized manner while closely observing the situation with interest rates, starting with the financial policies of the Japanese government, both inside and outside Japan. In March 2023, we issued domestic bonds, including green bonds, to be used as proceeds for capital investments in Tosu Brewery of Asahi Breweries, Ltd., which is scheduled to commence operations in 2026.

In fiscal 2022, we were forced to operate our businesses under an extremely challenging external environment, including unprecedented cost increases and supply chain disruptions, due to the impact of the invasion of Ukraine, which occurred immediately after we announced our performance forecasts. Also, Group-wide variable costs rose roughly JPY85.0 billion. Even under these circumstances, we were able to carry out appropriate pricing strategies, engage in flexible cost management, and generate cash flows from operating activities in each business through the promotion of our premium strategies.

Additionally, we successfully generated free cash flows of over JPY200.0 billion in fiscal 2022, just as we did in fiscal 2021, through the sale of non-core assets and the curtailment of working capital. At the fiscal 2022 year-end, Net Debt/EBITDA stood at 3.61 times, compared with 4.24 times at the end of the previous fiscal year, and we expect this to improve to 3.38 times by the end of fiscal 2023.

Major cost increases remain ongoing in fiscal 2023, and we expect that the impact of these increases will total roughly JPY100.0 billion on a Group-wide basis. From the price of raw materials, such as aluminum and malted barley, to energy and logistics costs, these cost increases span a wide range of areas and their impact on the Group will be significant in all regions of operation, just as it was in fiscal 2022. We will continue to respond to these cost increases from a financial perspective by controlling risks and implementing effective cash management.

Message from the CFO

Flexibly Responding to Materializing Financial Risks

We have introduced an enterprise risk management (ERM) system to systematically manage Group-wide risks, and we are currently focusing our attention on risks related to the procurement of major raw materials. In addition to the impacts of massive price increases due to worsening market conditions, natural disasters brought about by climate change, and pandemics, these risks include delivery delays and supply disruptions stemming from geopolitical risks. If such risks materialize and our business performance deteriorates as a result, we face the risk of recording impairment losses. As such we need to respond to these risks with the utmost priority. To that end, we are working to thoroughly enhance our market risk management. Guided by our global treasury policy, we established hedge committees at each Regional Headquarters (RHQ) and are hedging commodity and exchange rate risks—which have a major impact on costs amid fluctuations in the markets for aluminum, sugar, barley, and energy—based on the individual hedging policies formulated at each RHQ. In accordance with the market risk characteristics for each commodity and exchange rate, we are working to reduce risks by enacting policies such as guardrails that place upper and lower limits on hedging over the span of multiple years as well as by monitoring the status of compliance at each RHQ on a quarterly basis via Asahi Group Holdings, Ltd. To the greatest extent possible, we will set fixed levels for future cost fluctuations in advance and examine policies and execute plans based on these fixed levels, thereby working to reduce negative impacts of risks on our business performance, even amid a challenging business environment where severe fluctuations in raw material prices occur. Through these types of risk management efforts, we will not only visualize risks but also deepen the level of communication between each RHQ and accelerate risk response measures. To give an example of these efforts in Japan, we established Asahi Group Japan, Ltd. in January 2022, under which we centralized

risk hedging that had previously been conducted separately by each operating company. By doing so, we transitioned to a system where we hedge risks based on hedge policies shared across Japan. This new system has enabled us to establish regional risk management structures and better proceed with examinations geared toward further enhancing our response to risks on a global basis. In addition to avoiding these kinds of price fluctuation risks, we will implement initiatives in response to changes in the procurement environment in an effort to control risks related to all aspects of procurement. These include initiatives to ensure stable procurement by concluding multiyear contracts, decentralizing procurement regions and dispersing procurement periods, securing stable inventories at each manufacturing base, and optimizing the allocation of necessary raw material amounts by sharing inventory information within the Group.

Also, one significant financial risk we face is the risk of impairment losses occurring from acquisitions. Among the Group's roughly JPY4,830.0 billion in assets, approximately JPY3,028.0 billion of that amount consists of goodwill and intangible assets. Efficiently generating cash based on these assets is the most important thing to do in order to avoid the risk of impairment losses. To that end, we are communicating with each RHQ on a regular basis via monthly business execution reports. We are also sharing information on the current conditions and signs of change in regional business environments by deepening collaboration between the managerial and other personnel of each RHQ. At the same time, we are inspecting the possibility of impairment losses through appropriate risk simulations based on medium-term business plans. The largest amount of our goodwill and intangible assets come from the CUB business in Australia. In this business, we achieved our 2024 target of reducing costs by over JPY10.0 billion through post-integration synergies two years ahead of schedule. This is one accomplishment that showcases the favorable performance of the CUB business, and we therefore believe the current risk of impairment losses in this business is low.

In fiscal 2022, I increased the frequency of my regular



I am working to share information on Group-wide financial issues and promote the cross-organizational rollout of best practices pertaining to financial functions.

meetings with the CFOs of each RHQ in an effort to strengthen collaboration with them. Additionally, I also held workshops on financial issues that are shared across the Group. In these ways, I am working to share information on Group-wide financial issues and promote the cross-organizational rollout of best practices pertaining to financial functions.

Going forward, we will clearly specify the risks to be accepted or minimized across the whole range of financial risks based on the Asahi Group Risk Appetite Statement in an effort to steer the Group toward sustainable corporate value enhancement.

Making Progress with the Enhancement of Global Functions

As part of our global cost management initiatives, we are striving to enhance our procurement functions. In 2022, we launched a project that aims to generate procurement synergies on a worldwide basis. Under this project, we are strengthening our organizational structures, formulating and implementing collaborative initiatives in pilot product categories, standardizing procurement processes, offering training seminars, and globally sharing and rolling out best practices. The procurement processes conducted at each RHQ are essentially the same, covering everything from

Message from the CFO

sourcing activities that determine unit costs with suppliers to the settlement of payments. However, based on the results of an analysis we conducted on procurement capabilities in each region, we discovered regional disparities in the level of global procurement know-how, which we have cultivated within the Group as a global corporate entity. Through the promotion of Group-wide procurement-related collaboration, we are able to improve unit price negotiation and capital efficiency by expanding the scale of our procurement activities. In addition, we can make our procurement functions more sophisticated by drawing on the know-how possessed by the personnel we acquired through the series of M&As we conducted. What we place the most emphasis on in this regard is the ability to draft strategies. At the moment, we are working to reflect our Group-wide procurement strategies within our product category strategies based on each procurement material, such as PET bottles, aluminum cans, and machinery and equipment, with the aim of establishing and enhancing systems that can simultaneously implement such strategies on both a global and regional basis. We have already commenced global collaboration on several procurement projects, and we are starting to gradually generate cost synergies. Our basis for decision-making when formulating product category strategies incorporates not only costs, quality, and technologies, but also the important perspective of sustainability. From the perspective of avoiding lost business opportunities, we will take greater steps to enhance our Group-wide procurement functions so that we can maintain a range of strategy execution options that factor in regional and time-related aspects, such as visualizing how we contribute to sustainability through our investment profits and utilizing new technologies.

We have also been working continuously to optimize our cash management structure. As we continue to expand our businesses, we need to optimize the allocation of cash generated in each region on a global level. For example, we are working to enhance the efficiency of cash and cash equivalents thoroughly by monitoring the average balance and month-end balance of



Focusing on the visualization of our contributions to sustainability and the utilization of new technologies, we will take greater steps to enhance our Group-wide procurement functions going forward.

cash and cash equivalents at each RHQ while anticipating a certain level of discrepancy due to special regional factors. Additionally, based on our global treasury policy, we have established and are working to improve global cash management systems that involve the visualization of cash flows and cash pooling. By centrally managing fund information, we are able to achieve more efficient fund allocation, which in turn helps us curtail working capital and reduce other related costs.

Implementing a Cash Allocation Policy Focused on the Medium to Long Term

With soaring prices in the raw material and energy markets and the progression of inflation around the world, the business environment continues to be challenging and the future outlook of the global economy remains unclear. Even under these circumstances, we will proactively pursue the investments needed to enhance our corporate value. For the time being, we will prioritize the allocation of cash to the reduction of financial debt in accordance with the free cash flow allocation policy adopted under the Medium- to Long-Term Management Policy, which we updated in 2022. Once we have realized Net Debt/EBITDA of approximately three times by fiscal 2024 and achieved financial soundness, we

will execute investments in core strategies and consider pursuing investments, including M&As, geared toward discontinuous growth. At that time, we intend to announce a new financial policy giving ample consideration to financial balance, including the direction of shareholder returns, such as dividends and share buybacks, and the range of options for cash investments.

In fiscal 2022, we implemented capital investments of over JPY100.0 billion in accordance with our investment plans announced at the beginning of the fiscal year. These included investments in sustainability, research and development (R&D), and digital transformation (DX), which have been adopted as core strategies under the Medium- to Long-Term Management Policy. In fiscal 2023, we plan on investing a total of JPY127.0 billion based on a policy of proactively investing in core strategies with a view to achieving sustainable growth in the future. One important focus of these investments is the environment, as we have upwardly revised our 2030 target for CO₂ emissions reductions from 50% to 70% (Scope 1 and 2), compared with 2019. To reach this target, we will carry out investments totaling over JPY50.0 billion through 2030 so that we can pursue such initiatives as installing solar power generation facilities, enhancing the efficiency of energy use, and developing new fuel-related technologies. By doing so, we will further accelerate our efforts to reduce CO₂ emissions.

Regarding shareholder returns, we have previously stated that we will continue to strive for stable dividend increases with the aim of achieving a dividend payout ratio of around 35%, and with the greater aim of reaching 40% in the future. I would like to now announce that 2025 will be the year in which we start to aim for a payout ratio of 40%. By stating this, we are expressing our confidence in our ability to realize this goal, as we are making steady progress with efforts to improve our financial soundness with a view toward achieving Net Debt/EBITDA of approximately three times by fiscal 2024. Meanwhile, we are carefully examining the potential of impairment loss risks, and we do not believe that such risks will materialize in the near future.

Message from the CFO

With that said, even in the event that we were to record an impairment loss, that would have no impact on adjusted earnings per share and adjusted dividend payout ratio—which in turn means no impact on dividend price levels—because profits allocated to dividend payments are derived from profit attributable to owners of parent, which excludes special temporary factors such as business portfolio restructuring and the recording of impairment losses.

Enhancing Financial Management to Realize Sustainable Growth and Improve Corporate Value

In backcasting from 2050 and looking ahead to 2030, we must anticipate changes in the business environment that could disrupt the Group's business model. In anticipation of such changes, it is imperative that we change the Group's future asset mix. To establish an outstanding asset portfolio that can generate cash with great efficiency, it is essential that we execute investments in our core strategies that can lead to various innovations in sustainability, R&D, and DX. Such investments are not in pursuit

of achieving results in the short term but rather something that must be carried out over a longer period of time so that we can achieve sustainable growth and medium- to long-term corporate value enhancement. If we refrain from these kinds of investments simply because we cannot see immediate results, then we will eventually be left behind as the times change. At the same time, however, we must visualize the accomplishments of our investments in terms of progressing the core strategies of the Medium-to Long-Term Management Policy so that we can continue to execute investments that gain the understanding of all of our stakeholders. By creating a cycle in which we appropriately select areas in which we invest cash and then generating cash from investing in these areas, we can support the realization of sustainable growth and contribute to medium-to long-term corporate value enhancement.

Also, we will engage in investment decision-making that considers non-financial value by visualizing the business and social impacts of our sustainability-related efforts, thereby enhancing our overall corporate value.

We have commenced internal dialogue regarding the optimal management indicators with a focus on the next stage for growth. Rather than simply monitoring the indicators we



To establish an outstanding asset portfolio that can generate cash with great efficiency, it is essential that we execute investments that can lead to various innovations.

establish, we aim to establish a cycle in which we achieve medium- to long-term corporate value enhancement, both globally and regionally, by forming connections between the activities of the GHQ and each RHQ. To realize frameworks that enable highly effective management, we will continue to deepen our examinations on these management indicators with the view to introducing them in the near future and aim to manage them in a way that contributes to corporate value enhancement.

Financial Policy Guidelines

Guidelines from 2022 Onward

Investment for Growth / Debt Reduction	<ul style="list-style-type: none"> Prioritize allocation of free cash flow*¹ to the reduction of financial debt and work to enhance capacity for growth investments Aim for Net Debt/EBITDA*² of around 3 times or less in 2024 (after deducting 50% of outstanding subordinated debt from net debt)
Shareholder Returns	<ul style="list-style-type: none"> Stable dividend increases with the aim of achieving a payout ratio*³ of 35% (aiming for a payout ratio of 40% in fiscal 2025)

*1 Free cash flow = Cash flows from operating activities – Cash used in investing activities (excluding M&As and other business restructuring)

*2 Net Debt/EBITDA (EBITDA net debt equity ratio) = (Interest-bearing Debt – cash) / EBITDA

*3 The dividend payout ratio is calculated by deducting one-time gains and losses (net of tax), such as business portfolio restructuring and impairment losses, from profit attributable to owners of parent.

Our History

Overview of the Asahi Group's Executional Capabilities throughout History

The Asahi Group has achieved growth throughout the years by cherishing three values: “challenge and innovation” that creates new value, such as the release of *Asahi Super Dry*, which at the time completely changed the way people thought about beer, and the cultivation of brands loved by all generations; “excellence in quality” that the Group delivers to its customers; and “shared inspiration” that the Group enjoys with its stakeholders. Drawing on these values as its foundation, the Group will leverage strengths such as its long-cultivated brands and human resources in each country and region of operation to deliver premium value to an even greater number of customers around the world.



The starting point for “the highest level of quality” and “challenge and innovation”

1889

The Company was founded in 1889 with the aim of producing authentic Japanese beer that is made by Japanese people. Winning awards at expos and exhibitions both domestically and abroad, we are constantly striving for “the highest level of quality,” which has been a part of our corporate culture since our founding.



- 1884 • Hiranosui (now MITSUYA CIDER) is launched.
- 1889 • Osaka Beer Brewing Company is established.
- 1892 • *Asahi* Beer is launched.
- 1900 • Japan's first bottled draft beer is launched.
- 1900 • *Asahi* Beer wins a gold medal at the 1900 Paris Expo.
- 1930 • EBIOS is launched.



A second start and further innovation

1949

In 1949, Asahi Breweries, Ltd. was established, a product of a corporate breakup brought on by post-war economic decentralization in Japan. Thereafter, Asahi continued to expand its business foundation, centered on its whisky and spirits and soft drinks businesses, and worked to create new drinking opportunities, including the introduction of canned beer in Japan.



- 1949 • Asahi Breweries, Ltd. is established.
- 1958 • Asahi launches Japan's first canned beer, *Asahi* Beer.
- 1965 • Asahi develops the world's first outdoor fermented liquor tank.
- 1969 • Asahi pioneers the practice of putting expiry dates on product labels.
- 1971 • Asahi launches Japan's first aluminum canned beer.
- 1982 • Mitsuya Foods Co., Ltd. (now Asahi Soft Drinks Co., Ltd.) is established.
- 1986 • Asahi introduces a corporate identity and changes the corporate logo to “Asahi.”
- Asahi launches new *Asahi Nama Beer*, the first product designed with the new corporate logo.



Expanding our business portfolio through years of innovations

1987

After launching Japan's first dry draft beer *Asahi Super Dry* in 1987, Asahi would eventually go on to capture the top share of Japan's beer market in 1998. Afterwards, in 2001, Asahi entered the happoshu market and captured the top share in Japan's beer and happoshu markets. After this time, Asahi proactively pursued M&A activities in the Alcohol Beverages (excluding beer-type), Non-Alcohol Beverages, and Food businesses, thereby expanding its industry-leading brands and product categories.



- 1987 • *Asahi Super Dry* is launched.
- 1992 • Asahi Foods Co., Ltd. (now Asahi Group Foods, Ltd.) is established.
- 1994 • Asahi enters the Chinese market.
- 1998 • Asahi claims top share of Japan's beer market.
- 2001 • Asahi captures top share of the Japanese beer and happoshu markets.*
- 2002 • Asahi makes The Nikka Whisky Distilling Co., Ltd. a wholly owned subsidiary.
- 2006 • Asahi acquires *MINTIA*.
- 2008 • Asahi acquires stock in Wakodo Co., Ltd., Japan's largest baby food company.
- Asahi acquires stock in Amano Jitsugyo Co., Ltd., Japan's largest freeze-dried food company.

* Based on taxable shipment volume of five major Japanese breweries

Our History

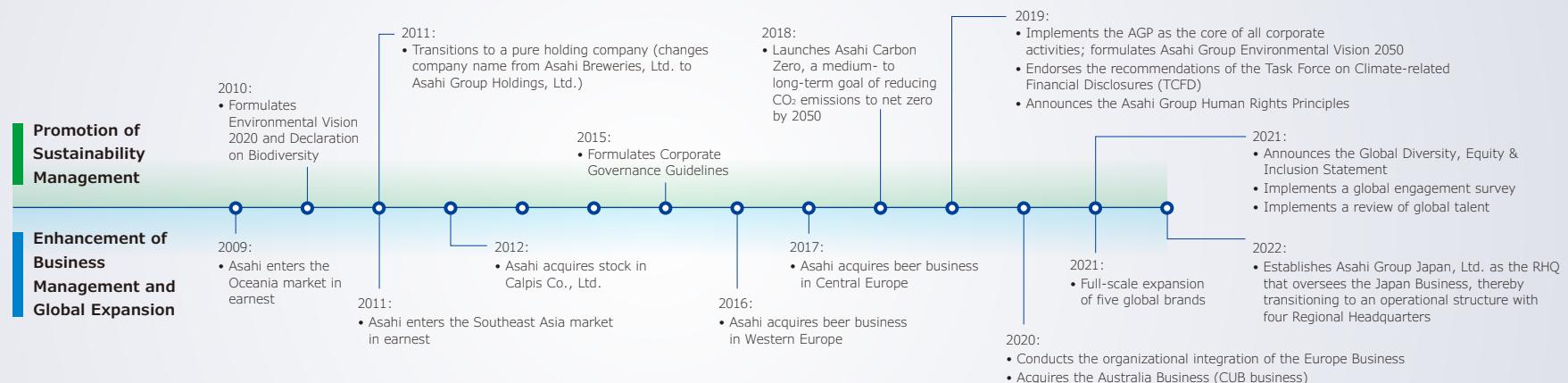
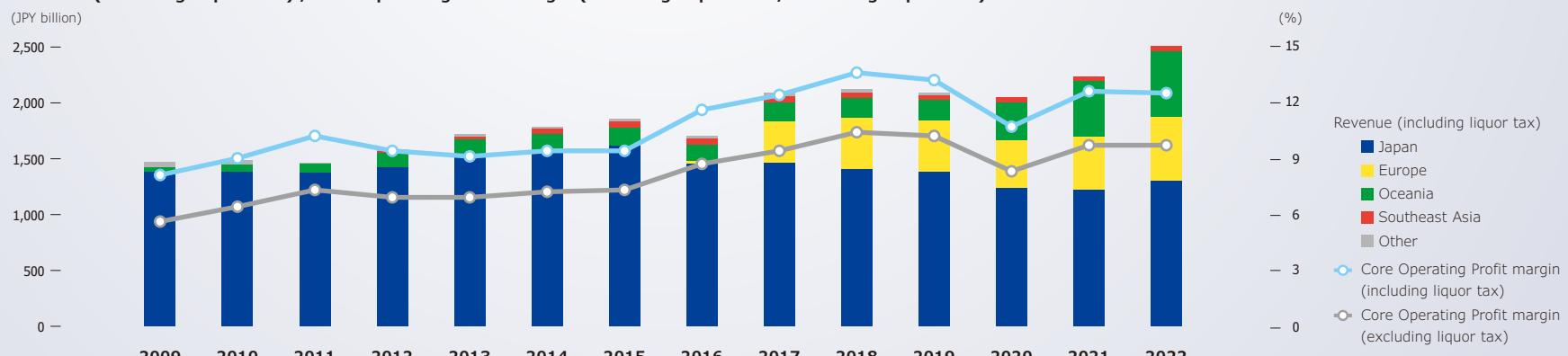
2009 ~

Fortifying our global business foundation in the pursuit of further growth

To establish drivers for the further growth of its management foundation, which now spans across the globe, the Group has been pursuing unique value guided by the Asahi Group Philosophy. To implement our Medium- to Long-Term Management Policy, we are pushing forward with efforts to enhance the sophistication of our management strategies by promoting sustainable management, enhancing our business management, and pursuing global expansion.



Asahi Group Philosophy

**Revenue (Including Liquor Tax) / Core Operating Profit Margin (Including Liquor Tax / Excluding Liquor Tax)**

Note: Consolidated financial data has been prepared based on JGAAP for the years up to the fiscal year ended December 2015 and based on International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2016 onward.

Our History

Management Foundation That Realizes Our Transformation Capabilities and Sustainability

To date, the Asahi Group has formulated and implemented the necessary initiatives for sustainable growth while maintaining a medium- to long-term perspective. Underpinned by the management foundation it has built up throughout this process, the Group will strive to further boost its sustainability and steadily enhance corporate value by integrating sustainability into its management and evolving its business model through digital transformation and other measures.

	Overview (Importance)	Characteristics and Strengths	Key Indicators (As of 2022)
 Business Portfolio and Brand Foundation	<p>We possess a diverse range of high-value-added brands across the domains of alcohol beverages, non-alcohol beverages, and food. By utilizing our global business foundation, we are promoting premiumization, centered on beer, and expanding our global brands while also creating new growth opportunities. In these ways, we are working to realize sustainable growth.</p>	<ul style="list-style-type: none"> Realizing sustainable sales price growth by expanding the strong premium brands we possess in each country and region Providing diverse added value through not only global business expansion, centered on beer, but also the utilization of technologies and know-how cultivated in the alcohol beverage, non-alcohol beverage, and food domains 	<ul style="list-style-type: none"> Sales ratio by region: Japan 51.8% Oceania 23.2% Europe 22.9% Southeast Asia 2.1% Sales price growth rate (YoY)* Japan 3.8% Europe 11.7% Australia 4.7%
 Sustainability Management Foundation	<p>Through products and services created from the gifts of nature, we are delivering great taste and fun to people around the world. By promoting the integration of sustainability into our management, we will strive to ensure a healthy global environment, which serves as the foundation of our businesses, and realize a better future for the next generation.</p>	<ul style="list-style-type: none"> Promoting a robust, sustainable governance structure based on commitments by upper management Reducing risks and acquiring opportunities across the entire value chain Creating positive business and social impacts through the provision of products and services 	<ul style="list-style-type: none"> Rate of CO₂ emission reductions: 30%* Eco-friendly material usage rate in PET bottles: 21% Non-alcohol and low-alcohol sales composition ratio of main alcohol beverage products*: 10.1%
 Research and Development Foundation	<p>Our research and development (R&D) activities represent the foundation through which we are able to offer products and services with unique value that meet the ever-diversifying needs of our customers. Drawing on our long-cultivated technologies and insight, we promote the creation of new ways of drinking and experience-based value.</p>	<ul style="list-style-type: none"> Providing customers with value-added products and services, including health benefits, by leveraging the technologies and know-how we possess in each business on such matters as product development and quality control Developing new materials and services centered on our core technologies of microorganisms, including lactic acid bacteria and yeast, and promoting their practical application 	<ul style="list-style-type: none"> R&D expenses: JPY15.1 billion (Ratio of R&D expenses to revenue) 0.6%
 Human Resource Foundation	<p>A multicultural and diverse organization is essential to realizing sustainable value creation. To that end, we work to foster a corporate culture in which all employees can play an active role. We also aim to enhance our human capital, who are the lifeblood of our competitive edge, by improving employee engagement.</p>	<ul style="list-style-type: none"> Creating value that is uniquely Asahi by ensuring that our employees understand the AGP as a common language and share the Asahi Group's value systems and direction Fostering a corporate culture in which non-Japanese employees account for the majority of Group employees and in which a global and diverse pool of talent can be fully utilized 	<ul style="list-style-type: none"> Ratio of employees by region: (total employees: 29,920) Japan 44.2% Oceania 13.0% Europe 34.9% Southeast Asia 6.4% Employee engagement survey score: 79 (As of 2021)
 Financial Foundation	<p>Backed by our strong business foundation and high level of credibility, we possess a robust financial foundation that supports the stable creation of cash flows and optimized fundraising activities, among other aspects. By striving to further enhance our financial management and promoting the optimal allocation of cash, we will realize sustainable corporate value enhancement.</p>	<ul style="list-style-type: none"> Generating stable free cash flows through appropriate financial management Promoting stable fund procurement to support growth investments Enhancing shareholder returns with a focus on the standards of global corporations Implementing capital policies based on the cost of shareholders' equity and our credit rating 	<ul style="list-style-type: none"> Free cash flows: JPY201.1 billion Net Debt/EBITDA: 3.61 times Dividend payout ratio: 34.6%* Credit score: AA- (JCR) A+ (R&I) Baa1 (Moody's)

*1 Figures for Japan are for alcohol beverages, while figures for Europe and Oceania include both alcohol and non-alcohol beverages. *2 Scope 1 and 2 emissions, compared with 2019

*3 Beer-type beverages, RTD, non-alcohol beverages *4 Adjusted figures exclude one-time special factors such as the impacts of business portfolio restructuring and the recording of impairment losses.

03 Medium- to Long-Term Strategies

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Medium- to Long-Term Management Policy (Overview)

Our Vision

What the Asahi Group Aims to Be

**Be a value creator globally and locally,
growing with high-value-added brands**

Basic Concept behind Long-Term Strategies

**Contribute to sustainable
society and respond to
changing conceptions of
well-being through delivering
great taste and fun**

Trends

Megatrends for 10 to 30 Years in the Future on
Which the Asahi Group Is Focusing

- Changing conceptions of human well-being
- Climate change and depletion of natural resources
- Changing demographics and shifts in economic power
- Technological advancements

Ideal Business Portfolio

**Sustainable growth of existing businesses centered on the beer category
while expanding into new areas**

- Growth driven by global brands and premiumization in existing operating regions; expansion into new markets
- Growth in adjacent categories to capture demand from trends such as increasing health consciousness; creation and development of new businesses that draw on the Group's capabilities

▷ P.32
▷ P.31

Core Strategies

Promote core strategies aimed at achieving sustainable growth

- Integrate sustainability into management in order to positively impact both society and the Group's businesses, contributing to solving societal issues
- Achieve innovation in three key areas (processes, organization, and business models) by pursuing business transformation (BX) through digital transformation (DX)
- Increase the value of existing products and create new products and markets through bolstering research and development (R&D)

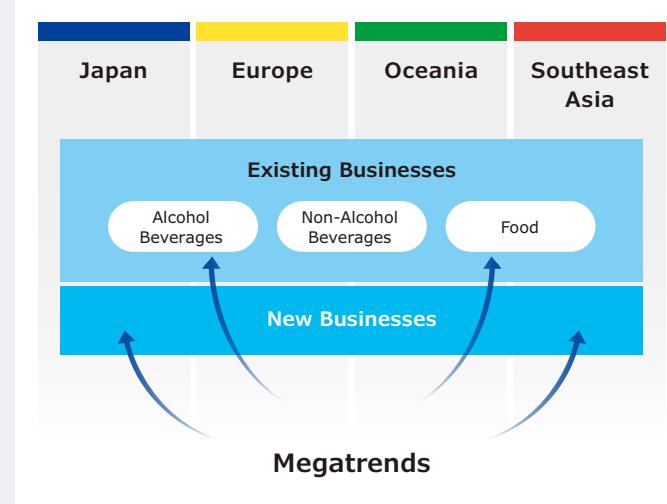
▷ P.33
▷ P.37
▷ P.39

Strategic Foundation Strengthening

Consolidate the management foundations underpinning long-term strategies

- Advance human resources for executing core strategies and building an ideal business portfolio
- Enhance Group governance in order to create an optimal organizational structure; promote Group-wide sharing of best practices

▷ P.41
▷ P.81



Medium- to Long-Term Management Policy (Overview)

Key Medium-Term Strategies for Each Regional Headquarters

Japan

► P.69

- Expand the potential of the businesses through synergies and optimizing our product portfolio to anticipate change
- Promote “smart drinking” and other initiatives to meet diversifying needs; create high-value-added services
- Solve social issues such as carbon neutrality through business; optimize the supply chain across Japan

Europe

► P.72

- Advance our premium beer strategy by expanding sales of our five global brands and by focusing on selective leading local brands
- Accelerate premium growth beyond core lager, such as non-alcohol beer, RTDs, and craft beer
- Promote initiatives to reduce environmental impact, which entail the active use of renewable energy and the adoption of recyclable containers and packages

Oceania

► P.75

- Promote our multi-beverage strategy, which leverages the strengths of our Alcohol Beverages and Non-Alcohol Beverages businesses; create integration synergies
- Promote innovation in growth domains, such as BACs; strengthen products in the health and well-being category
- Propose new sustainability-focused value through the introduction of new containers, packaging, etc.; advance supply chain management reforms.

Southeast Asia

► P.78

- Expand into growing markets of more than 600 million people in the region with the growth in Malaysia as the cash cow and using our own brands to expand into other markets
- Set up new segments such as the plant-based product segment to gradually diversify portfolio into more premium beverages and minimize dependency on condensed milk
- Deliver sustainability agenda, including rolling out eco-friendly packaging; build value in partnership with local communities through raw material procurement initiatives

Medium-Term Guidelines and Financial Policies

Guidelines for KPIs

	Guidelines for Next 3 Years
Core Operating Profit	CAGR: High single digit ^{*1}
Earnings Per Share (Adjusted^{*2})	CAGR: High single digit
Free Cash Flow^{*3}	Annual average of JPY200 billion or higher

^{*1} Constant Currency Basis^{*2} The earnings per share guideline is on an adjusted basis excluding special temporary factors, such as business portfolio restructuring and impairment losses.^{*3} Free cash flow = Cash flows from operating activities - Cash used in investing activities (excluding M&As and other business restructuring)

Financial Policy Guidelines

Guidelines from 2022 Onward

Investment for Growth /Debt Reduction	<ul style="list-style-type: none"> • Prioritize allocation of free cash flow^{*1} to the reduction of debt and work to enhance capacity for growth investments • Aim for Net Debt/EBITDA^{*2} of around 3 times or less in 2024 (after deducting 50% of outstanding subordinated debt from net debt)
Shareholder Returns	<ul style="list-style-type: none"> • Stable dividend increases with the aim of achieving a payout ratio^{*3} of 35% (aiming for a payout ratio of 40% by 2025)

^{*1} Free cash flow = Cash flows from operating activities - Cash used in investing activities (excluding M&As and other business restructuring)^{*2} Net Debt/EBITDA (EBITDA net debt equity ratio) = (Interest-bearing Debt - cash) / EBITDA^{*3} The dividend payout ratio is calculated by deducting one-time gains and losses (net of tax), such as business portfolio restructuring and impairment losses, from profit attributable to owners of parent.

Medium- to Long-Term Management Policy (Overview) ▶ Business Portfolio Strategy

Our Ideal Business Portfolio

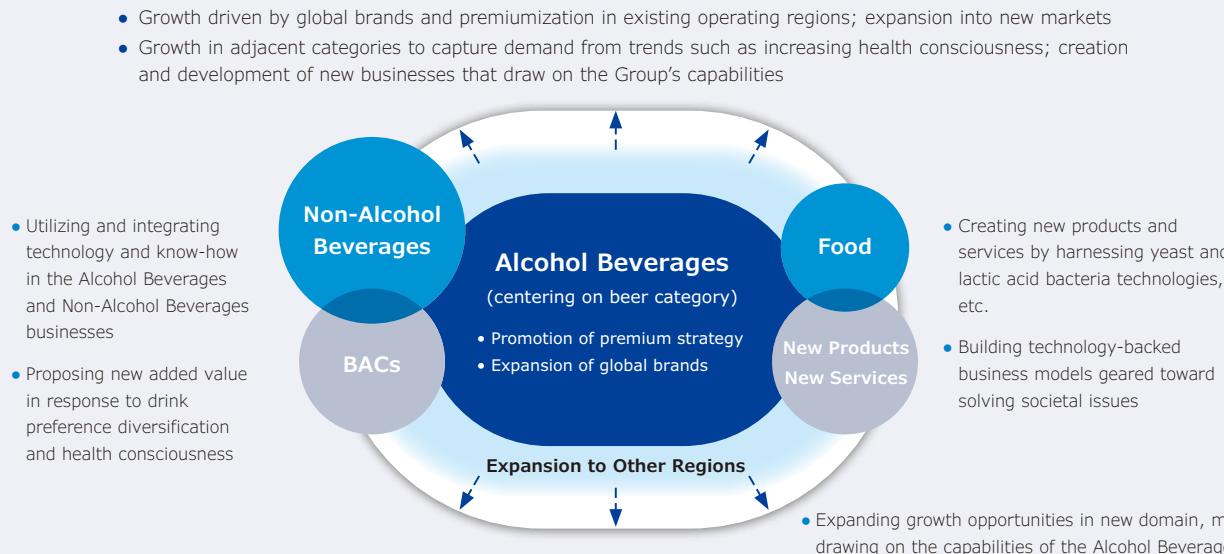
With a view to realizing the ideal business portfolio we are aiming for under our long-term strategies, we are working to realize growth in our existing businesses, centered on beer, while leveraging the foundation of those businesses to enter into peripheral business domains and expand new businesses and services.

Regarding the growth of our existing businesses, we realized year-on-year sales price increases of 3.8% in Japan (Alcohol Beverages Business), 11.7% in Europe, and 4.7% in Oceania. These increases were the result of not only the growth we have achieved centered on premium beer in each region of operation but also a recovery in on-premise sales and our implementation of appropriate pricing strategies. In these ways, we have been able to steadily move forward with our premium strategies. The total sales volume of our global brands was up 8% year* on year due to our efforts to strengthen marketing investments focused on *Asahi Super Dry* and *Peroni Nastro Azzurro*.

* Excluding respective home markets

Meanwhile, for new domains, we have been expanding non-alcohol beverage categories, primarily in Europe. At the same time, we have been promoting ongoing investments in Japan to popularize "smart drinking," which proposes new and diverse ways to enjoy drinking. Furthermore, we have been actively proposing added value, including through contemporary products and hard seltzers, in a manner that caters to the characteristics of each country and region. We are also stepping up our efforts in beer adjacent categories (BACs), including low-alcohol beverages, non-alcohol beverages, and adult soft drinks. In addition, we established the investment management company BACs Beverages & Innovation, LLC, which invests in promising start-ups, primarily those involved in BACs. Through Asahi Group Beverages & Innovation, we began the operation of the start-up investment fund Asahi Group Beverages & Innovation Fund in January 2023, under which we are promoting efforts to discover growth drivers for the next generation. While closely observing megatrends, we will continue to pursue our ideal business portfolio going forward by leveraging the strengths and expertise of the Asahi Group.

Sustainable Growth of Existing Businesses Centered on the Beer Category While Expanding into New Areas



Results in Fiscal 2022

Expansion of Existing Businesses

- Expanded sales volumes of products in premium categories; improved product mix owing in part to the recovery in on-premise sales that followed the easing of COVID-19-related restrictions
- Achieved significant growth of our five global brands

Expansion into Peripheral and New Business Domains

- Expanded sales volumes of products in the non-alcohol beverage category, mainly in Europe
- Created new markets through greater investments in BACs
- Established U.S.-based start-up investment management company to search for new growth drivers

Medium- to Long-Term Management Policy (Overview) ▶ Business Portfolio Strategy

Expanding the Rollout of Our Global Brands

We are striving to expand the rollout of our global brands to establish them as a new pillar for growth. By developing five distinctive brands globally while catering to the unique market profile of each country, we aim to achieve an annual growth rate for these brands of around 10% by 2030. Of these five brands, we have positioned *Asahi Super Dry* and *Peroni Nastro Azzurro* as priorities, and we are increasing resources that we invest in these two brands with the aim of establishing them as leading global brands with a strong reputation and presence in multiple regions by 2030. To that end, we will invest into global partnerships, increase advertising pressure, and launch key innovations.

Asahi Super Dry

For the *Asahi Super Dry* brand, we launched *Asahi Super Dry 0.0%* in 2023 to support our involvement in two major global partnerships that help enhance brand recognition. In 2022, we entered into a sponsorship with City Football Group Limited. Through this partnership, we are allowing consumers to experience the world view of the *Asahi Super Dry* brand by offering and selling products and implementing marketing events at stadiums owned by City Football Group. As a result of these efforts, sales volumes of *Asahi Super Dry* increased 15% year on year. In addition, *Asahi Super Dry* is the official beer of Rugby World Cup France 2023, which will take place in September and October 2023. With *Asahi Super Dry* as the official beer of the tournament, we will be able to promote the brand to over 800 million rugby fans in 200 countries and regions across the globe. By actively promoting the *Asahi Super Dry* brand through these high-impact partnerships, we aim to increase consumer demand, especially in the United Kingdom and France. Additionally, in January 2023, we launched *Asahi Super Dry 0.0%* in the United Kingdom and Ireland, and we plan on gradually introducing this product in six other countries around the world. Moving forward, we will strive to further expand sales through partnerships and the rollout of innovative products.

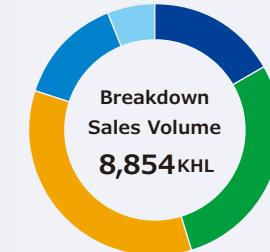


Fiscal 2022 Results (YoY)

Our Five Global Brands +8%

***Asahi Super Dry* +15%**

***Peroni Nastro Azzurro* +13%**



■ Asahi Super Dry ■ Peroni Nastro Azzurro
■ Kozel ■ Pilsner Urquell ■ Grolsch

Note: Based on total sales volumes of the five brands, excluding sales within their respective home markets

Peroni Nastro Azzurro

A premium Italian brand, *Peroni Nastro Azzurro* offers consumers a stylish and elegant world view. For this brand, we have been actively opening The House of *Peroni Nastro Azzurro*, a flagship store that offers brand-based experiences, in major cities such as Rome, London, Shanghai, Taipei, and Toronto. Additionally, we launched the non-alcohol beer *Peroni Nastro Azzurro 0.0%* and have been expanding the sales of the beer, primarily in Europe, through rollouts that leverage our partnership with the Aston Martin Aramco Cognizant Formula One™ Team. As a result of such efforts, sales volumes of *Peroni Nastro Azzurro* increased 13% year on year. In April 2023, we launched *Peroni Nastro Azzurro Stile Capri*, a brand-new Mediterranean-inspired easy-to-drink lager that perfectly complements the iconic *Peroni Nastro Azzurro* portfolio. *Peroni Nastro Azzurro Stile Capri* is a product that offers premium value to customer segments with growing consumption demand. Going forward, we will elevate *Peroni Nastro Azzurro*, positioning it as one of the world's most elegant beverage brands as we expand our premium portfolio with a focus on enhancing brand value.



Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies

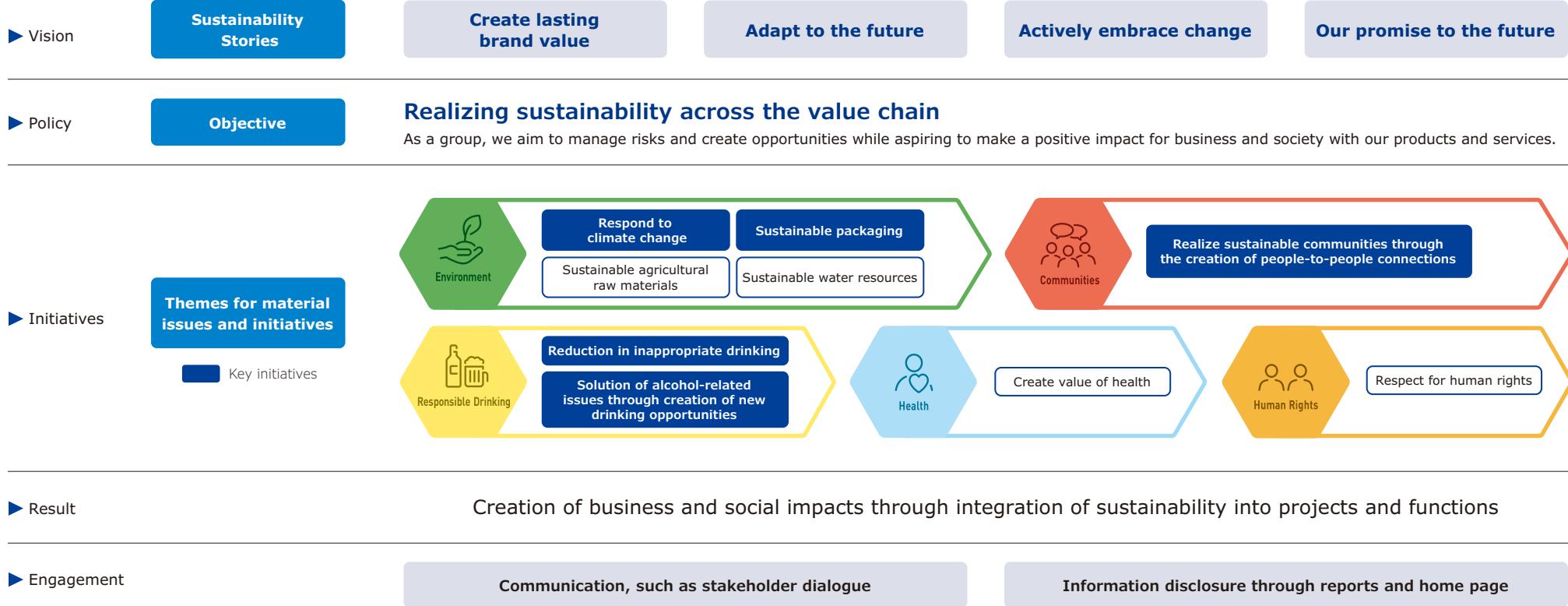
Sustainability Strategies

The Asahi Group is advancing the integration of sustainability into its management based on its Sustainability Stories, which demonstrate its reasons for tackling sustainability, ways for addressing it, and details of its initiatives.

We have set the realization of sustainability with our products and services as an objective, and we annually review material issues and initiatives that identify areas to be addressed as management

issues. By doing so, we ensure that they are appropriate and effective, with the aim of maximizing business growth and creating social value.

In 2023, we made human rights, formerly an initiative, one of our material issues.

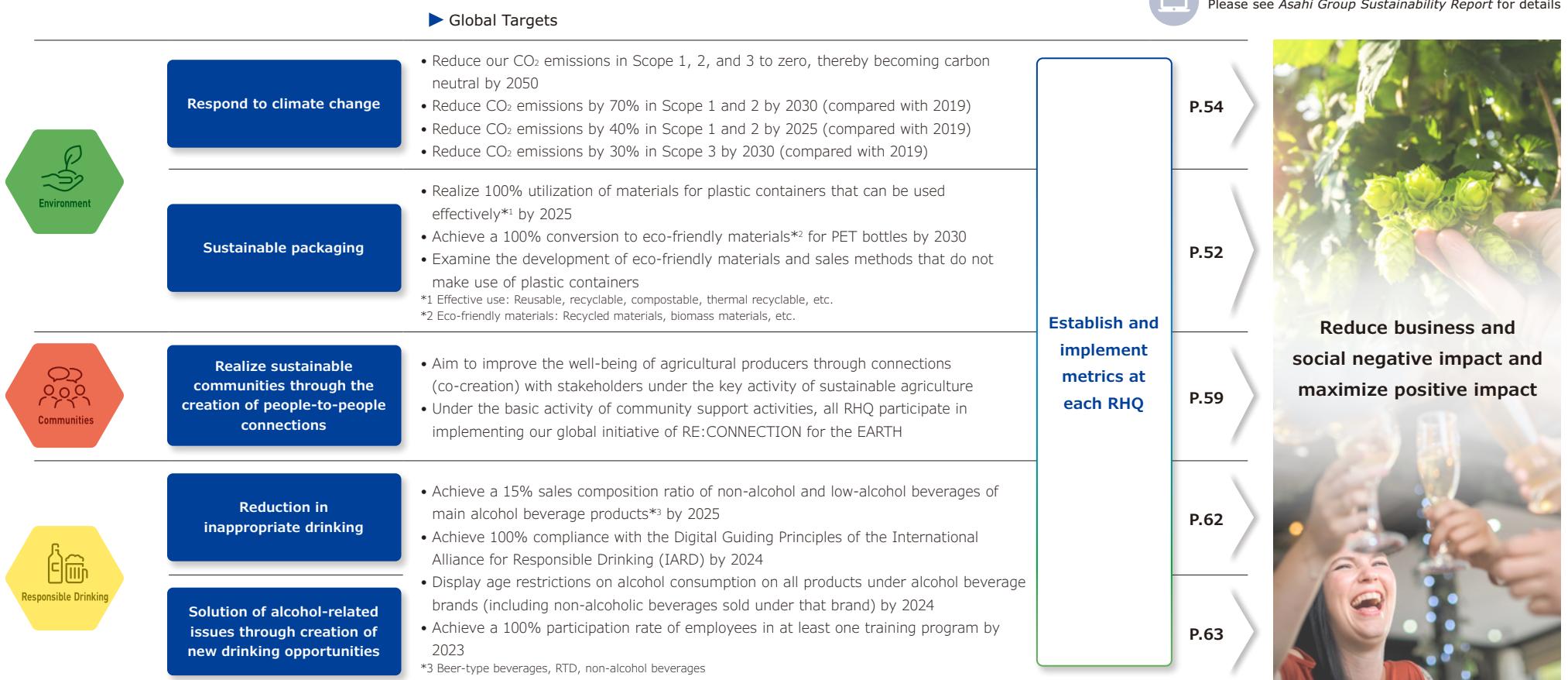


Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies ▶ Sustainability Strategies

Global Targets

The Global Sustainability Committee, which is chaired by the CEO of Asahi Group Holdings, Ltd., holds discussions and makes decisions on strategies and global targets and applies them Group-wide through the Sustainability Execution Conference and Sustainability Task Forces. Under the Sustainability Task Forces established for each theme, each Regional Headquarter

(RHQ) formulates three- to five-year road maps and annual action plans to embody initiatives for achieving global targets. Additionally, we began to visualize the business and social impact created through these initiatives in 2022.



Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies ▶ Sustainability Strategies

Visualizing Our Impact

In an effort to integrate sustainability into its management, the Asahi Group is working to establish a governance structure under which it can identify risks and opportunities pertaining to its material issues, formulate relevant strategies, set metrics and targets, and monitor the progress made with efforts to address these issues. In 2022, the Group began undertaking efforts to visualize the business impact of its sustainability initiatives and the social impact of its business activities with the aim of gaining a quantitative understanding of such impact. Through these efforts, the Group aims to identify important indicators for management and utilize them to prioritize initiatives, make investment decisions, and manage the progress of initiatives. The Group believes that this will contribute to the realization of sustainable business growth and the creation of positive social impact.

Overview of Efforts to Visualize Our Impacts

1. Initiatives Tested in 2022		
Initiatives	Themes	Analysis Methods Used in the Verification Process
Creation and test of value relevance map	• Environment • Communities • Responsible Drinking • Enhancement of Human Capital	Value relevance analysis Test through a simple regression analysis of the correlation between initiatives and adjacent values based on hypothesized value chain paths leading to corporate value enhancement
		Overview analysis Test through a multiple regression analysis of the direct relationship between multiple metric and corporate value (price-book value ratio [PBR]), making use of the "Yanagi Model"**
2. Future-Oriented Initiatives (Trial Phase)		
Initiatives	Themes	Analysis Methods Used in the Verification Process
Visualization of the business impact of initiatives from a financial perspective	—	(Methods currently under development) —
Visualization of social impact	• Responsible Drinking	Impact-weighted accounting Conversion of a company's positive and negative impact on society, including its employees, customers, and the environment, into monetary values

* CFO Policies, Third Edition: Value Creation through Financial and Non-Financial Strategies (CHUOKEIZAI-SHA HOLDINGS, INC., 2023), Dr. Ryohei Yanagi

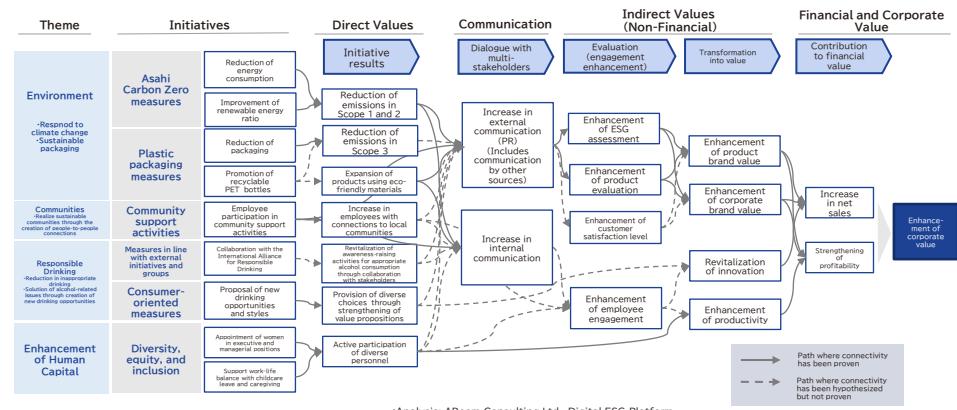
▶ 1. Initiatives Tested in 2022

Creation and test of value relevance map

Outline of Initiatives

We created and tested a value relevance map to assess our overall value chain paths to identify the business and social impact of our sustainability initiatives as well as to ascertain how they lead to the enhancement of corporate value. After charting out the hypothesized value chain paths, we established financial and non-financial metrics that measure each value and compiled relevant data. We then tested the value chain paths through a simple regression analysis of the correlation between adjacent values (value relevance analysis). We also carried out a multiple regression analysis (overview analysis) of the direct relationship between multiple indicators that measure various initiatives and corporate value (PBR). Lastly, we confirmed whether or not the results of both these analyses were reliable from a qualitative perspective.

Value Relevance Map (Excerpt)



Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies ▶ Sustainability Strategies

In 2022, we carried out these analysis in the Japan Business for key initiatives under our sustainability strategy: "respond to climate change," "sustainable packaging," "realize sustainable communities through the creation of people-to-people connections," "reduction in inappropriate drinking," "solution of alcohol-related issues through creation of new drinking opportunities" and for one of the strategic foundations of the Medium- to Long-Term Management Policy: "enhancement of human capital." Going forward, we will gradually expand the areas in which we conduct these analyses.

Results and Challenges

In the value relevance map, we verified the correlation between many of the adjacent values. In some of the value chain paths, it was demonstrated that all adjacent values in the path are correlated, from sustainability initiatives to the enhancement of corporate value. By doing so, we were able to ascertain the kind of value created by our initiatives as well as how these initiatives ultimately lead to corporate value enhancement. We view this as a major accomplishment. Meanwhile, there were certain value chain paths that we were unable to demonstrate due to such issues as a lack of data and the unreasonable setting of metrics. Although we were unable to demonstrate such paths, the test process did allow us to discover various hints for rethinking and improving our hypotheses. Drawing on our value relevance map as a foundation, we will seek to improve and evolve our initiatives aimed at visualizing our business and social impact.

▶ 2. Future-Oriented Initiatives

With regard to two initiatives that are still in the trial phase, we examined areas of these initiatives that need to be reinforced and considered their future aims based on the results of the analyses carried out in 2022.

Visualizing the Business Impact of Our Initiatives from a Financial Perspective

The Asahi Group is pursuing efforts to visualize the business impact of its sustainability initiatives from a financial perspective so as to leverage it in prioritizing initiatives, making investment decisions, and managing the progress of initiatives. In 2022, we attempted to calculate how much corporate value enhancement would be impacted in total if we made a 1% improvement in the performance of certain initiatives within the value chain paths, which was verified in the value relevance map. Although we obtained results from this trial calculation, they were not convincing enough due to the fact that they failed to incorporate the impact of certain factors not represented in the value relevance map. Based on the results we obtained, however, we will examine improvements and new approaches with the aim of visualizing the business impact of our initiatives from a financial perspective in a highly logical manner. We will also aim to attempt similar calculations for our social impact.

Visualizing Social Impact

As a corporate entity that operates businesses using the gifts of nature, the Asahi Group must carefully manage the potential impact of its business activities on the environment and society as a whole. We believe that if we can quantitatively assess the level of positive and negative impact that our business activities and sustainability initiatives have on not only our corporate value but also on society at large, then we will further be able to earnestly address relevant issues and formulate appropriate strategies and effective policies. To that end, we have been undertaking efforts to quantitatively visualize our social impact since 2022.

Outline of Initiative

We are striving to quantitatively visualize our social impact utilizing the impact-weighted accounting method. Under this method, we assess our social impact based on the three aspects of the environment, products, and our employees and convert the positive and negative impact we have on these three aspects into a monetary value. Doing so enables us to comprehensively visualize our social impact.* In 2022, we applied this method to our Japan Business based on the material issue of "Responsible Drinking."

* As of November 2022. In reference to the Impact-Weighted Accounts Framework

Initiatives Going Forward

In our initiative to visualize our social impact, we are currently at the stage where we have just got a hint for how to establish convincing calculation formulas. We will utilize the visualization of social impact as a means to motivate employees to be more engaged in sustainability initiatives. At the same time, we will publicly communicate the fact that we have commenced this visualization initiative. By doing so, we aim to have an even greater number of stakeholders get involved in co-creation efforts aimed at resolving social issues. Going forward, we will enhance the reliability of our data and formulas, expand the scope of this initiative, and utilize the visualized social impact as a metric for evaluating initiatives and determining investments. By doing so, the Asahi Group aims to become a pioneer of efforts to visualize social impact.

Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies

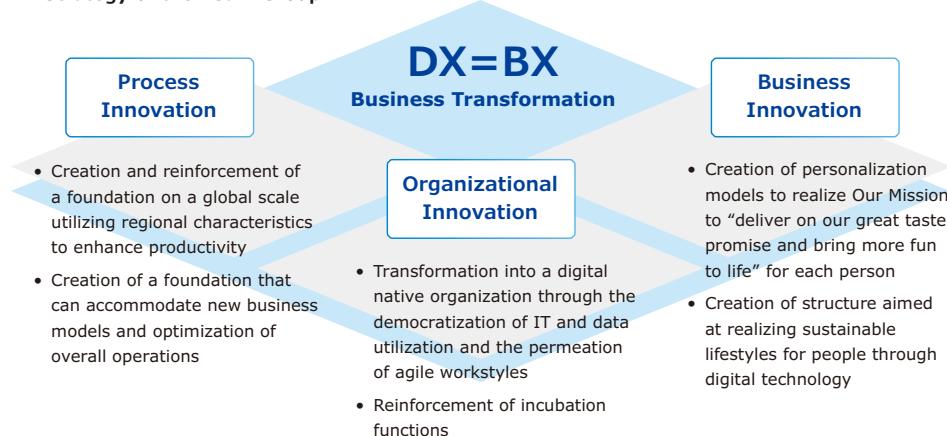
DX Strategy

► DX as the Driving Force for the Promotion of Management Strategies

The Asahi Group understands digital transformation (DX) as not only the improvement of efficiency through the utilization of digital technology but also the transformation of the business with the aim of creating new value. Sometimes, it is necessary to break down the established eco-system and existing business model and rebuild from the ground up. We believe that such management reforms cannot be realized if they are not led by management themselves.

Our DX strategy is one of the core strategies in our Medium- to Long-Term Management Policy and is the foundation underpinning our ability to realize our strategies by 2030. It is connected to the R&D strategy and sustainability strategies and aims for business transformation that enables the creation of new value. In formulating the DX strategy, we held five 30-hour workshops for management using the design thinking approach, where they reflected on their own personal experiences and discussed how to evolve the Asahi Group and pass the baton on to the next generation and on what kind of value they want to provide to society, regardless of competition with other companies, in anticipation of the next ten years. Finally, as a concrete three-year plan (fiscal 2022 to fiscal 2024), we summarized our approach for realizing business transformation from the three perspectives of processes, organization, and business models. With regard to the individual initiatives we are promoting in each of these areas, we have determined KPIs for these initiatives, including investment amounts and the number of employees receiving training in business divisions, under which we are monitoring their progress accordingly.

DX Strategy of the Asahi Group



Initiatives in Each Area

Business Innovation

To strengthen points of contact with consumers, we are working together with tech companies to create a system that supplements point-of-sale data by utilizing in-store cameras and artificial intelligence image processing technology at bars and restaurants. We are also trying to resolve the problem of excessive drinking, which is a social issue, by encouraging consumers to change their behavior through the use of wearable devices to visualize their level of intoxication. Since we handle personal information, we see the creation of a system to prevent information leaks while ensuring people understand its importance as a challenge.

Process Innovation

We have converted the productivity and quality information from plants around the world into KPIs and made them visible and transparent. By doing so, we are able to horizontally expand best practices and enhance productivity and quality. Furthermore, through current initiatives for global procurement, we aim to optimize procurement costs and risks and further improve quality by realizing economies of scale while leveraging our highly skilled human resources across the entire Group. In our global initiatives, the supply chain management (SCM) teams from the Global Headquarters (GHQ) and Regional Headquarters (RHQ) and the sustainability teams collaborate with IT organizations to design and introduce optimal solutions that utilize regional characteristics.

Organizational Innovation

The Asahi Group aims to transform into a digital native organization, which is not just a specialized organization for IT and data utilization skills but one where these skills are a natural part of each organizational function, namely SCM, human resources, sales, and management, in other words, democratizing IT and data use. Additionally, we are advancing the development of a platform to define requirements for necessary skills and realize the democratization of training, IT, and data use with the aim of transforming into an organization that can quickly respond to major changes in the business environment.

Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies ▶ DX Strategy

Another major issue is securing human resources who can focus on customer issues and are capable of creating value from diverse viewpoints based on accumulated data and the latest digital technology. From fiscal 2021, we have advanced training to develop human resources with the necessary data analysis skills, and roughly 9,000 Group employees have already completed our e-learning program on data literacy. To develop human resources capable of creating added value centered around digital utilization, we are also developing a personnel system capable of accumulating experience at different companies, including affiliated companies, not just at Asahi's GHQ.

Furthermore, we have established an incubation organization that plays the role of prompt commercialization and Group-wide development of ideas in the areas of personalization and sustainability both inside and outside the Company.

Global Data Platform That Strengthens Cost Competitiveness

The core of the Asahi Group's business operations is the management of each RHQ in accordance with the characteristics of each region. Accordingly, we are aiming for optimization on a global and local scale rather than the global integration of all information systems. Most importantly, we have narrowed our focus down to the following three high-priority themes, which will surely create value through global integration.

1. Global Data Management

Data systems for global use, such as supply chain and sustainability data and finance of, and talent management

2. Global Procurement Platform

Digital solutions for global procurement integration project

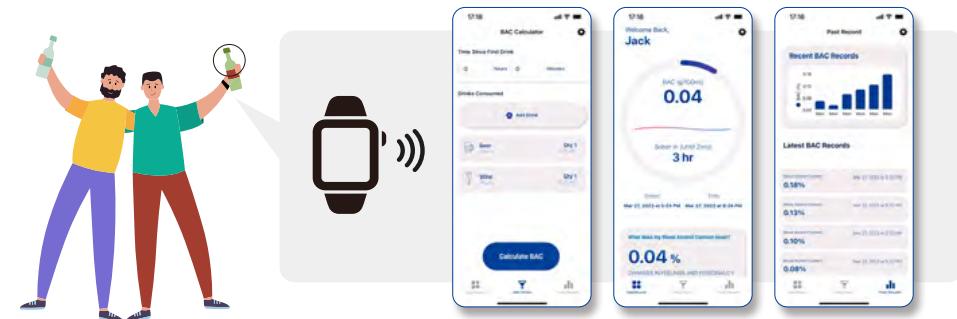
3. Global Cybersecurity

Information systems operated in each region have different security rules, frameworks, and structures. The Asahi Group has Group-wide cybersecurity standards that should be adhered to, and we have created an evaluation and monitoring system, process, and framework for the rules and frameworks in each region to ensure this.

As an example of these initiatives, under the global procurement platform we have transitioned to a structure that allows us to globalize our previously restrictive regional procurement across a wide range of areas through the introduction of a new global data platform. Through this endeavor, we will strive to create a significant positive financial impact by taking on a wide range of challenges, not only in digital technology but also in project management, workstyle innovation, decision-making frameworks, and the abolishment of fixed business practices.

Development of an Application to Visualize Intoxication

We are developing an application that visualizes the intoxication level of a consumer through the utilization of a wearable device. By understanding the previously vague sensation of intoxication through the visualization of digital information with graphs and figures, we will provide new experiences to consumers, encourage consumers to change their behavior to avoid inappropriate drinking, and contribute to the Asahi Group's target of promoting "smart drinking." To develop this technology, we required numerous fields, not only software engineering but also data science, medical science, and psychology, and we are advancing development by launching a joint project with U.S. universities.



Trial application scheduled to launch in fiscal 2023

Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies

R&D Strategy

► Establishment of Medium- to Long-Term Research Themes Based on Our Vision

At the Asahi Group, the R&D organizations at operating companies with thorough knowledge of our products are responsible for research themes related to short-term issues, and Asahi Quality & Innovations, Ltd. (AQI) is responsible for medium- to long-term research themes related to the sustainable development of the Group. We aim to collaborate through methods including a meeting body between AQI and the R&D organizations at operating companies and the utilization of an internal website.

For the four areas of "alcohol," "health & wellness," "sustainability," and "new businesses," which we defined as key domains of our R&D strategy in fiscal 2021, we are carrying out R&D by making predictions about the state of the Group 10 years in the future based on environmental analysis both inside and outside the Group and by backcasting from our vision for that time to determine potential problems.

Regarding the resources invested in R&D, we aim to maximize the results of investments by monitoring each theme and appropriately making revisions based on individual circumstances. By prioritizing investment in the recruitment, training, and capability enhancement of personnel vital to R&D, we aim to reinforce Asahi's unique value creation power. Furthermore, we are strengthening our response to sudden changes in the business environment surrounding Asahi by reinforcing our outside collaboration through investments in start-up companies with potential for technological synergy and other companies, not just in the Group's initiatives.

► Alcohol

Prediction for Conditions in 2030

The market for alcohol beverages will be exposed to decreasing inflows and increasing outflows and the importance of peripheral/adjacent categories and new value proposals will increase.

Vision

- Accurately understand any changes to the business environment and create and propose new value related to alcohol beverages
- Develop products and technology capable of ensuring dominance in BACs
- Sustainably grow alcohol-related businesses (our core business)

In alcohol-related markets, there have been changes to the way people around the world enjoy alcohol due to an increase in consumer health consciousness and diversification of consumer needs. While we predicted changes in the environment regarding alcohol intake, such as WHO recommendations, new opportunities can also arise from the move away from alcohol. To accurately understand these changes and provide new value when they arise, we will leverage the Asahi Group's unique business portfolio, including its technology and knowledge related to alcohol beverages and soft drinks centered around beer, such as handling beer yeast and lactic acid bacteria. We are strengthening research centered

around the development of various non-alcohol products and services capable of providing the same value as alcohol alongside the development of products and technology aimed at establishing dominance in BACs.

We are carrying out R&D to break down the barrier between those who drink alcohol and those who do not and to create new value so that the Asahi Group's products can continue to be widely enjoyed, contributing to the sustainable growth of the Group.

► Health & Wellness

Prediction for Conditions in 2030

The needs regarding health improvement and sense of well-being will continue to expand against the backdrop of the pandemic and an aging society, significantly impacting product selection.

Vision

- Provide new health value domestically and internationally through Asahi's unique health functional ingredients
- Propose new products and services that encourage changes in behavior to improve overall well-being
- Provide solutions tailored to the needs of various consumers

We are strengthening research related to services that utilize Asahi's unique health functional ingredients by leveraging the knowledge of beer yeast and lactic acid bacteria we have cultivated over many years to provide various solutions and propose new value in response to the expanding and transforming health awareness of consumers. We will focus on not only the physical but also mental well-being of women and elderly people, in addition to the metabolic and immunological domains, which we have previously focused our efforts on. Going forward, we will utilize the results obtained when researching these areas to propose new value both domestically and internationally.

We will actively engage in R&D in new domains, such as the development of technology to reduce sugar levels in fruit juice to help in maintaining a healthy body and the development of new services that encourage changes in consumer behavior through a sense of well-being, to support people's healthy and enriched lives by providing diverse value, both now and in the future.

Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies ▶ R&D Strategy

▶ Sustainability

Prediction for Conditions in 2030

Climate change will create risks in raw material procurement and adaptation to a resource-recycling society will be required.



Vision

- Implement world-class technology in the sustainability field
- Fully adapt to a resource-recycling society, including use of by-products
- Achieve our environmental targets, fulfill our social responsibilities, and generate Core Operating Profit

To achieve Asahi Group Environmental Vision 2050 and Asahi Carbon Zero, we are actively engaging in reducing CO₂ emissions; conducting verification tests for various solutions, such as biomethane fuel cells that are in continuous operation at a world-class level; and carrying out R&D into solutions for social implementation. Furthermore, we will contribute to reducing our environmental impact and stably securing and circulating resources through the use of new equipment that contributes to reducing the use of containers and of agricultural production technology that takes into account the environmental impact of the Asahi Group's main raw materials. We are also engaging in creating new value by collaborating with outside institutions to effectively utilize by-products.

By carrying out R&D on sustainability, we will not only achieve targets adopted by the Asahi Group and fulfill our social responsibility but also aim to obtain results that lead to Core Operating Profit through sustainable corporate activities.

Topic

Notification Accepted for the Functional Claim That Lactic Acid Bacteria *Lactobacillus acidophilus* L-92 Is Effective in the Maintenance of Immunity Functions in Healthy Adults

A paper^{*1} on human trial results to date regarding the R&D on Asahi's proprietary material lactic acid bacteria strain *Lactobacillus acidophilus* L-92 has been published. We have already had a notification accepted for a functional claim (notification number H190) regarding the reduction of nasal discomfort due to irritants such as dust according to the research paper.

We have scientifically proven^{*2} the usefulness of this strain in the immunity function domain and, based on this result, a notification as a food with functional claims was submitted by Asahi Group Foods, Ltd., Asahi Soft Drinks Co., Ltd., and Asahi Breweries, Ltd., and accepted (notification numbers H727, H839, H840, H841, H842, H843, and H1117). We plan to launch products using this strain sequentially.

*1 "Japan Pharmacology & Therapeutics (JPT)" vol. 46 no.3 (2018)

*2 "Japan Pharmacology & Therapeutics (JPT)" vol. 49 no.8 (2021)

▶ New Businesses

Prediction for Conditions in 2030

Emerging technology and new business models will appear, generating earnings opportunities and changes to the structure of industries.

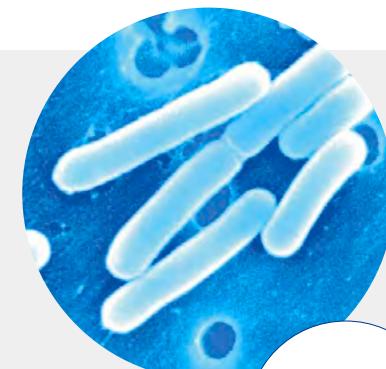


Vision

- Create businesses that combine existing technology with new technology and business models
- Realize new businesses based on the strengths of existing businesses
- Achieve social implementation from research results

There are predictions for further acceleration of changes to the business environment surrounding the Asahi Group, including the progress of emerging technology, such as digital technology; the diversification of consumer needs; and changes to required social responsibility. Amid these changes, we believe that innovative external technology and knowledge, in addition to in-house technology, are vital for realizing our medium- to long-term business portfolio. Accordingly, we aim to accelerate the fostering of technologies in the Asahi Group and the creation of new businesses through open innovation and other measures to increase speed and proactively incorporate said technology.

Furthermore, we aim to actively incorporate new technology and business models, promote social implementation from results obtained through R&D, and enhance the market value of these results.



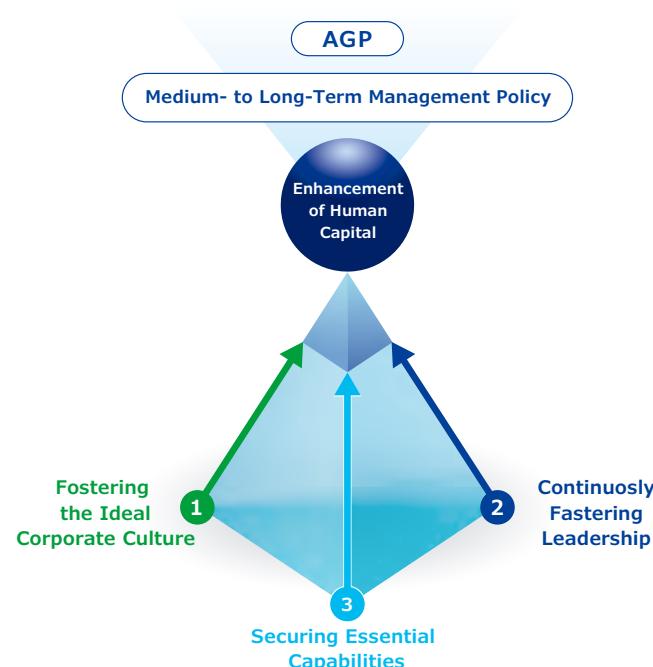
Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies

Enhancement of Human Capital

Integration of Management Strategy with Human Resource Strategy

At the Asahi Group, we believe it is essential to closely link our human resource strategy with the implementation of the management strategy, and we are formulating our human resource strategy based on three approaches to enhance human capital. We have identified this as one method of reinforcing the management foundation underpinning our long-term strategies.

Under our approach of "fostering the ideal corporate culture," we will enhance engagement by fostering a corporate culture where employees, who are responsible for implementing strategies, can work in a lively manner. Under "continuously fostering leadership," we will systematically train managers who lead Group management in the medium- to long-term. Under "securing essential capabilities," we will acquire and satisfy capabilities vital for implementing our strategies. Through these approaches, we will support a management foundation that will promote the enhancement of corporate value.



① Fostering the Ideal Corporate Culture

It is essential to recruit and maintain outstanding human resources to achieve our long-term strategies. Accordingly, we must foster a corporate culture with a high level of engagement. To foster a corporate culture that promotes individual and Company growth, as laid out in the Asahi Group Philosophy (AGP), we are promoting initiatives under the four pillars of our People Statement—"safety and well-being," "everyone matters: diversity, equity & inclusion," "growth through learning," and "better together." Among these pillars, we are promoting specific initiatives with "everyone matters: DE&I" as a key driver for fostering the ideal corporate culture.

② Continuously Fostering Leadership

We must systematically train managers capable of leading the Asahi Group to achieve our long-term strategies. We are implementing talent reviews to share the degree of performance of and development plans for personnel in particularly vital positions based on Asahi's Global Leadership Competency Model, which defines the disposition and experience required to lead. By creating a leadership development program, we aim to nurture leaders from a medium- to long-term perspective.

③ Securing Essential Capabilities

It is vital to secure various essential capabilities for achieving our ideal business portfolio, core strategies, and strategic foundation strengthening as laid out in our Medium- to Long-Term Management Policy. In order to secure various capabilities, we are training internal personnel, deploying personnel across regions, and developing a human resource remuneration system to reinforce competitive recruitment. Furthermore, we are promoting the securing of optimal and flexible capabilities by combining initiatives such as securing external personnel through methods including diversification of recruitment channels and leveraging external resources through open innovation.

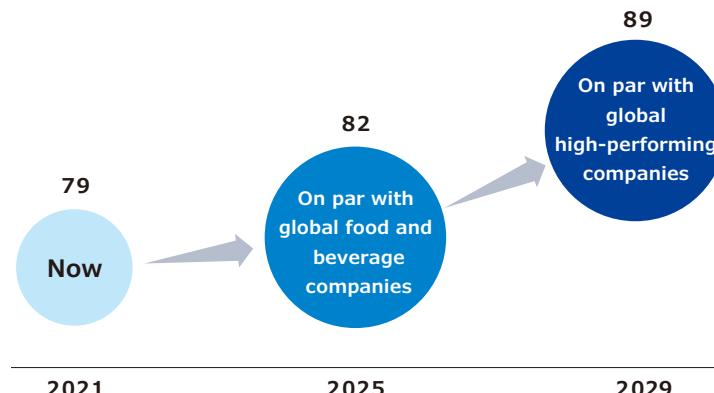
Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies ▶ Enhancement of Human Capital

① Fostering the Ideal Corporate Culture

▶ Continuous Enhancement of Employee Engagement

To foster the ideal corporate culture, it is vital that the Asahi Group improves employee engagement. We periodically conduct engagement surveys to objectively understand the state of the organization and continuously implement measures to clarify specific issues and come closer to the ideal corporate culture. In these surveys, we place particular importance on the score for sustainable engagement, for which we established numerical targets globally in 2022. As sustainable engagement is an indicator of a desire to contribute to the achievement of targets and a sense of belonging to the organization, we make comprehensive calculations by measuring factors including an understanding of Asahi strategies, the overall productivity of the working environment, and mental and physical health. We understand that there is a correlation between improving this score and business performance, and we have adopted it as an indicator, as it is optimal for monitoring the four pillars of our People Statement, which is the cornerstone of fostering our ideal corporate culture. We intend to continue increasing and improving employee engagement with the goal of achieving a score of 82 in 2025, on par with global food and beverage companies, and 89 in 2029, on par with global high-performing companies, compared with a score of 79 for the entire Asahi Group in 2021.

Target Score for Sustainable Engagement



Note: The target score is based on score results from 2021, with global food and beverage companies and global high-performing companies as a benchmark.

▶ Safety and Well-Being

Providing a working environment that is considerate of health and safety has a significant connection with improving employee motivation and engagement. Accordingly, we have placed "safety and well-being" as our highest priority among the four pillars of our People Statement. We believe that protecting the health and safety of our employees is also connected to protecting the health and safety of local communities, which leads to the enhancement of corporate value, so we will strengthen global initiatives to improve safety and well-being.

Creation of Promotion Structure

In 2023, the Asahi Group established the Global Safety and Well-Being Council as an advisory body to the CEO. This council has adopted a co-chairperson system, and members are selected from employees with diverse backgrounds based on the recommendation of the CEO of each company. The council will actively promote safety and well-being while taking in a wide range of opinions. Going forward, this council will also consider establishing an annual action plan and global KPIs originating from strategies based on indicators related to workforce health and safety, such as the lost time injury frequency rate (LTIFR), the total recordable injury frequency rate (TRIFR), and engagement survey scores.

Asahi Global Safety and Well-Being Council Organizational Chart



Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies ▶ Enhancement of Human Capital

▶ Everyone Matters: Diversity, Equity & Inclusion

Establishment of Milestones for Achieving Targets for Percentage of Women in Management

The Asahi Group has adopted a target of increasing the percentage of women in management to over 40% by 2030. To ensure we achieve this target, we established new numerical targets as milestones to reach by 2024 and 2027. The Global Diversity, Equity, and Inclusion Council always shares example cases and issues with each Regional Headquarters (RHQ) and, by receiving suggestions at these meetings, aims to achieve these targets by reviewing the human resource system and developing guidelines for promotions, training, recruitment, and other topics.

Guidelines Established for Achieving Milestones

Asahi Group Holdings, Ltd.	Aim to achieve more than 50% of women in managerial positions by 2030, higher than the Group-wide target.
Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., and Asahi Group Foods, Ltd.	Increase number of female graduate employees to over 50% by 2023

Targets and Progress for Percentage of Women in Management



Enhancement of Initiatives for All Global Employees

We aim to increase the opportunities for employees to feel that DE&I is personal and implemented a campaign in 2022 for all global employees to participate.

In March, we held an online event for International Women's Day with the theme of "Break the Bias" and over 1,700 employees took part. The CEO and CHRO of Asahi Group Holdings, Ltd. attended and shared their thoughts in a speech to employees, and there were keynote speeches made by guest speakers at events held at each RHQ. We have positioned June as DE&I Education Month and have developed over 30 programs with diverse themes, including overall DE&I, LGBTQ+ issues, and disabilities, in light of the issues at each RHQ. Going forward, we will enact initiatives as an opportunity for a global shift to awareness, education, and implementation of DE&I.

▶ Growth through Learning

In the Our Principles section of the Asahi Group Philosophy, we have adopted the principle to "Foster a corporate culture that promotes individual and Company growth." We have implemented programs including the Global Leadership Development Program and the Leadership Enhancement Agility Development (LEAD) for the purpose of developing future business leaders to achieve this principle. From 2023, in addition to these programs, we have begun to develop the Global Learning Platform that connects Group employees around the world and enables them to learn from each other and grow together. Going forward, we will continue to develop numerous initiatives globally and aim to transform into a learning organization.

▶ Better Together

The ability to create synergy is a major strength of Asahi Group management. We see collaboration as the creation of synergy through internal cooperation and communication and hope to further reinforce this in the future.

As an initiative to achieve this, we launched the CHRO Learning Community in 2023, which encourages employees to grow by teaching each other and learning together. In addition to the Global Challengers Program, an on-the-job program for young Japanese employees at overseas operating companies, in 2023 we also launched the Talent Exchange Program for global employees, which aims to implement personnel exchanges with employees in different regions. We aim to create synergy by promoting organizational growth through collaboration across regions.

Medium- to Long-Term Management Policy (Overview) ▶ Core Strategies ▶ Enhancement of Human Capital

2 Continuously Fostering Leadership

The Asahi Group is promoting the formulation of highly effective succession plans and the enhancement of development programs for the next generation of leadership to systematically train managers.

Regarding the formulation of succession plans, we implement annual talent reviews for personnel in particularly vital positions, hold discussions aimed at realizing plans for nurturing candidates for the next generation of leadership, and deploy the right people in the right places across our regions of operation over the medium to long term. As a result, an employee from Europe was appointed in a department head position at Asahi Group Holdings, Ltd. in 2023. Furthermore, we have been able to visualize personnel who should be candidates for nurturing and recruitment and formulate even more highly effective succession plans by creating Asahi's Global Leadership Competency Model, which defines the disposition and experience commonly required in global management.

The development programs for the next generation of leadership produce more than 30 candidates every year as a result of expanding the selective Global Leadership Development Program to three levels depending on the career stage of eligible employees. We plan to reinforce management personnel development from a medium- to long-term perspective by combining follow-up programs and the deployment of the right people in the right places across our regions of operation.

Asahi's Global Leadership Competency Model

Shapes Culture	Strategic Foresight	Drives Positive Impact
Fosters Culture Create a corporate culture that encourages high performance and success by engaging in business with honesty, modesty, flexibility, comprehensiveness, and impartiality. Take action under "One Asahi"	Systemic Thinking Predict the timing, scope, and purpose of threats to continuity and new business opportunities for Asahi from a long-term perspective via megatrends	Steward for Stakeholders Foster trust with numerous stakeholder groups by involving them in strategies, decision-making, and implementation
Learning Leader Commit to and exemplify continuous learning using both internal and external resources for the sustainable growth of the company and individuals	Collaborative Command Hold frank and constructive discussions before strategically making decisions	Advocates Asahi Influence the community and the world as a representative of Asahi to have a positive impact on society and the environment
Purpose-Driven Leader Clarify and follow the path to realizing the AGP	Change Leadership Formulate and undertake strategies based on clear reasoning and allocate personnel and resources to truly vital areas	Communication Agility Be versed in communication with diverse stakeholders, in diverse languages, and on diverse platforms

3 Securing Essential Capabilities

We have clarified the capabilities necessary for considering issues including the achievement of our ideal business portfolio, core strategies, and strategic foundation strengthening as laid out in our Medium- to Long-Term Management Policy, and we are advancing the securing of capabilities in the departments promoting these issues. Specifically, we are advancing from the two approaches of utilizing internal Group personnel with the right person in the right place alongside human resource development and securing external human resources who excel in specialist fields.

An example of utilizing Group personnel is how we opened up recruitment globally after establishing Asahi Group Beverages & Innovation, LLC, an investment management company in the United States, in 2022. There were over 20 applicants from various countries and regions, and ultimately four people with diverse experience and backgrounds were selected from the Netherlands, Australia, and Japan. Additionally, we held open recruitment for the position of global technical lead in the supply chain department of the Company, appointing an employee living in Australia.

Regarding the acquisition of external personnel, the Company has been advancing the reinforcement of competitive recruitment by introducing a human resource remuneration system linked to labor market remuneration levels. Furthermore, we are promoting initiatives for industry-academia collaboration between universities and research institutions and the use of open innovation in the R&D domain, as well as aiming to secure essential capabilities through diverse and flexible methods, including leveraging external resources through partnerships and alliances.

Trends in Securing External Personnel through Mid-Career Recruitment at Asahi Group Holdings, Ltd.

Fiscal Year	2018	2019	2020	2021	2022
Number of People Employed	0	2	9	11	13



Founding members of U.S. investment company

04 Our Growth Story

**The Integration of Sustainability into
the Asahi Group's Management
Seen through Communication between
Those Responsible for Promoting
Sustainability Strategies**

The Asahi Group is striving to integrate sustainability into its management with the aim of realizing sustainable business activities and a sustainable society. To date, the progress of this endeavor and the details of initiatives to further promote it have been communicated in the Group's integrated report and other materials. In this section, persons responsible for pursuing sustainability strategies at Asahi Group Holdings, Ltd. and each Regional Headquarters (RHQ) speak openly about what is going on behind the scenes in the promotion of sustainability strategies.



*1 Appears under his nickname, Nathan, in the text

*2 At the time of the dialogue

Our Growth Story

Building Strong Trust-Based Relationships

How do you communicate with each other while promoting sustainability strategies on a global basis?

Kayoko As a person responsible for the Group's sustainability, I engage in close one-on-one communication with the leaders of each RHQ on a regular basis. I think being able to speak openly and honestly is an extremely important aspect of building trust-based relationships. Laws, regulations, and culture differ by region, and all of us hold different positions within the Group. Accordingly, there are times when our opinions clash with each other's. I am truly grateful to everyone, however, for their honesty, as hearing a wide range of opinions enables us to make new realizations.

Nathan Asahi Holdings Southeast Asia Sdn. Bhd. (AHSEA) is the smallest RHQ within the Group, and to date I have sometimes felt that we have not been able to contribute enough to promoting sustainability on a Group-wide basis. However, through the one-on-one meetings I have had with Kayoko, I have come to feel that we are truly participating in important sustainability initiatives at a Group-wide level. Rather than feeling as if targets are finalized from the top down, these one-on-one meetings allow me to hear in detail the background and aims of the Group's targets. This in turn helps me thoroughly explain these matters to my team members. Kayoko strongly encourages us to establish ambitious targets and pursue investments that we may not have undertaken on our own. For example, through our meetings, we agreed to boldly pursue initiatives aimed at achieving the Group's target of a 70% CO₂ emissions reduction in Scope 1 and 2 by 2030 compared with 2019.

Drahomíra The fact that our meetings are one-on-one allows us to listen to each other's different opinions and engage in very constructive discussions without becoming overly emotional. Cultural differences can sometimes cause us to draw conclusions that seem at odds with each other, and a one-on-one setting enables us to clarify specific areas where our opinions differ. As a result of these kinds of conversations, we are able to move forward with strategies and decisions at a much greater pace than we have before. Strategies are not something that are promoted by machines, but rather humans, and through these one-on-one meetings, I experienced firsthand the Group's great attitude of getting people involved and listening carefully to each other.

John I feel that we have been able to build trust-based relationships through these one-on-one meetings. I have been truly impressed with Kayoko's ability to listen and seek to understand our culture, our people, our ways of working, and other important aspects. I therefore feel like we have been able to align our strategies and targets on a global basis.

Kazuhiko I think that Kayoko often feels a certain amount of pressure from the requests and demands she receives from our external stakeholders. There are times when even I find it somewhat difficult to agree with the proposals from Asahi Group Holdings, but I understand that some proposals reflect a compromise that has been made due to external pressure. Conditions around the world change extremely fast, and the level at which we need to operate is becoming higher and higher. I therefore feel it is a very challenging task to incorporate our global strategies and initiatives at the RHQ level. However, through our one-on-one meetings, I have come to realize that displaying our attitude of tackling this challenge without hesitation is an excellent way of communicating our corporate value to external parties.

Kayoko All of you are extremely passionate about sustainability. Although our opinions can differ at times, I find it extremely rewarding to be able to tackle challenges together with you all under a shared vision.

Strengthening a Governance Structure to Promote Sustainability Strategies

I understand that the Group's vision is being shared through your everyday communication.

How do you feel about the roles and accomplishments of the Group's global committees?

Kayoko The Group has established and currently operates such global committees as the Global Sustainability Committee (GS Committee), the Sustainability Execution Conference, and the Sustainability Task Forces. Drahomíra is the one who strongly advocated for the establishment of the GS Committee. I still vividly remember a telephone conference with her in which she was very assertive about setting up this committee. This meeting helped me promptly put pressure on the Group's management, which ultimately resulted in the establishment of the GS Committee. From management to execution, we have put in place a coherent organizational structure for promoting sustainability, and I believe this has set in motion a global PDCA (Plan-Do-Check-Act) cycle.

Drahomíra It is truly wonderful that we have been able to build a governance structure to align the Group on a global scale. Up until only a few years ago, the level and phase at which the Group's sustainability strategies were being promoted differed

Our Growth Story

entirely by RHQ. In terms of Asahi Europe and International Ltd. (AEI), we had set for ourselves the bold target of achieving carbon neutrality, put in place various committees to reach this target, and established sustainability teams in each country of operation. Although we were leaders within the Group at the time in this regard, the Group's establishment of a governance structure that aligned the direction of each region helped very much in strengthening our structure and awareness at AEI.

Nathan Before the establishment of the GS Committee, sustainability was not that major of a theme at AHSEA. Now, however, the idea that sustainability is not just an environmental and social contribution but also a crucial initiative for enhancing corporate value has been thoroughly entrenched across the company. We will therefore take risks and pursue investments for realizing the Group's sustainability targets. Our current approach to sustainability differs completely from the one we maintained in the past, in which we viewed it from the perspective of costs. The fact that we were able to swiftly

Sustainability Governance



absorb and adopt this new way of thinking regarding sustainability is thanks to the establishment of ambitious targets and the sharing of information by the GS Committee.

Kazuhiko In Japan, there is a tendency to make commitments to goals that we believe can be steadily achieved. However, I feel that the value system of Asahi Group Japan, Ltd. (AGJ) is changing amid the Asahi Group's efforts to promote communication. For example, at a meeting of the GS Committee, Paolo Lanzarotti, the CEO of AEI, bluntly called out the targets for CO₂ reductions proposed by AGJ. He said that the targets were far too low and told us that we should not set targets based only on the current technologies we possess because we do not know what kind of technological innovations may emerge in the future. As a result, we raised our targets at AGJ significantly. This demonstrates just how effective the GS Committee is.

Drahomíra I think what Nathan and Kazuhiko just mentioned is very important. I am truly pleased to see a high level of ambition toward sustainability being shared extensively across the Group. Above all else, this ambition plays a pivotal role in the long-term success of the Group's businesses. About five years ago, I remember speaking in front of 150 leaders at AEI and explaining to them how we were going to commit to achieving carbon neutrality. They looked at me as if I was a bit eccentric. Now, however, almost everyone at AEI brings up sustainability when we engage in decision-making. This kind of dramatic change did not happen overnight. I am convinced that the only way to achieve long-term business success is to increase the number of employees who are passionate about sustainability, and the passion of our employees toward sustainability is what helped drive change at AEI.

John The existence of these committees has been crucial to aligning our direction and aims on a global basis. Meanwhile, I

believe there is still room for improvement in terms of sharing best practices. If we can engage in more invigorating communication between each RHQ, this will help further enhance the Group's sustainability strategies. Even if there are differences in the points of emphasis and timing of each RHQ, there are most certainly issues that we all share. I therefore wish to be more proactive in learning about how other RHQ tackle issues that are similar to the ones we face.

Kayoko At a GS Committee meeting held in November 2022, there were many questions asked between each RHQ. I believe this shows one of the ways in which we have established a structure for mutual learning and improvement. Of course, there are areas of our current structure that are less than satisfactory, and we must therefore continue to build structures that promote sustainability in a manner that melds it within our business strategies as we aim to integrate sustainability into our management as a whole. In particular, I think a pressing issue moving forward will be creating frameworks and opportunities for enhancing communication between each RHQ.

Holding Discussions on Sustainable Products with a View to Accomplishing Our Objective

One major topic of discussion at meetings of your global committees in 2022 was the type of frameworks the Group needs to build in order to deliver sustainable products. What kind of specific matters did you discuss within the Group?

Kayoko When we updated our Medium- to Long-Term Management Policy, we adopted "realizing sustainability across the value chain" as our objective of our sustainability strategies.

Our Growth Story

I believe this is exactly the kind of straightforward initiative that we need in order to integrate sustainability into our management. No matter how outstanding a product is, people will not be interested in purchasing it if it has a high burden on the environment or if it was produced in a manner that infringes on human rights. To truly position sustainability as a driver of growth for our businesses, we will need to incorporate sustainability into the product development process throughout our entire value chain. It will also become even more important to communicate to consumers how exactly we are doing this. If we can drive changes in consumer awareness and behavior through our products, then I believe that we can improve the planet and society as a whole. To that end, we will establish a definition for sustainable products based on the market conditions and social issues in each region and strive to build frameworks for delivering such products. I believe this is an important endeavor in order to realize our objective. I have primarily been talking about Group-wide initiatives, so I would like to hear about the specific initiatives of each RHQ.

Drahomíra We are placing emphasis on two points in order to deliver sustainable products. The first point is internal understanding. When we incorporated sustainability into our criteria for new product development, we faced various challenges, including the high unit cost of eco-friendly containers and difficulties with using these containers due to the small number of new products being produced. However, rather than giving up on products because of such challenges, we asked our marketing team to constantly consider how we can incorporate sustainability elements in new products. This was extremely important. The other point that we place emphasis on is engagement with consumers. We are a business, and as such we must ensure that sustainable products are profitable. To that end, we conduct regular surveys on the kind of sustainability themes that

consumers in each market value and on what kind of brands consumers believe to be sustainable. It is essential that we engage in communication that ties sustainability into our brands, based a firm understanding of consumers.

Kazuhiko In Japan, we are making progress with initiatives such as utilizing green electricity and promoting the sale of unlabeled products. However, I do not believe these initiatives are enough. We are currently discussing the kinds of topics everyone has mentioned here, such as how to realize sustainability across the entire value chain while incorporating sustainability into our brand image. The level of awareness of sustainability issues in Japan differs by generation. We therefore intend to roll out marketing activities that skillfully integrate sustainable values into the images of our brands. In addition, we are setting our sights on creating brands that embody sustainability values, such as environmental considerations.

Nathan To be honest, the marketing and sales teams at AHSEA are still somewhat skeptical of whether sustainable products can be viewed as high-value-added products in the market in which we operate. However, we are gradually making progress in this regard thanks to the support of everyone here and of Asahi Group Holdings itself. Everyone here at AHSEA, including the members of our marketing and product development teams, adopts sustainability into their ways of thinking. After holding discussions at various global meetings, we are now proceeding with plans to include symbols on our packaging that indicate that a product can be recycled. We actually have several brands that we can declare make use of 100% renewable energy, but we have yet to take full advantage of this fact. In a similar manner as AEI, we will pursue marketing activities that seek to form connections between our brands and sustainability.

John Consumers in Australia and New Zealand are embracing more sustainable products. I am proud to say that Asahi Holdings (Australia) Pty Ltd (AHA) is aiming to transition to using packaging that is either recyclable, reusable, or compostable. With regard to these initiatives, we have received feedback from stakeholders through the steering committee for continued shared learning. We also believe that it is important to get the facts right when it comes to sustainable product claims.

Drahomíra We maintain a similar belief at AEI. While it is very important that consumers know that our products give consideration to sustainability, we have to make sure that there is quantitative proof behind our claims. In addition, we need to ensure that the details of our claims can be clearly understood by consumers. Recently, the European Commission announced the Proposal for a Directive on Green Claims, setting harmonized minimum requirements to counter greenwashing, to increase transparency toward consumers and raise the overall level of trust surrounding environmental claims and labels on the EU market. At AEI, we commenced initiatives to measure the environmental footprint of our products in an effort to stay ahead of greenwashing legislation. Also, we have formulated independent rules and policies related to brand communication and are working to reduce greenwashing-related risks. I feel that such communication rules and policies are something the Group should establish consistently on a global basis.

Kayoko That is a remarkable proposal. We should delve into that topic at upcoming meetings of the GS Committee and at other forums.

Our Growth Story

Examining Future Sustainability Strategies for the Asahi Group

In closing, what are the future issues facing the Asahi Group in the promotion of its sustainability strategies?

Drahomíra I think there are two major points to consider in order to make the Group's sustainability strategies more sophisticated. The first point is to have AGH and each RHQ come together to tackle difficult issues on a global basis, such as the overall plastic issue and heat decarbonization. In particular, if we can draw on the know-how that Asahi Quality & Innovations, Ltd. (AQI) possesses, then I believe we can discover even more impactful solutions. The second point is digitalization. It is important to gather accurate data as we measure the quantitative effects of our initiatives, and I believe we can generate further added value by reducing input errors in the data-collecting process and eliminating the burden of manual labor involved in this process.

Nathan Recently, AQI provided us with an explanation of the technologies and know-how it possesses. During this explanation, I felt the tremendous potential of applying these technologies and know-how to drive innovation in the field of sustainability. Procuring sustainable materials in Southeast Asia is a challenging task, and recycled PET bottles, for example, cost 30% to 40% more than regular PET bottles. Another local challenge is the sensitivity of halal certification. Such certification requires substantial costs, including those for promoting awareness-raising activities. With that said, to maintain our leading position in the market, it is imperative that we pursue initiatives and investments at a level that goes beyond that required by regulations.

Kazuhiko As Nathan mentioned, the Asahi Group must drive the industry as a leader. Although taking the initiative leads to various kinds of costs, as other companies in the industry and the market itself start to follow in our steps, these costs will naturally decline. Furthermore, AGJ is involved in a broad range of businesses, spanning not just alcohol beverages but also such areas as soft drinks and food, and I believe this enables us to acquire greater expertise and know-how on reducing CO₂ emissions than if we were only operating in just one specialized domain. The Asahi Group has issued green bonds geared toward sustainable investments, and going forward I would like to better communicate just how serious we are about sustainability, including information on these kinds of initiatives.

John AHA will continue to pursue the Group's policies and provide support for sustainability initiatives on a Group-wide basis. Sustainable agriculture, which constitutes a key activity for the material issue of "Communities," is an area in which we have been particularly focusing our efforts. For example, Asahi Breweries, Ltd., which operates under the corporate umbrella of AGJ, purchases Australian barley as a raw material for its products. This means that support for the agricultural industry in Australia also helps the Group achieve the stable procurement of raw materials. I feel that this is a valuable approach that will help lead us into the next stage of integrating sustainability into the Group's management.

Kayoko Our efforts to integrate sustainability into our management are moving beyond the phase of establishing a Group governance structure and into one in which we firmly entrench sustainability into our businesses and frontline operations as well as into the awareness of our employees. In this phase, each region, business, and division will establish

strategic targets that incorporate sustainability and seek to maximize positive business and social impacts by repeatedly engaging in actions aimed at accomplishing these targets. In order for the Group to maintain its presence as a valuable part of society and to achieve sustainable growth even 100 years into the future, I would like to promise our stakeholders that we will accelerate initiatives to integrate sustainability into our management to a greater level than ever before.

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Revision of Asahi Group Environmental Vision 2050

We revised Asahi Group Environmental Vision 2050 to further accelerate environmental initiatives and maximize positive impacts on business and society. We have adopted "Planet Positive," which represents the idea of having a positive impact on the earth, as our vision of what we would like the world to be like in 2050, with the aim of passing on the gifts of nature to future generations.

The creation of this vision was carried out under a project team, which included members of each Regional Headquarters (RHQ). We also gathered opinions from employees of diverse nationalities under the age of 35, who are the future generation responsible for 2050, and reflected them in this vision. In addition to the opinions of employees, we solicited opinions from Mr. Takejiro Sueyoshi, a member of the United Nations Environment Programme Finance Initiative. In these ways, we placed emphasis on cooperating with a wide range of stakeholders.

Asahi Group Environmental Vision 2050

We, the Asahi Group, have been enjoying the gifts of nature to create our products and services for over 100 years. We are concerned that the worsening global environmental issues threaten not only the sustainability of our business but also the survival of humanity if we do not act accordingly.

As we would be unable to continue our business without these gifts of nature, we are determined to achieve Planet Positive, which will reduce the burden on the environment from our business to zero, and maximize value to the global environment through circularity.

What We Would Like the World to Be Like in 2050



Climate Change	Packaging	Agricultural Raw Materials	Water Resources
Beyond Carbon Neutral A world toward a carbon-free society, where carbon emissions are reduced in society as a whole, beyond the boundaries of business, and biodiversity is preserved	A Society Free of Packaging Waste A world where the use of resources to make packaging is minimized, used packaging is recycled, and marine biodiversity is preserved	Sustainable Agricultural Raw Materials A world where farming is carried out while considering the environment, respecting human rights, and realizing regional revitalization, and there is a balance between stable production and preservation of the ecosystem	Healthy Watersheds for People and Nature A world where the appropriate quality and quantity of water and the function of the soil are preserved for maintaining health, living environments, and biodiversity, and resilience against natural disasters is enhanced

The Asahi Group's Efforts to Realize Its Vision

At the Asahi Group, we carry out efforts to minimize the resources used and maximize circularity through the value chain, and generate synergy by creating strategic partnerships with stakeholders, with the aim of realizing what we would like the world to be like in 2050.

Climate Change	Packaging	Agricultural Raw Materials	Water Resources
Complete an early transition to renewable energy Realize both the reduction of CO ₂ emissions across the value chain and preservation of the ecosystem	Promote decarbonization of fuel Develop and deploy technologies for reduction, absorption, and collection	Minimize use of resources Develop products that do not generate waste	Use of eco-friendly materials Preserve marine ecosystem through the build-out of a closed loop
Procure farm products with consideration for the environment and human rights Preserve ecosystem through soil improvement	Use of microorganisms and use of recycled by-products Revitalize farming communities through support for farmers/growers	Promote water recycling through optimizing water usage Preserve ecosystem by maintaining appropriate water quality and quantity	Build a system of collaboration through river basin cooperation Improve water access in water-stressed regions



Progression of Our Response to Climate Change

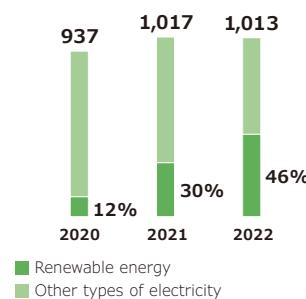
The Asahi Group is actively promoting various initiatives to achieve Beyond Carbon Neutral, which goes beyond the value chain and aims to reduce CO₂ emissions across society, and Asahi Carbon Zero, which aims for carbon neutrality in Scope 1, 2, and 3 by 2050.

► Utilization of Renewable Energy (Scope 1 and 2)

To further increase the probability of achieving Asahi Carbon Zero, we set a new target of reducing CO₂ emissions in Scope 1 and 2 by 40% (compared with 2019) by 2025, and we are accelerating Group-wide initiatives that focus on the utilization of renewable energy.

For example, we are conducting initiatives that provide thermal energy through solar energy by installing solar panels at the Bari brewery of Birra Peroni s.r.l., an Asahi Group company. In response to the rapid Group-wide expansion of utilizing electricity generated via renewable energy, we are aiming for the complete utilization of renewable energy by 2040, 10 years ahead of the RE100 target.

Ratio of Renewable Energy Electricity (GWh) to Total Amount of Energy Used (%)



Note: RE100 is an international initiative that aims for companies to obtain 100% of electricity utilized in their operations via renewable energy.

To further accelerate initiatives for achieving these targets, we issued a second round of green bonds. Funds raised through these green bonds will be allocated to such areas as promoting renewable energy utilization and similar initiatives at the Toso Brewery of Asahi Breweries, Ltd. which is scheduled to begin operation in 2026, and other manufacturing bases. In these ways, we will prepare a production structure that contributes to achieving a sustainable society.

► Initiatives to Reduce CO₂ Emissions across the Entire Supply Chain (Scope 3)

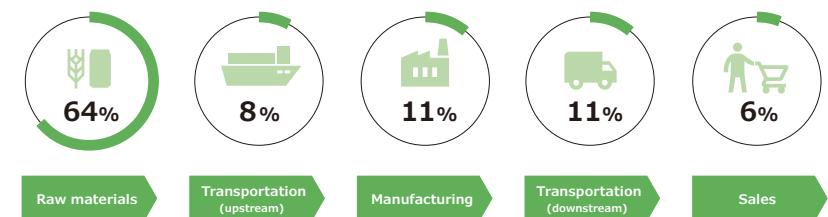
It is essential to reduce emissions across the entire supply chain, in addition to Scope 1 and 2, to achieve "Asahi Carbon Zero." Based on data calculated in Scope 3, we will target reductions in areas of the value chain that have particularly high emissions,

such as raw material procurement, and work to achieve targets in accordance with the following policies.

Sustainable packaging: Reduce CO₂ emissions through initiatives such as the utilization of eco-friendly materials in PET bottles and the development of more lightweight containers and packaging. Also, calculate the amount of reductions through such initiatives.

Policy	Summary
Gather more accurate CO₂ emission data	<ul style="list-style-type: none"> Utilize the latest highly reliable calculation data base and promote calculation of data that reflects the actual circumstances of each supplier Establish targets based on more accurate data, leading to the promotion of effective initiatives by studying the results of measures
Co-create with suppliers through engagement	<ul style="list-style-type: none"> Promote awareness of efforts to reduce supplier CO₂ emissions, such as implementing a questionnaire regarding the establishment of targets for reducing CO₂ emissions and information sessions for sharing policies Reduce CO₂ emissions through collaboration with suppliers, such as the creation of an aluminum can recycling scheme
Intensify initiatives from a Scope 3 perspective in related themes	<ul style="list-style-type: none"> Sustainable packaging: Utilize eco-friendly materials in PET bottles and reduce and calculate CO₂ emissions by making containers and packaging more lightweight Sustainable agricultural raw materials: Understand CO₂ emissions at the production stage and consider reduction measures by supporting agricultural production

Percentage of CO₂ Emissions in the Value Chain





Connection to TCFD and TNFD

As a company that has utilized the gifts of nature for over 100 years to provide products and services, the Asahi Group has a sense of foreboding regarding the worsening severity of global environmental issues, which, without change, pose a threat to not only the sustainability of businesses but also to humanity's continued existence. Since our businesses cannot continue without the gifts of nature, we aim to become "planet positive" by reducing the environmental impact of these businesses to zero and maximizing the value of the global environment through recycling.

Since 2019, the Group has been implementing scenario analysis annually and carrying out analyses of risks and opportunities associated with climate change for all categories of our alcohol beverages, non-alcohol beverages, and food. In 2022, we implemented an analysis of major risks, excluding raw materials, under the 1.5°C scenario.

In recent years, there have also been growing trends toward the international standardization of non-financial information disclosure by the International Sustainability Standards Board (ISSB)*1 and the formulation of biodiversity disclosure frameworks by the Taskforce on Nature-related Financial Disclosures (TNFD).*2 In line with these trends and with the intention of actively participate in formulating these international frameworks, we analyzed response measures for risks and opportunities from the perspective of creating a link between climate change, resource recycling, and biodiversity. We will advance dialogues with investors and enhance the sustainability of society, in addition to our corporate value, by understanding not only climate change but also the accompanying risks and opportunities of resource recycling and biodiversity from diverse perspectives and taking response measures.

*1 Responsible for formulating international disclosure standards for non-financial information

*2 An international initiative that accurately evaluates the risks and opportunities related to natural capital and biodiversity and creates a framework for disclosure

▶ Governance

We consider the promotion of sustainability to be an important management issue and have established the Global Sustainability Committee, with the CEO of Asahi Group Holdings, Ltd. as the chair, to create a corporate governance structure that includes sustainability promotion. We have created a structure to promote sustainability as a Group whereby decisions made by the Global Sustainability Committee are incorporated into Group-wide strategies through the Sustainability Execution Conference and Sustainability Task Forces.

Furthermore, we strongly recognize that climate change is an important management issue that is directly related to our business. After discussions held by the Global Sustainability Committee are reported to the Board of Directors, we invest in measures based on management commitments and promote Group-wide initiatives.

Since 2019, the risks, opportunities, and financial impacts of climate change have been identified through scenario analysis, discussed by the Corporate Strategy Board, and reported to the Board of Directors.

▶ Risk Management

The Group perceives the various adverse effects on society caused by climate change, such as abnormal weather, and the inability to pass on the gifts of nature formed by diverse species interacting with each other to the next generation due to loss of biodiversity as risks. At the same time, these risks are also likely to make business continuity more difficult for the Group.

We have positioned climate change as one of the main risks that needs to be addressed by the Risk Management Committee, which is chaired by the Group's president and representative director, under the Group-wide enterprise risk management (ERM) system and positioned biodiversity as a risk that needs to be addressed by the Group's Sustainability Section under the ERM system. We are continuously formulating, implementing, and monitoring evaluations and response plans for each risk.



Response to Recommendations of the TCFD

► Strategy (Scenario Analysis)

In 2022, we implemented an analysis of major risks, excluding raw materials, under the scenario.

This scenario analysis references scenarios from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

We adjusted the relationship between the impact of our businesses and strategies and climate change risks, as well as analyzing the risks and opportunities of climate change in the value chain. Furthermore, we derived the necessary countermeasures and their impacts for each risk and opportunity.

This analysis predicted changes to the external business environment (laws and regulations, markets, technology and other innovations, players, end users, and the natural environment) from a medium- to long-term perspective, in addition to the perspective of the relationship between climate change, resource recycling, and biodiversity.

► Strategy (Indices and Targets)

Under Asahi Carbon Zero, we are aiming to achieve zero CO₂ emissions by 2050 and have acquired SBTi 1.5°C certification for our 2030 Scope 1 and 2 target. We have also acquired 2.0°C certification for our Scope 3 emissions target. In addition, we have achieved the "well below 2°C" level for the Scope 3 target.

Furthermore, we have adopted measures and are reinforcing initiatives to realize the sustainable utilization of related agricultural raw materials, containers and packaging, water, and other materials.

	Impact	Countermeasures						
Related Risks	Financial Impact of the Introduction of a Carbon Tax Scope 1 and 2 2030: JPY9.0 billion 2050: JPY15.3 billion Scope 3 (Containers and packaging; upstream and downstream transportation and delivery) 2030: JPY53.3 billion 2050: JPY103.9 billion	Asahi Carbon Zero Initiatives <ul style="list-style-type: none"> • Use of eco-friendly materials and promotion of weight reduction for packaging • Collaborative transportation with other companies • Introduction of eco-friendly/energy-saving equipment • Utilization of green power • Demonstration tests for CO₂ separation and capture devices 						
Physical Risks	Financial Impact of Natural Disasters (Water Risks) Damage to property, plant, and equipment: JPY1.9 billion Opportunity loss due to suspension of operations: JPY6.7 billion Financial Impact of Using Water as an Ingredient (Expected Increase in Water Rate) JPY0.5 billion annually	<ul style="list-style-type: none"> • Promotion of products and service that address environmental issues • Reduction of water use 						
Opportunities	<ul style="list-style-type: none"> • Improvement of quality and production volume of agricultural products • Changes in customer preferences • Diversification of financial assets 	<ul style="list-style-type: none"> • Exploration of new materials • Promoting products and services that address environmental issues • Issuance of green bonds 						
Group-wide Targets for Asahi Carbon Zero		Targets for the Sustainable Utilization of Water Resources						
The Asahi Group's Medium- to Long-Term Targets for Reducing CO₂ Emissions <p style="text-align: center;">Asahi Carbon Zero Asahi Carbon Zero </p> <table> <tr> <td>2050</td> <td>Reduce our CO₂ emissions in Scope 1, 2, and 3 to zero, thereby becoming carbon neutral*1</td> </tr> <tr> <td>2030</td> <td>Reduce CO₂ emissions in Scope 1 and 2 by 70% (compared with 2019)*2 Reduce CO₂ emissions in Scope 3 by 30% (compared with 2019)*1</td> </tr> <tr> <td>2025</td> <td>Reduce CO₂ emissions in Scope 1 and 2 by 40% (compared with 2019)*2</td> </tr> </table>		2050	Reduce our CO ₂ emissions in Scope 1, 2, and 3 to zero, thereby becoming carbon neutral*1	2030	Reduce CO ₂ emissions in Scope 1 and 2 by 70% (compared with 2019)*2 Reduce CO ₂ emissions in Scope 3 by 30% (compared with 2019)*1	2025	Reduce CO ₂ emissions in Scope 1 and 2 by 40% (compared with 2019)*2	Group-wide Target for Water Resources Achieve intensity of water consumption of 3.2 m ³ /kl or less by 2030*3
2050	Reduce our CO ₂ emissions in Scope 1, 2, and 3 to zero, thereby becoming carbon neutral*1							
2030	Reduce CO ₂ emissions in Scope 1 and 2 by 70% (compared with 2019)*2 Reduce CO ₂ emissions in Scope 3 by 30% (compared with 2019)*1							
2025	Reduce CO ₂ emissions in Scope 1 and 2 by 40% (compared with 2019)*2							
		Assessment and Elimination of Water Risks Regular implementation of a water risk survey to ensure the sustainability of our water resources (Survey frequency: Once every five years)						
<small>*1 Applicable companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Europe and International Ltd., and Asahi Holdings (Australia) Pty Ltd</small>		<small>*3 Target companies: Asahi Breweries, Ltd., Asahi Soft Drinks Co., Ltd., Asahi Europe and International Ltd., Asahi Holdings (Australia) Pty Ltd, and Asahi Holdings Southeast Asia Sdn. Bhd.</small>						
<small>*2 Applicable companies: Asahi Group Japan, Ltd., Asahi Europe and International Ltd., and Asahi Holdings (Australia) Pty Ltd</small>								

Risk

Carbon Tax

The Asahi Group has calculated the 2030 and 2050 financial impact of a carbon tax based on the 1.5°C scenario as additional costs incurred if no response measures are taken. Scope 1 and 2 are calculations of the financial impact of each category of alcohol beverages, soft drinks, and food, while Scope 3 is the calculation of the financial impact of transportation and delivery for both upstream and downstream, as well as for major containers and packaging.

Financial Impact of a Carbon Tax Introduction

Scope 1 and 2

	Amount of carbon tax	Total financial impact	Amount of carbon tax	Total financial impact
FY2022	USD130 (USD90 in Southeast Asia)	JPY9.0 billion	USD250 (USD200 in Southeast Asia)	JPY15.3 billion

Notes: 1. The impact amount is calculated from the volume of CO₂ emissions during manufacturing.

- 2. The amount of carbon tax (unit price per ton) is independently estimated and set according to the forecast figures by the IEA NZE.
- 3. The scope for trial calculations for fiscal 2022 is the same as fiscal 2021—Japan (alcohol beverages, soft drinks, and food), Europe, Oceania, and Southeast Asia.

Scope 3

	Category	2030	2050
FY2022	Major containers and packaging (category 1)	JPY37.6 billion	JPY72.8 billion
FY2022	Transportation and delivery (upstream and downstream)	JPY15.7 billion	JPY31.1 billion

Notes: 1. The impact amount is calculated from the volume of CO₂ emissions during manufacturing.

- 2. In 2022, the scope covered Japan, Europe, Oceania, and Southeast Asia.
- 3. The scope for trial calculations covers glass bottles, aluminum cans, steel cans, PET bottles, plastic bottles, and cartons/paper cartons.
- 4. The financial impact of Scope 3 depends on the percentage of cost pass-through to transportation and delivery consignment costs. However, for this trial calculation, the percentage has provisionally been set as 100%.
- 5. The Eleven-Year Financial and Non-Financial Summary (page 104) displays results for Scope 3 CO₂ emissions using the updated emission unit, while this analysis uses the previous emission unit and the results for 2021.

As part of the Asahi Group's efforts to achieve Asahi Carbon Zero, we are implementing a variety of measures for reducing CO₂ emissions, including the introduction of renewable energy; the recovery and use of waste heat, such as steam, from manufacturing processes; the introduction of cogeneration facilities; and fuel conversion. Going forward, we expect to invest over JPY50.0 billion to achieve our target for reducing CO₂ emissions by 2030. If Asahi Carbon Zero is achieved, we have confirmed that it will generate cost reductions of JPY6.2 billion in 2030 and JPY15.3 billion in 2050.

Response Measures

Natural Disasters (Water Risks)

In 2022, we refined the water risk analysis for the Asahi Group's water resources to reconceptualize them into two categories—water from raw materials and water as an ingredient. As a result, we clarified high-risk production sites and the scale of expected damage in terms of the impact on operations and on the procurement of water as an ingredient.

Risk	Number of Bases Impacted	Impact Amount
Damage to property, plant and equipment* ¹	5	JPY1.9 billion
Opportunity loss due to suspension of operations* ²	10	JPY6.7 billion
Increase in water rate* ³	26	JPY0.5 billion annually

*1 The scope covers the cost of property, plant and equipment and inventory assets at 69 production bases in fiscal 2021.

We determined damage percentages specific to depth of flooding and estimated the amount of damage to property, plant, and equipment and inventory assets of production bases while taking into account the insurance coverage ratio.

*2 We calculated the financial impact of opportunity loss by determining the average number of days of suspended operations specific to depth of flooding and the number of days of suspended operations at each impacted production base.

*3 The trial calculation for the impact of cost increases using the actual raised water rate during a water shortage (Netherlands).

Response Measures

We will promote measures such as the further reduction of water use and development of manuals for events including business continuity plan (BCP) drills for natural disasters.

Opportunities

The Asahi Group is aware that climate change is not only a business risk but can also lead to opportunities to enhance corporate value through the provision of our products and services that contribute to mitigating and adapting to climate change. Consumer awareness of ethical consumption is steadily increasing, and we see this as a significant opportunity to develop eco-friendly products that meet social needs and to create and expand the market. Accordingly, we are implementing the initiatives below.



Asahi OISHII MIZU

Development of unlabeled products and simple eco-labels



LECH

Production that utilizes wind power, collection of bottles, and use of reusable cups that can be recycled at events



Cool Ridge

Adoption of 100% recyclable PET bottles and achievement of 100% carbon neutral production

In addition, we will generate a positive impact on society by minimizing the impact of climate change, such as by expanding decarbonization initiatives, developing agricultural materials that leverage our proprietary technologies, and supporting the production of raw materials in response to climate change.



Response to Recommendations by the Taskforce on Nature-related Financial Disclosures (TNFD)



Please see *Asahi Group Sustainability Report* for details

▶ Strategies

We analyzed business and social impact assessments and response measures related to biodiversity risks and opportunities in accordance with the LEAP approach (Locate, Evaluate, Assess, and Prepare) as a framework for managing and disclosing risks and opportunities related to nature, which is advocated by the TNFD.

In fiscal 2022, the first year of this initiative, we placed particular focus on the Locate and Evaluate stages. We identified regions where there is a risk of losing biodiversity and the Group's businesses are

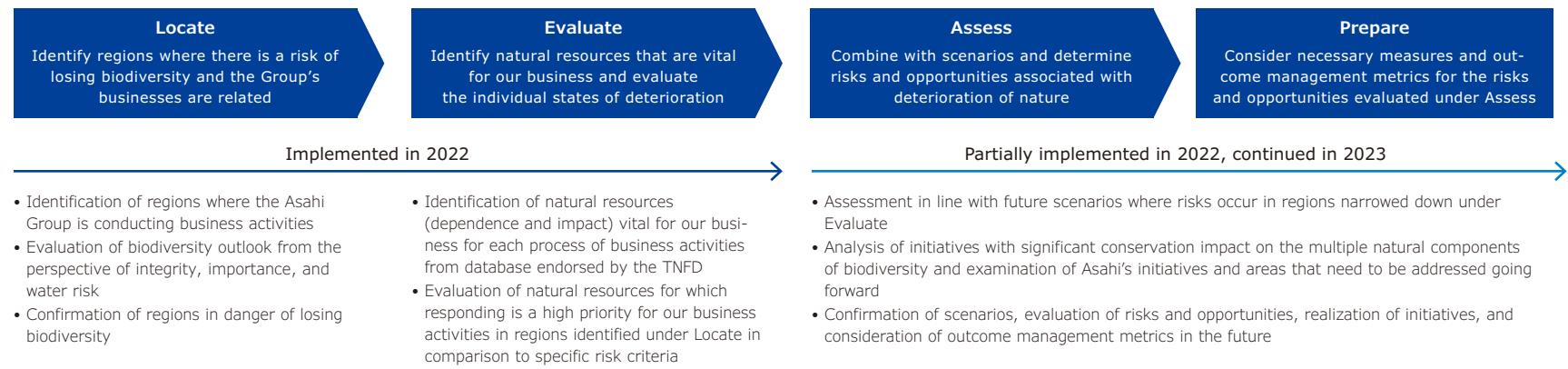
related, while identifying natural resources that are vital for our business and evaluating the individual states of deterioration.

Based on this analysis, we began to evaluate the risks and opportunities through scenario analysis and consider response measures. From next year onward, we plan to further realize these initiatives.

LEAP

First, under Locate, we narrow down the target regions to assess the potential for environmental degradation and business risks and opportunities. Next, under Evaluate, we assess the state of each type of natural environment in these regions.

Then, under the third step of Assess, we work to understand the risks and opportunities in regions where the natural environment is expected to degrade. Finally, we discuss necessary response measures under Prepare.



▶ Indices and Targets

As we move forward with further realizing the Assess (evaluation of risks and opportunities) and Prepare (examination of response measures) stages, we will reinforce initiatives for achieving our targets that impact biodiversity—our response to climate change and sustainable packaging—and

examine metrics and targets for protecting and recovering diversity based on the four pillars making up Asahi Group Environmental Vision 2050: climate change, packaging, agricultural raw materials, and water resources.

► Details of LEAP

Locate (Identify Regions Where Biodiversity Is at High Risk and the Group's Businesses Can Contribute)

To identify regions where Asahi's global value chain interacts with biodiversity, we identified regions where our business activities (raw material production, manufacturing, logistics, and consumption) are possible on a world map divided into a 0.5 degree grid by latitude and longitude and evaluated the biodiversity outlook in applicable regions from the three perspectives of integrity, importance, and water stress*¹ as recommended by TNFD guidelines. As a result, we identified types of risks and regions each of our raw materials are sourced from. Additionally, this time we identified (Evaluate) the scope of impact for each business process to understand the Group-wide dependency and impact on biodiversity.

Risks Identified for Key Raw Materials and Production Processes (Examples)



High integrity risk in United States and Australia and high water risk in Europe



Major risk is integrity, with high importance risk and water risk in Europe and Australia

- Integrity
- Importance
- Water stress



Low importance risk in key manufacturing districts



Importance risk is low due to mainly being located near major cities



Importance risk is low due to being located in major cities in each country

*1 Integrity: Evaluation related to the richness of the ecosystem. Assesses whether the ecosystem surrounding the site is damaged by man-made or natural operations. The specific indicator for evaluation is the degree of loss of species (percentage of species remaining in the region).

Importance: Evaluation related to conservational value. Assesses whether the site is of high biodiversity conservation value (existence of endangered species, size of land being preserved, etc.)

Water stress: Evaluation related to the soundness of water supply quality and volume. Assesses whether water supply at the site is worsening qualitatively and quantitatively (Runoff rate published by the World Resources Institute, comprehensive evaluation of water quality, etc.)

*2 Only included downstream value chain (logistics facilities between manufacturing sites and consumption areas)

Evaluate (Identify Natural Environments That Are Vital for Our Business and Evaluate the Individual States of Deterioration)

To make a detailed assessment of the impact of deteriorating biodiversity on the Group's business activities, we carried out evaluations from the following perspectives using a two-step process.

- To what extent the Group's business activities depend on and impact environments that support biodiversity (forests, soil, water, and air)
- To what extent these environments are exposed to risk
- To what degree waste from manufacturing and subsequent processes impact the environment
- To what scale are business operations in areas with high levels of environmental degradation

-
- Implement the following analysis for each business process for raw material production, manufacturing, logistics, and consumption
- STEP 1**
- (1) Identify the level of dependency and impact on nature using a database*³
 - (2) Set metrics*⁴ for evaluating the status of degradation in surrounding areas related to each business process in the environments identified
 - (3) Make predictions for the status of degradation in 2030 and compare with the evaluation in (2)
-
- STEP 2**
- (1) Adjust the scale of business*⁵ supported by the applicable area of regions where there is a high level of degradation risk to the natural environment
 - (2) Identify the business process and natural environments where responding is a high priority because the scale of the business degrading the natural environment is large
-

As a result, as shown in the diagram below, we determined that a response to raw material production processes, particularly barley and hops, is a high priority for forests, soil, and land, as well as water, air, and waste in manufacturing and subsequent processes.

Manufacturing Processes and Natural Environments Where a Response is a High Priority

		Forests	Soil / Land	Water	Air	Waste
Raw Material Production	Barley	+++	+++	+	-	-
	Hops	+++	+++	-	-	-
Asahi plants	-	++	+++	+++	+++	
Logistics	-	+++	-	+++	+++	
Consumption areas	-	-	-	-	-	+++

More + means that the scale of business activities is significant in regions with a high risk of environmental degradation.

- means that impact is small or that evaluation is not applicable.

*3 Utilizes ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), which was developed by the United Nations Environment Programme Finance Initiative and other institutions. It is a tool for the evaluation of dependence and impact on nature by corporate manufacturing processes.

*4 Utilizes risk standards of planetary boundaries. It shows evaluation indices related to the thresholds of nine areas of the global environment (climate change, stratospheric ozone depletion, nitrogen and phosphorus flows, freshwater use, land-system change, loss of biosphere integrity, atmospheric aerosol loading, and chemical pollution) for applicable areas.

*5 Scale of business is lost due to business activities in each process being suspended. For example, in the case of barley, if production of the raw material barley is suspended, business operations will be scaled back in the Alcohol Beverages category.

Assess and Prepare

In 2022, we analyzed scenarios for high-risk regions that the Asahi Group's business activities are dependent on and impact the environment that were identified in the Locate and Evaluate stages. We understand the direction we should be taking going forward by advancing analysis of scenarios that take

trends in climate change countermeasures into account and promote biodiversity countermeasures. From next year onward, we plan to decide on scenarios and implement further analysis of risks and opportunities, leading to the consideration of effective initiatives.

Raw Material Production

We are aware that raw material production processes, such as for barley and hops, have an impact on the degradation of forests, soil, and land. Currently, in the Czech Republic we are working together with farmers, Microsoft Corporation, and other companies to develop an app that contributes to reducing water use in hop cultivation. Going forward, we are considering the enhancement and expansion of initiatives such as agricultural support that utilizes collaboration with other companies and advanced technology.



Demonstration of app that contributes to reducing water use in hop cultivation in the Czech Republic

Logistics

We are aware that logistics processes have a significant impact on the air and waste and a high risk of environmental degradation. We are advancing initiatives such as delivering the major beer brand *Victoria Bitter* via electric trucks in Australia and engaging in joint transportation with our competitors and other companies. Going forward, we will further promote initiatives in these logistics processes and a modal shift.



Transportation in Australia utilizing electric trucks

Manufacturing (Asahi)

We are aware that manufacturing processes have a significant impact on water, air, and waste and a high risk of environmental degradation. We are advancing initiatives such as aiming to be carbon negative at the Tosu Brewery of Asahi Breweries, LTD., which is scheduled to begin operations in 2026, and the installation of solar collectors at the Bari Brewery in Italy. We will consider expanding these initiatives to other plants in the future.



Installation of solar collectors at the Bari Brewery in Italy

Consumption

We are aware that consumption processes have a high risk of environmental degradation, particularly through waste. To date, we have been advancing resource recycling initiatives such as the sale of unlabeled bottles in Japan and operation of Australia's largest PET bottle recycling facility. As well as continuing to promote these initiatives, we aim to develop initiatives in other areas going forward.



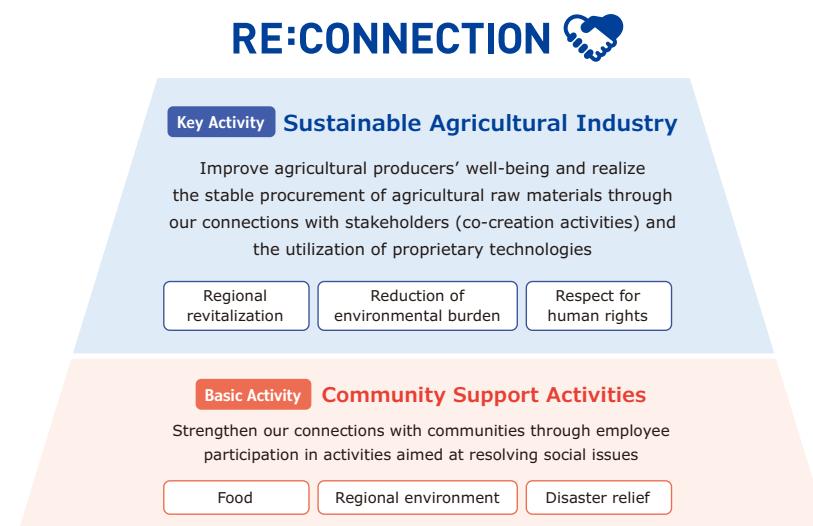
Australia's largest PET bottle recycling facility that began operation in New South Wales



Asahi Group Community Strategy

► Community Approach

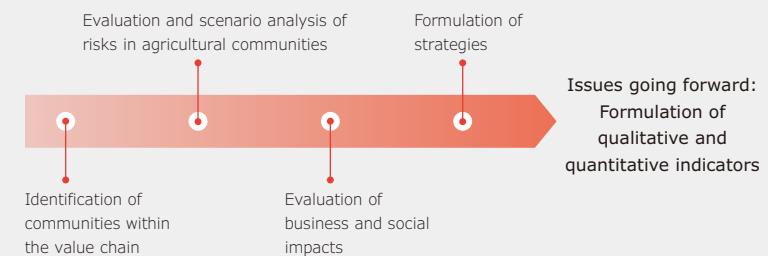
The dilution of connections between people and communities following recent social changes has generated numerous community issues. The Asahi Group's business activities, including procurement, production, and sales, have been supported by various communities. We believe it is important to review and advance connections, and we are promoting initiatives with "RE:CONNECTION" as the slogan for our activities for material issue of "Communities." We utilize farm produce, or the gifts of nature, to create our products and services, so we have a particularly close relationship with the agricultural industry. The agricultural industry has been playing an important role in creating jobs, passing on local specialties and traditions, and serving as a place for creating connections between people in the community. To protect the agricultural industry, which is indispensable for both us and the community, we hope to reinforce connections between people and communities by establishing sustainable agricultural industry as a key activity and community support as a basic activity to encourage employees to participate.



Process for Formulating the Strategy

To date, we have conducted activities that contribute to resolving social issues in local communities around the world. Meanwhile, we recognize the challenge of our strategy being scattered due to our work in a wide range of domains, and we have begun recreating our community strategy with the aim of maximizing positive impacts on business and society while reducing negative impacts in 2022.

First, we identified the communities to strategically reinforce and engage with. We are supported by numerous communities in each value chain, such as the areas where our manufacturing bases are located and the places to eat and drink where our products are consumed. Given that all of these are important, we carried out evaluations of each community from the perspective of business risks and opportunities, as well as their current status, and identified agricultural communities as those to be reinforced. Next, we evaluated risks in the agricultural industry, considered possible scenarios, and evaluated the business and social impacts in these scenarios. Here, in addition to discussions management had at Asahi Group Holdings, Ltd., we also held discussions with each Regional Headquarters (RHQ). We were thus able to obtain opinions from a frontline perspective, such as that we must engage in sustainable agricultural industry across the board, not only in the sustainable reinforcement of communities but also in other material issues, such as the environment and human rights. In this way, formulating strategies was ultimately decided by the Global Sustainability Committee. Based on these strategies, we will examine indicators from qualitative and quantitative perspectives to achieve targets going forward.





Key Activity: Sustainable Agricultural Industry

► Objective

We aim to improve the well-being of agricultural producers involved with the Asahi Group to enhance the sustainability of the agricultural industry and realize stable procurement for the Asahi Group.

► Steps to Achieve Target

We have established the following four steps in order to achieve this objective.



► Examples of Initiatives

Campus Peroni

Since 2018, Birra Peroni s.r.l., which operates under the corporate umbrella of Asahi Europe and International Ltd., has been implementing the Campus Peroni program, which aims to pass on sustainable agricultural practices to future generations. The Campus Peroni program involves activities primarily focused on research, education, and networking to ensure that beer can continue to be made using 100% Italian malt. Bringing together agricultural producers, researchers, educators, farmers, and students, the program aims to establish barley cultivation frameworks that enhance barley quality and sustainability, leading to various innovations.



Support Agriculture That Utilizes Brewing Yeast Cell Walls

Focusing on the fact that brewing yeast cell walls contain active ingredients that promote plant growth, the Asahi Group utilizes proprietary technology to process yeast after it has finished making beer to produce fertilizer. This fertilizer is producing various positive results at farms across Japan, such as increased harvest yields and a reduced use of agrochemicals.





Basic Activity: Community Support Activities

► Objective

Our employees actively participate in community support activities in the areas of food, the regional environment, and disaster relief, which are all closely connected to our businesses. Through such activities, we aim to strengthen our connections with local communities.

► Commencement of an Initiative for Encouraging Employee Participation

In 2022, the Asahi Group commenced an initiative under which employees receive points for the number of hours they have spent participating in community support activities. These points can then be converted into cash, which then can be donated by employees to organizations that engage in activities that contribute to local communities. Participation in community support activities is an excellent way to increase concern among employees for issues faced by local communities, which in turn helps encourage actions that lead to the resolution of issues facing these communities.

Asahi Group Japan, Ltd.

Forest-Planting Activities to Conserve Water Resources

Implemented forest conservation activities and environmental education activities in collaboration with an approved specified nonprofit organization in Shizuoka Prefecture.



► Globally Shared Initiative RE:CONNECTION for the EARTH

In 2022, we launched a globally shared initiative in which employees of each RHQ engage in activities under a common theme with the aim of enhancing awareness of community support activities and making participation in them commonplace within the Group. In conjunction with World Environment Day, which was held on June 5, 2022, RE:CONNECTION for the EARTH was implemented based on the theme of regional environmental conservation. A total of over 800 employees participated in this initiative. RE:CONNECTION for the EARTH served as a valuable opportunity to deepen connections between employees in each region and enhance awareness of employees across the entire Group. Accordingly, we plan to continue to implement this initiative in 2023 and onward.



Asahi Holdings (Australia) Pty Ltd

Beachside Cleanup Activities in New Zealand

Implemented local beachside cleanup activities in collaboration with local organizations engaged in environmental conservation.



Asahi Europe and International Ltd.

Cleaning Activities at Prague Zoo

Engaged in cleaning activities at the Prague Zoo, famous among local community members, and the Radotín Valley Nature Reserve.



Asahi Holdings Southeast Asia Sdn. Bhd.

It's Time for Our River

Carried out water conservation activities in areas surrounding local rivers in collaboration with the Universiti Kebangsaan Malaysia (National University of Malaysia). Over 300 people participated in these activities, including students and Group employees.



Strengthening Asahi Group Initiatives in Response to the World Health Organization's Global Alcohol Action Plan

► Adoption of the Global Alcohol Action Plan by the World Health Organization (WHO)

Alcohol has brought joy and refreshment to people's lifestyles throughout the years. On the other hand, social issues have arisen from excessive drinking and other inappropriate drinking habits.

With the goal of reducing the harmful use of alcohol, the WHO formulated a global strategy in 2010 that incorporated a broad range of policies that could be adopted by participating countries. Additionally, in 2013, the WHO adopted the concrete target of reducing harmful alcohol use by 10% by 2025 compared with 2010 levels.

At the Seventy-fifth World Health Assembly held in 2022, the WHO adopted Global alcohol action plan 2022–2030 (GAAP) to strengthen implementation of the Global strategy to reduce the harmful use of alcohol. This action plan proposes actions and measures required of stakeholders, including the WHO secretariat, Member States, civil society organizations, academia, and economic operators such as Asahi Group Holdings, in order to reduce the harmful use of alcohol. The WHO also created the new global target of reducing harmful alcohol use by 20% by 2030 compared with 2010 levels, raising its reduction target by 10%.

Response to Alcohol-Related Issues Presented by the WHO

2010	Global strategy to reduce the harmful use of alcohol	Present a diverse range of policy options for countries to adopt
2013	Global action plan for the prevention and control of NCDs*	2025 Target: 10% reduction in harmful alcohol use compared with 2010
2015	Sustainable Development Goals	Set targets to prevent harmful consumption of alcohol and improve treatment
2022	Global alcohol action plan 2022–2030	2030 Target: 20% reduction in harmful alcohol use compared to 2010

* Global action plan for the prevention and control of noncommunicable diseases 2013–2020

► The Asahi Group's Support for Realizing the GAAP

The Asahi Group is strengthening Group-wide initiatives toward achieving the globally shared target of reducing the harmful use of alcohol. While continuing our current initiatives to prevent inappropriate drinking and promote educational activities on appropriate alcohol consumption, we will review the content of the activities we have engaged in thus far. In doing so, we will pursue initiatives that have a direct impact on matters such as reducing the volume of pure alcohol consumed per person and reducing heavy episodic drinking, which are indices for the newly adopted targets under the GAAP.

Initiatives to Be Focused on

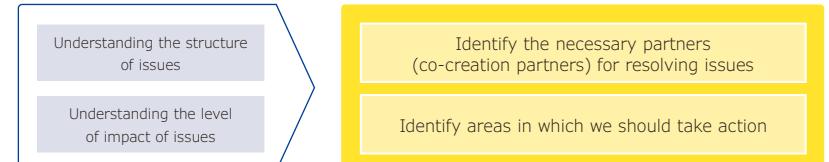
Current Initiatives

Rollout of independent efforts by each RHQ to address local issues based on the Asahi Group Responsible Drinking Principles and global KPIs.

Focus of Activities: While continuing conventional education and awareness-raising activities, we will place more emphasis on efforts that have a direct impact, such as curtailing the amount of pure alcohol consumed per person and reducing heavy episodic drinking. We will also bolster activities to reduce negative impacts on our business and society and create new positive impacts.

The details and causes of alcohol-related issues are diverse, and these issues are complicated and involve a wide range of relevant parties. To resolve such issues, the Group believes it is important to develop a deep understanding of not just the phenomenon of the issues themselves but also the factors behind their causes. To that end, we will step up efforts to ascertain the complex structure of alcohol-related issues and deepen our understanding of their impacts.

Approach to Resolving Social Issues





► Initiatives to Offer a Broad Range of Drinking Options

The Asahi Group cherishes the genuine value of alcohol, including its ability to bring people together. To promote appropriate alcohol consumption, we are striving to offer consumers a broad range of drinking options in such ways as expanding our lineup of non-alcohol and low-alcohol beverages, proposing new drinking styles, and opening bars where customers can select the alcohol percentage of their beverages. We believe that by providing more options to consumers that cater to their physical and mental state and current situation, such options can help prevent excessive alcohol consumption and create experiences where consumers can enjoy the deliciousness of alcohol in a fun way.

Expanding the Rollout of Non-Alcohol and Low-Alcohol Beverages

The Asahi Group believes that non-alcohol and low-alcohol beverages provide consumers with an opportunity to choose the percentage of alcohol they wish to enjoy, thereby enabling them to control the amount of pure alcohol they consume. Based on this belief, we aim to achieve a sales composition ratio of 15% for non-alcohol and low-alcohol beverages among all main alcohol beverage products on a Group-wide basis by 2025.

Non-Alcohol and Low-Alcohol Sales Composition Ratio of Main Alcohol Beverage Products*

	Target	Target Year	Category
Group-wide	15% or more	2025	Non-alcohol and low-alcohol
Japan	20%	2025	Non-alcohol and low-alcohol
Europe	20%	2030	Non-alcohol
Oceania	30%	2025	Non-alcohol and low-alcohol

* Beer-type beverages, RTD, non-alcohol beverages

Launching Non-Alcohol and Low-Alcohol Products under the *Asahi Super Dry* Global Brand

Asahi Holdings (Australia) Pty Ltd and Asahi Europe and International Ltd., two RHQ of the Asahi Group, have launched low-alcohol and non-alcohol products under the *Asahi Super Dry* global brand in their respective regions.

Asahi Super Dry 3.5%, which was launched in July 2022, represents the first product launched as an extension of the *Asahi Super Dry* brand outside of Japan. The alcohol percentage of 3.5% is popular in Australia, making *Asahi Super Dry* 3.5% a product that satisfies local tastes.



In addition, *Asahi Super Dry* 0.0% was launched in the United Kingdom and Ireland in January 2023 and will be rolled out to six other countries throughout the course of the year. Offering the same signature, crisp, refreshing taste of *Asahi Super Dry*, *Asahi Super Dry* 0.0% provides consumers with more choices without compromise. By continuing to innovate, we aim to increase the sales composition ratio of non-alcohol and low-alcohol beverages and further encourage responsible alcohol consumption.

Opening Bars That Can Be Enjoyed by Both People Who Drink Alcohol and Those Who Do Not or Cannot

Asahi Breweries, Ltd., which operates under the corporate umbrella of Asahi Group Japan, Ltd., opened the new bar SUMADORI-BAR SHIBUYA in Shibuya, a central area of Tokyo, in June 2022. Based on the concept of being a fun bar for both those who drink and those who do not or cannot drink, SUMADORI-BAR SHIBUYA offers drinks developed based on a large number of opinions of people who cannot drink. Serving over 100 drinks with 0.00%, 0.5%, and 3% alcohol by volume, SUMADORI-BAR SHIBUYA has become extremely popular, especially among young people. The bar also hosts classes on ways to enjoy alcohol and workshops and other events that propose new ways of drinking.

By fostering a drinking culture in which people respect each other's diverse ways of enjoying alcohol in accordance with their individual feelings and physical condition, we aim to popularize "smart drinking" habits.





Initiatives for Creating Health Value

In today's society, we are facing many health issues on a global scale. Among these issues are lifestyle-related diseases such as obesity, type 2 diabetes, and high blood pressure, which are largely due to unhealthy eating habits and lack of exercise. Improving dietary habits can play a major role in staying healthy. The Asahi Group is promoting initiatives that make full use of its knowledge and proprietary materials and technologies to contribute to the maintenance of good health in society.

► Initiatives to Reduce the Amount of Sugar Used in Our Products

The World Health Organization (WHO) considers the excessive consumption of various ingredients a health issue. A particularly major issue is excessive sugar intake, which may lead to type 2 diabetes and impacts the Asahi Group significantly. In countries in which sugar consumption far exceeds the WHO's recommended amount, sugar taxes have been introduced or are in the process of being prepared for introduction as a measure to curb sugar intake.

The Asahi Group is making efforts to reduce the amount of sugar in its products, particularly in countries and regions where sugar consumption is high. In addition to contributing to a reduction in people's sugar intake, from a business perspective, reducing sugar in our products will help reduce costs that arose from soaring sugar prices in recent years and will lessen the impact of a sugar tax. Going forward, the Asahi Group aims to strike a balance between resolving social issues and promoting business growth through the reduction of sugar used in its products.

Initiatives in Malaysia

Malaysia has one of the highest sugar consumption levels per capita of any country in the world. Viewing this as a serious issue, the Malaysian government decided to introduce a sugar tax in July 2019.

Asahi Holdings Southeast Asia Sdn. Bhd. set forth a target to increase the percentage of ready-to-drink beverages containing added sugar of 5 grams or less per 100 ml to 70%, achieving a percentage of products with 5 grams of added sugar or less of 84% in 2022 in Malaysia, Singapore, and Brunei. We



will continue to develop products with reduced sugar content that help consumers reduce sugar intake, thus contributing to the resolution of health issues.

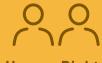
Initiatives in Australia

Australia's sugar intake per capita is comparatively high. Although steps are steadily being taken to reduce sugar consumption, doing so remains a pressing health issue in terms of public policy. In 2018, the Australian Beverages Council Ltd, in which Asahi Beverages Pty Ltd. participates under the umbrella of Asahi Holdings (Australia) Pty Ltd, adopted the Sugar Reduction Pledge, a voluntary industrial declaration under which industry-wide efforts have been made to achieve the target of reducing the amount of sugar in non-alcohol beverages by 20% by 2025 compared with 2015. In light of the favorable progress made due to proactive industry-wide efforts, in 2022 it was announced that the target for reducing sugar in products would be raised to 25%. As of 2022, sugar content in non-alcohol beverages had been successfully reduced by 18%.

Asahi Beverages has reduced sugar content across its entire non-alcohol product portfolio by 25% compared with 2015. Going forward, Asahi Beverages will continue to contribute to the industry-wide achievement of the target.

► Initiatives to Reduce the Amount of Salt Used in Our Products

In addition to sugar, we also consider it important to address excessive salt intake. Excessive salt intake can cause high blood pressure, and chronic high blood pressure is said to lead to various diseases such as arteriosclerosis, kidney failure, and cerebral hemorrhage. Asahi Group Foods, Ltd., which operates food businesses under Asahi Group Japan, Ltd., offers a wide range of low sodium products to meet consumers' needs and help curb salt intake. Products include freeze-dried miso soup, other soups, and noodle dishes, and the company is making efforts to expand its lineup in the future.



Human Rights

Identifying Human Rights Risks Related to Brazilian Sugarcane

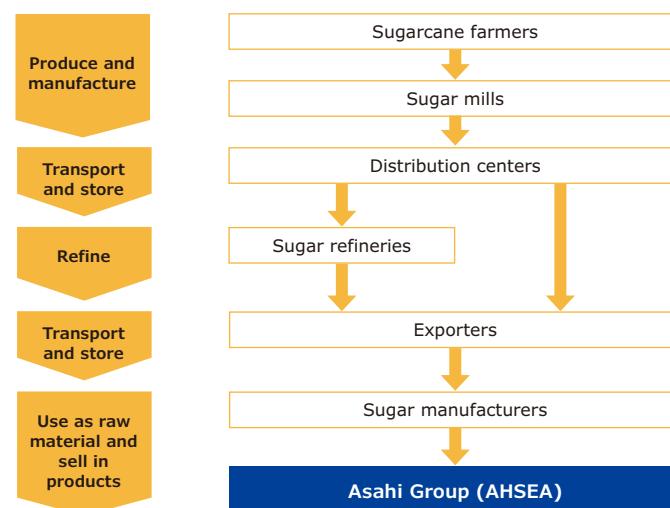
► Initiatives to Date

In 2017, the Asahi Group carried out an analysis of modern slavery risks posed in the procurement of key raw materials. Based on the results of this analysis, we began working with The Global Alliance for Sustainable Supply Chain (ASSC), a nongovernmental organization, in 2021 to identify specific human rights risks relating to high-risk raw materials. Since 2022, we have been conducting an investigation into Brazilian sugarcane used by Asahi Holdings Southeast Asia Sdn. Bhd. (AHSEA).

► Confirmation of Distribution Channels

Before identifying human rights risks, we confirmed our distribution channels. We purchase from two government-affiliated sugar manufactures, both of which primarily follow a channel of farmers, sugar mills, exporters, and sugar manufacturers. The 2022 investigation failed to identify any agricultural producers, and as such we will continue our confirmation in 2023.

Major Sourcing Channels for Brazilian Sugarcane



► Conducting Desk Research

To gain an understanding of general human rights risks in the Brazilian sugarcane supply chain, we commissioned RightsDD Limited, a research organization specialized in business and human rights, to carry out desk research. The results of the research showed that there are strict laws in place to crack down on human rights violations in Brazil and that the risk of child labor and forced labor is low. The risk of forced labor and modern slavery is declining, especially since larger plantations are becoming more mechanized, reducing the need to hire migrant and seasonal workers.

On the other hand, smaller plantations that require manual labor often employ migrant or seasonal workers, which may pose human rights risks such as the following.

Labor Security	<ul style="list-style-type: none"> Illness or injury due to inadequate personal protective equipment during manual harvesting and application of pesticides and chemical fertilizers Injury due to dangerous work involving the use of machetes or sickles Chronic kidney disease as a result of being forced to work long hours under extreme climate changes
Migrant and Seasonal Labor	<ul style="list-style-type: none"> Poor well-being and health hazards caused by unsanitary conditions in workers' dormitories and residences, as well as unhygienic food and drinking water Exploitation of workers by agents, such as unfair labor contracts and demands for high travel expenses
Child Labor	<ul style="list-style-type: none"> Children aged five to 15 years old engaging in seasonal work to help parents pay off large sums of debt





► Conducting Interviews with Relevant Stakeholders

In order to collect information reflecting a more realistic situation, we conducted interviews with related stakeholders.

Stakeholder	Overview
Exporter A	Sugarcane trading company located in Singapore (supplier to Sugarcane Manufacturer A)
Exporter B	Sugarcane trading company based in the UK (supplier to Sugarcane Manufacturer B)
Sugar Manufacturer A	Government-affiliated company operating in Malaysia Major sugar manufacturer that procures raw sugarcane from Brazil
Sugar Manufacturer B	Government-affiliated company operating in Malaysia Major sugar manufacturer that procures raw sugarcane from Brazil
Bonsucro	Brazil-based international NGO addressing issues in the sugarcane industry

Consistent with the findings of the desk research, the investigation confirmed that human rights risks are low due to Brazil's strict labor laws and the increasing mechanization of sugarcane plantations. It is assumed that any latent human rights risks are related to working conditions on smaller plantations and at sugar mills, and we found that stakeholders are taking the following actions in response.

Stakeholder	Overview
Exporter A	Established sustainability requirements for sugar mills and sugarcane farmers, which include matters related to human rights exploitation, such as forced labor and child labor, and began monitoring progress on such matters.
Exporter B	Operates a program that comprehensively evaluates supplier initiatives across the five pillars of governance and policy, company facilities, people, the environment, and traceability while providing advice for improvement and capacity building throughout the supply chain.
Sugar Manufacturer A	Established an ESG division for implementing and overseeing measures relating to human rights issues in addition to operating a program in collaboration with Exporter A
Sugar Manufacturer B	Established an evaluation program in collaboration with Exporter B and began carrying out an evaluation of the supply chain

► Future Responses Based on a Series of Findings

An issue with the 2022 investigation was that we were unable to trace back to the Brazilian sugarcane farmers that AHSEA purchases from and get a detailed picture of the reality of the situation. In the 2023 investigation, we plan to continue to look into the supply chain and work to identify farmers. At the same time, we will consider initiatives to address the human rights risks associated with Brazilian sugarcane identified in this investigation, based on the following suggestions from the ASSC.

Suggestions from the ASSC

- Although the two sugar manufacturers are implementing excellent sustainability initiatives and programs, visit local sugarcane plantations and sugar mills to confirm the validity and effectiveness of these initiatives and programs.
- Confirm that exporters and plantations are not on the so-called "dirty list," a list compiled by the Brazilian Ministry of Labor and Employment of companies that do not meet the requirements of labor laws. If a company is found to be on the list, it should be subject to further scrutiny.
- Improve transparency by understanding in as much detail as possible the organizations present in the supply chain.
- Going forward, regularly conduct investigations in person to identify latent human rights risks and increase awareness of respect for human rights among those in the supply chain while encouraging the implementation of appropriate initiatives.
- The UN Guiding Principles on Business and Human Rights calls for improved access to effective remedy to human rights abuses. Establish a mechanism for receiving complaints that guarantees the anonymity of informants and prevents retaliation.

Our Response Going Forward

- Gain an understanding of the implementation of the sustainability programs of each of the stakeholders interviewed on this occasion
- Trace the supply chain upstream and work to identify farmers to improve transparency and communication
- Confirm compliance of relevant organizations with laws and other codes upon improving the transparency of the supply chain
- Establish a grievance mechanism to ensure that information and opinions obtained from rights holders and other sources lead to appropriate rectifications and remedies



Human Rights

Field Survey of Working Environments

In the Asahi Group Human Rights Principles, we identify human rights issues related to our business activities. With a particular focus on occupational health and safety, forced labor (including issues involving foreign workers), and child labor, we conducted a field survey to confirm whether working environments for our employees are appropriate. The purpose of the program is to create more comfortable working conditions based on the opinions of our employees and to conduct corrective actions where necessary. We conducted an interview with the ASSC regarding the areas in which the Asahi Group's businesses are located that pose high human rights risks and are as such priority areas for initiatives to address such risks. Based on results of the interview, we conducted a field survey in 2022 with the ASSC on two of AHSEA's main manufacturing sites in Malaysia.



► About the Field Survey

The survey was conducted with a focus on assessing the occupational health and safety of all workers, the labor conditions of foreign workers, living environments, and the recruitment process at AHSEA's two main manufacturing sites in Malaysia.

Actions Implemented	Overview
Review of labor management documents	Employment regulations, employment contracts, pay slips, attendance sheets, and other documents were checked to gain an understanding of labor conditions, hiring processes, and actual labor management practices.
Site inspection	An inspection of plants and dormitories was carried out to assess occupational health and safety and living conditions.
Employee interviews	With the help of a local interpreter, comprehensive interviews were conducted with employees on matters including satisfaction with their working environments and any points of dissatisfaction.
Report to local labor management representative	The survey's findings were presented to the factory manager and supervisors.

► Results

Overall, occupational health and safety and living environments were generally well maintained. Both plants were rated highly for occupational health and safety, with one plant demonstrating its consideration for the safety of foreign workers by displaying safety measures and emergency exit signs in multiple languages, providing training with the help of interpreters at the time of hiring, and providing personal protective equipment free of charge. Additionally, the conditions of dormitories provided for foreign workers were well maintained.

On the other hand, regarding labor conditions, insufficiencies were noted in the information provided on notices of employment and employment contracts. It was also raised that employment regulations and warning notices should be printed in multiple languages. Going forward, we will strive to make improvements on the issues raised.

Comment

Masaki Wada

The Global Alliance for Sustainable Supply Chain
Board Member



In response to the issue of intermediaries imposing large amounts of debt on foreign workers in the form of recruitment fees, the Etika Group has established a zero-fee recruitment policy. Specifically, the policy states that recruitment fees will be borne by the Etika Group and that they will only deal with intermediaries who have confirmed that they will not collect fees from the workers themselves. The policy also clearly outlines the recruitment process. We confirmed that the zero-fee recruitment policy is being implemented and will continue to be applied going forward. If properly implemented, this could be considered a necessary and sufficient process for recruiting foreign workers in light of the standards of the international community. We would like to see this process tested and improved further so it can be deployed within the Asahi Group as an outstanding example and further applied throughout the supply chain.

06 Regional Focus

69 Japan

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75 Oceania

78 Southeast Asia



Japan

► Key Medium-Term Strategies

- Expand the potential of the businesses through synergies and optimizing our product portfolio to anticipate change
- Promote “smart drinking” and other initiatives to meet diversifying needs; create high-value-added services
- Solve social issues such as carbon neutrality through business; optimize the supply chain across Japan



Strengths

- Robust brand portfolio in each business
- Ability to develop new products and technologies that anticipate changing consumer preferences
- Extensive touch points with a diverse range of stakeholders
- Cost management capabilities that can flexibly respond to changes in the business environment
- Contributions to resolving social issues through products and various initiatives

Business Environment

Opportunities

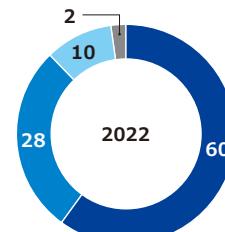
- Growing beer market due to liquor tax revisions
- Emergence of new markets due to diversifying consumption and value systems
- Growth in categories related to the rise in health consciousness
- Changing social structure, including an increase in double-income households and the arrival of a super-aging society
- Heightened interest in sustainable activities

Risks

- Declining population
- Increases in various costs, including a rise in raw material prices due to market fluctuations
- Tightening competitive environment following sluggish consumer demand
- Stagnation in the movement of people and a slump in economic activities
- Climate change and the occurrence of large-scale disasters

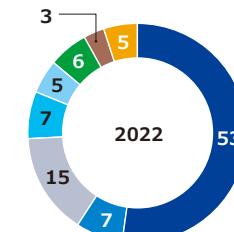


Revenue by Business (%)



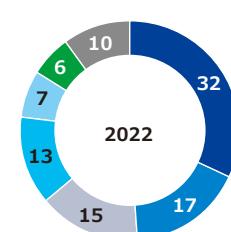
■ Alcohol Beverages
■ Non-Alcohol Beverages
■ Food
■ Other

Revenue by Category (Alcohol Beverages Business) (Monetary Basis) (%)



■ Beer
■ Wine
■ Non-alcohol beer/RTD
■ Whisky and spirits
■ Ready-to-drink (RTD) beverages
■ Hoppo-shu
■ Tea
■ Shochu
■ Other

Sales Volume by Category (Non-Alcohol Beverages Business) (Volume Basis) (%)



■ Carbonated drinks
■ Lactic acid drinks
■ Tea
■ Fruit drinks
■ Mineral water
■ Other

Japan

Results and Issues in 2022

In addition to strengthening investments in mainstay brands in the Alcohol Beverages, Non-Alcohol Beverages, and Food businesses, we sought to enhance brand value through such means as new value propositions. For the Alcohol Beverages Business, in particular, we implemented a full renewal of *Asahi Super Dry* and made efforts to acquire new customers and strengthen our brand power amid growing demand in the beer category due to the liquor tax revisions carried out in 2020. Even with the occurrence of significant cost increases, we were able to improve unit costs by reinforcing high-value-added products in each business and implementing price revisions. Furthermore, we established Asahi Group Japan, Ltd. (AGJ), which oversees all of our Japan-based businesses. AGJ is now commencing full-scale efforts to generate synergies between all Group businesses across Japan. In terms of reorganizing our supply chain management, we are going beyond just optimizing our beer production structure and taking such steps as constructing hybrid factories in our Alcohol Beverages and Non-Alcohol Beverages businesses, placing an emphasis on sustainability.

TOPIC

Implementing a Full Renewal of *Asahi Super Dry*

For the *Asahi Super Dry* brand, we have been strengthening efforts to acquire new customers, including those in their 20s. As part of these efforts, we carried out the first full renewal of the brand since it was launched in 1987. Keeping the "dry" concept that the brand has been known for over the years, this full renewal improved the drinkability of *Asahi Super Dry* while maintaining its hallmark crispness. In addition, the renewal involved changing the design of the brand's can, making it simpler and more polished and thereby promoting the appeal of the brand's crisp taste. A consumer survey of *Asahi Super Dry* carried out after the full renewal was implemented showed that both consumer satisfaction and intention to repurchase increased, in addition to the positive impact of *Asahi Super Dry Nama Jokki Can*. The survey indicated that the number of *Asahi Super Dry* consumers at the end of 2022 was 20.67 million, recovering to the level that it was in 2012.

Direction for 2023

With expectations of cost increases that will exceed those of 2022, in 2023 we will draw on the impacts of our price revisions while implementing marketing strategies focused on a shift toward added value. In the Alcohol Beverages Business, we will step up our efforts to communicate information on *Asahi Super Dry* by leveraging our sponsorship of Rugby World Cup France 2023. At the same time, we will seek to create new situations in which to enjoy alcohol, drawing on such products as *Asahi Super Dry Nama Jokki Can* and *Asahi Nama Beer*. In the Non-Alcohol Beverages Business, we will expand the *WILKINSON* brand with a focus on emerging new lifestyles. We will also work to expand sales of unlabeled products. Additionally, we will strive to enhance cost efficiencies and promote drastic structural revisions that go beyond the frameworks of the Alcohol Beverages, Non-Alcohol Beverages, and Food businesses. At the same time, we will generate synergies as "One Asahi" by integrating the data and insight on consumers and business partners possessed by each Group company.

Revenue (JPY billion)

2022 Results	1,301.7 (+6.8%)
2023 Forecast	1,351.0 (+3.8%)

Core Operating Profit (JPY billion)

2022 Results	108.9 (+5.3%)
2023 Forecast	112.0 (+2.8%)

Trend in Number of *Asahi Super Dry* Consumers



Source: In-house research
Note: 12-month moving average

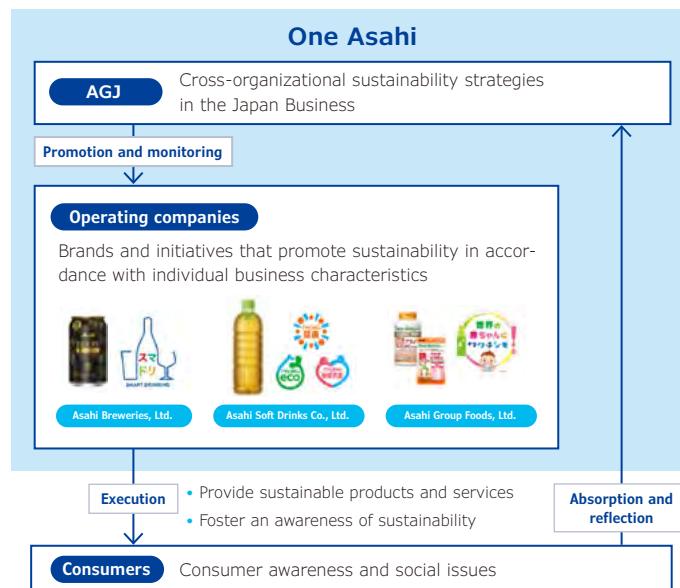


Japan

Direction of Our Sustainability Initiatives

Co-Existence with Society and the Creation of Value as “One Asahi”

Asahi Group Japan, Ltd. (AGJ) aims to enhance value and achieve sustainable growth in the Japan Business through providing consumer-centered value as “One Asahi,” a concept that transcends the boundaries of each business under AGJ. To date, each operating company has been promoting sustainability initiatives in accordance with the characteristics of its individual businesses, thereby building connections with society at large. While continuing to value the initiatives of each individual company, going forward AGJ will leverage its broad range of customer contact points, which it has achieved by operating diverse businesses, and the resources it possesses to promote cross-organizational initiatives. By gaining a thorough understanding of consumer awareness and social issues through all the businesses as One Asahi, AGJ will formulate sustainability strategies that will provide even greater value to the environment and society as a whole.



Material Issues	Key Initiatives	Targets and Action Plans
Environment	Respond to climate change	<ul style="list-style-type: none"> Use renewable energy for 100% of electricity purchased at all production bases by 2025 Reduce CO₂ emissions every year by 1% or more over the previous year
	Sustainable packaging	<ul style="list-style-type: none"> Achieve sales target for unlabeled bottles (117% YoY increase in 2023) (Target: Asahi Soft Drinks Co., Ltd.)
Communities	Realize sustainable communities through the creation of people-to-people connections	<ul style="list-style-type: none"> Conduct cross-group community support activities related to the regional environment twice a year
Responsible Drinking	Solution of alcohol-related issues through creation of new drinking opportunities	<ul style="list-style-type: none"> Achieve 20% non-alcohol and low-alcohol sales composition ratio by 2025

Examples of Initiatives

► Promotion of Efforts to Resolve Regional Issues through the Appointment of Full-Time Local SDGs Leaders

In collaboration with local governments and organizations, AGJ has appointed full-time local SDGs* leaders across Japan who strive to resolve regional issues by leveraging the resources of the Asahi Group. In Minamiashigara City, Kanagawa Prefecture, and Sajio City, Ehime Prefecture, where Asahi Breweries, Ltd. used to have breweries, the leaders have helped AGJ enter into collaborative agreements geared toward the co-creation of sustainable local communities. These agreements represent one of the many accomplishments these leaders are making in each region of Japan. The leaders also serve as a focal point for realizing the One Asahi initiative, including by promoting collaboration between offices and breweries in each region for which they are responsible. Going forward, AGJ will continue to formulate plans with local governments, spearheaded by the SDGs leaders, with the aim of resolving social issues on an ongoing basis.



* A concept advocated by the Japanese government aimed at realizing a sustainable, circular, and ecological society on a local level.

► Global Communication of Our Environmental and Biodiversity Conservation Activities under the Asahi Forest Initiative

Since 1941, the Asahi Group has owned Asahi Forest, an expansive plot of land that now spans roughly 2,165 hectares (the size of 461 Tokyo Domes*). In addition to environmental conservation, including through the absorption of CO₂ and the nurturing of water sources, Asahi Forest has contributed to biodiversity conservation through appropriate forest management and thus has played an important role for the environment and communities. The Asahi Forest initiative has received high praise, winning the grand prize at the Forests × Decarbonization Challenge, hosted by the Ministry of Agriculture, Forestry and Fisheries in June 2022. At CBD COP 15, which was held in December 2022, the Group had the opportunity to communicate the Asahi Forest initiative to the world. Going forward, the Group will promote and communicate its efforts toward environmental and biodiversity conservation with the aim of passing down the gifts of nature and a better future to the next generation.

* A vast indoor stadium and entertainment complex in central Tokyo with a seating capacity of 55,000.

Europe

► Key Medium-Term Strategies

- Advance our premium beer strategy by expanding sales of our five global brands and by focusing on selective leading local brands
- Accelerate premium growth beyond core lager, such as non-alcohol beer, RTDs, and craft beer
- Promote initiatives to reduce environmental impact, which entail the active use of renewable energy and the adoption of recyclable containers and packages



Strengths

- Portfolio of prominent global brands
- Robust business foundation in local markets and sophisticated premium strategies
- Cost management capabilities that enable a flexible response to changes in the business environment
- Organizational capabilities with a wealth of diversity and a high level of employee engagement
- Ability to promote businesses aimed at resolving social issues

Business Environment

Opportunities

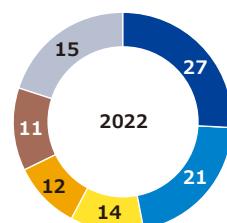
- Global trend toward premiumization
- Rising consumer needs for high-quality local brands
- Growth in non-alcohol beverage and RTD sales as a result of diversifying tastes
- Advancement in digital technologies that help realize diverse value propositions
- Growing support for businesses that help resolve social issues

Risks

- Increases in various costs, including the rise in raw material prices due to market fluctuations
- Lower consumer sentiment due to rapid price increases
- Tightening competitive environment following the stagnant demand for lager consumption
- Tightening of various regulations such as liquor tax revisions
- Rising geopolitical risks, climate change, and the occurrence of large-scale disasters



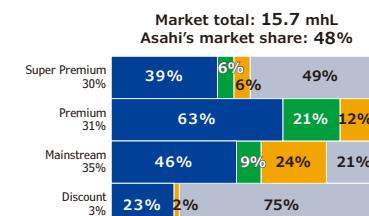
Revenue Composition by Country
(%)



■ Czech Republic & Slovakia
■ Poland ■ Romania
■ Italy ■ UK ■ Others

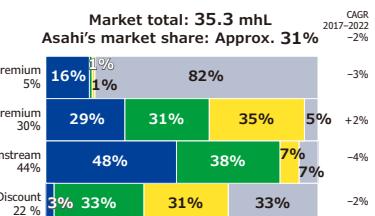
Market Share by Price Segment (2022) (Volume Basis)
(%)

Czech Republic



■ Asahi ■ Heineken
■ Molson Coors ■ Others

Poland



■ Asahi ■ Heineken
■ Carlsberg ■ Others

* The price of the leading brand in the most popular pack type = 100
Premium > 115 114 > Mainstream > 91 90 > Discount

Europe

Results and Issues in 2022

The overall operating environment in Europe was difficult due to soaring increases in prices and rapidly progressing inflation. However, even amid this challenging environment, consumer demand for premium brands remained strong in our major countries of operation. Under these circumstances, we actively rolled out our global brands, local premium brands, and non-alcohol beers. We were also able to steadily progress our premium strategies by improving our product mix following a recovery in on-premise sales. Additionally, as raw material prices and energy costs increased far more than we expected, we swiftly implemented price revisions and strengthened our cost management. By doing so, we sought to minimize the impact of cost increases to the greatest extent possible. From the perspective of supply, there were concerns over such matters as CO₂ emissions and resource shortages, including for glass bottles. However, we were still able to secure a steady supply throughout the entire year through our strong relationships with suppliers. We were also able to flexibly respond to changes in the external operating environment. In these ways, we successfully promoted efforts to ensure the stability of our businesses.

TOPIC

Promoting Premiumization in the Romanian Market with the Launch of Kozel

Through Ursus Breweries, we are demonstrating leadership in the Romanian market, centered on local brands. Amid the recent booming trend toward premiumization in this market, there has been a growing number of consumers who prefer fun, easy-to-drink craft beer over traditional beer. With a focus on this development, we launched the Czech beer *Kozel*, which is one of the world's most popular beers, into the Romanian market.

The launch of *Kozel* in May 2022 represented one of the biggest market launches that Romania has seen over the past ten years. Our goal with this launch is to make *Kozel* a staple beer in the country and, in the future, acquire the top share in the premium product segment. Leveraging *Kozel*'s signature goat icon based on the notion of "Think globally, act locally," we deployed existing communication assets on a large scale during this launch. In addition, we utilized local influencers, media outlets, and partnerships with sponsors to implement a proactive advertising campaign. As a result, at the end of 2022, *Kozel* achieved over 100,000 hectoliters in sales and a customer recognition rate of 70%, getting off to a great start in its first year by capturing over 1% of the market share.

Direction for 2023

Costs such as raw material prices and personnel expenses will continue to rise amid the ongoing high level of inflation. By implementing appropriate price revisions and enhancing cost efficiency, we will seek to offset the impact of these cost increases as best as possible. For the *Asahi Super Dry* brand, we will leverage our sponsorships with City Football Group Limited and Rugby World Cup France 2023 in an effort to enhance brand recognition on a global basis. With *Peroni Nastro Azzurro*, we will draw on our sponsorship with the Aston Martin Cognizant Formula One™ Team to expand sales channels for non-alcohol brands and promote our brands via advertisements. We will also use this sponsorship to spur new innovations. In addition to continuing investments geared toward sustainable top-line growth, we will also promote such efforts as responding to environmental issues through the use of renewable energy and other measures as well as engaging in activities to support local communities. Through such efforts, we will bolster our foundation for sustainable growth

Revenue

(JPY billion)

2022 Results	573.9 (+13.5%)
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2023 Forecast	657.0 (+16.0%)
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Core Operating Profit

(JPY billion)

2022 Results	76.0 (-6.3%)
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2023 Forecast	74.4 (+0.8%)
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* Figures for year-on-year comparisons are on a constant currency basis.



Europe

Direction of Our Sustainability Initiatives

Creating a Legacy We Can Be Proud Of

The gifts of nature are essential for brewing great-tasting beer. Based on this belief, Asahi Europe and International Ltd. (AEI) is committed to running the business in harmony with nature, for us and for the future generations to come. We view our legacy as not only the joy our delicious beverages bring, which are created from the gifts of nature, but also the people AEI work with, including our employees, consumers, and farmers. We aim to realize a corporate culture that embraces sustainability and diversity. In order to establish a proud legacy of making a positive impact on the planet and all of our stakeholders, we created Legacy 2030 as a set of initiatives and relevant KPIs that encompass the perspectives of people and the planet.



PLANET

Our beers come from nature, whether it is water, hops, barley, or any other crop. That is why we care about the planet and the positive environmental impact we can make.

PEOPLE

We believe that differences accelerate innovation and enhance creativity. We therefore aim to realize a corporate culture that embraces diversity and provides more choices to our consumers.

	Material Issues	Key Initiatives	Targets and Action Plans
Environment		Respond to climate change	<ul style="list-style-type: none"> Carbon neutral in AEI breweries by 2030 100% renewable electricity in AEI breweries by 2025
		Sustainable packaging	<ul style="list-style-type: none"> By 2030, AEI will use only containers, as well as secondary packaging that is reusable or fully recyclable, and made chiefly from recycled content 25% plastics reduction in AEI by 2030 (compared with 2019 baseline)
Communities		Realize sustainable communities through the creation of people-to-people connections	<ul style="list-style-type: none"> Implement support projects for barley farmers (Campus Peroni [Italy]), and hops farmers (FOR HOPS [Czech Republic])*
Responsible Drinking		Solution of alcohol-related issues through creation of new drinking opportunities	<ul style="list-style-type: none"> Achieve 20% share of nonalcoholic products in our portfolio by 2030

* Targets for Communities currently under examination

Examples of Initiatives

► Promoting Efforts to Protect Biodiversity through the Žubr Brand

The Žubr beer brand in Poland uses the żubr (Polish for European bison), a species which once faced extinction, as its brand symbol. Since fiscal 2018, AEI's Žubr brand has actively been promoting initiatives to protect wildlife. Starting in 2021, Žubr has been working to help Biebrza National Park, the largest national park in Poland, reclaim its land. Until recently, 40% of the land was under private ownership. Through a donation, Žubr helped the park reclaim 250,000 m² of this land in order to enable appropriate biodiversity conservation activities conducted by experts. By communicating information on these activities, Žubr has been recognized by consumers as an environmentally conscious brand,* which has led to improvements in its brand value.

* According to the 2021 omnibus survey conducted by Zenith



► Providing Support for Pubs at Plzeňský Prazdroj, a.s.

The Czech Republic-based operating company Plzeňský Prazdroj, which manufactures *Pilsner Urquell*, began efforts with external technology companies from November 2022 to propose reforms to optimize water and energy efficiency at pubs via an x-ray analysis of the line of beer flow, covering everything from beer storage to tapping systems. The period of analysis is slated to last one year, with the analysis itself expected to realize a maximum increase in energy efficiency of 30% and reduce overall pub utility costs. Also, since September 2022, Plzeňský Prazdroj began offering a digital platform to the approximately 11,000 pubs with which it directly does business, through which pub owners and staff can receive business advice and training. By doing so, the company is helping pubs develop human resources and improve their competitiveness.



Oceania

► Key Medium-Term Strategies

- Promote our multi-beverage strategy, which leverages the strengths of our Alcohol Beverages and Non-Alcohol Beverages businesses; create integration synergies
- Promote innovation in growth domains, such as BACs; strengthen products in the health and well-being category
- Propose new sustainability-focused value through the introduction of new containers, packaging, etc.; advance supply chain management reforms.



Strengths

- Superior multi-beverage offering across key categories (beer, CSDs,* RTDs, cider)
 - Iconic brand portfolio well positioned for premiumization
 - Well-positioned customer reach and partnerships across Alcohol Beverages and Non-Alcohol Beverages business
 - Efficient, scaled network that provides superior cost leadership
 - Enhanced value chain that is delivering positive change on sustainability
- * Carbonated soft drinks

Business Environment

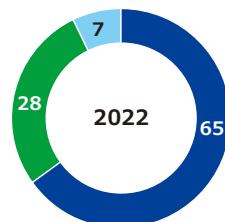
Opportunities

- Global trend toward premiumization
- Well positioned to accelerate growth via premiumization
- Growing beer adjacent categories as a result of diversifying tastes
- Growth in sales of sugar-free beverages due to rising health consciousness
- Heightened interest in sustainable business activities

Risks

- Increases in various costs due to market fluctuations and high inflation
- Moderating beer consumption driven by diversifying tastes
- Supply chain challenges driven by external macro factors (e.g., the cost and availability of raw and packaging materials, energy and global shipping, etc.)
- Ongoing twice-yearly increases in government excise continue to make the tax on beer in Australia very high
- Adverse change in consumption due to unforeseen macro events (e.g., pandemic, natural disasters, etc.)

Revenue Composition in Oceania
(%)



■ Australian Alcohol Beverages Business (CUB)
■ Australian Non-Alcohol Beverages Business (ALB)
■ New Zealand Business (ABNZ)

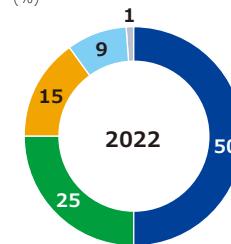
Notes: Revenue basis that excludes liquor tax and container deposits

Composition Ratio by Category in the Alcohol Beverages Business in Australia (Monetary Basis)
(%)



■ Beer
■ Ready-to-drink (RTD) beverages
■ Cider
■ Others
■ International

Australian Beer Category Sales Composition (Value basis)
(%)



■ Contemporary
■ Classic
■ International
■ Craft
■ Others



Oceania

Results and Issues in 2022

As the market headed toward a recovery from the impact of the COVID-19 pandemic, Asahi Holdings (Australia) Pty Ltd continued promoting its multi-beverage strategy, which involves efforts to strengthen value, with a focus on its mainstay brands, and the mutual utilization of the sales networks it possesses in the Alcohol Beverages and Non-Alcohol Beverages businesses. In the Alcohol Beverages Business, we fortified the position of the contemporary beer *Great Northern* as a leading brand. In addition, we cultivated new growth drivers in such ways as expanding the sales channels for craft beer. We also continued the promotion of non-alcohol beers and hard seltzers. In the Non-Alcohol Beverages Business, we bolstered our efforts to respond to diversifying drinking needs driven by increasingly health-conscious consumers. This included the ongoing promotion of sugar-free carbonated drinks and sugar-free lifestyle drinks. Although we saw the costs of raw materials and shipping increase, we were able to secure top-line growth, including through price revisions, and generate cost synergies through the ongoing integration of Carlton & United Breweries Pty. Ltd. (CUB). By doing so, we continued to maintain a solid growth momentum and margins.

TOPIC

Promoting Our Multi-Beverage Strategy—Entering into a Landmark Partnership with the AFL

In December 2022, Asahi Beverages Pty Ltd. entered into a new partnership with the Australian Football League (AFL). As part of a four-year deal, *Pepsi Max*, *Solo*, *Cool Ridge*, and *Gatorade* have become official drinks of the AFL and *Carlton Zero* has also become the AFL's first official non-alcohol beer. In a separate but related deal, *Carlton Draught* continues as the long-standing official beer of the AFL. This partnership marks the first time a beverages company has been the AFL's official partner across multiple alcohol and non-alcohol product categories. It also demonstrates the significant progress we are making with our multi-beverage strategy.

In addition, *Peroni Nastro Azzurro* has been in an ongoing partnership with the Australian Open since 2021. This is an important example of how we are strengthening our marketing activities for our global brands. Going forward, we will continue building a brand portfolio that satisfies consumers' various drinking needs as we work to spur new consumer demand.

Direction for 2023

We anticipate stable consumption demand, even amid continued inflation. Accordingly, we will further reinforce our profit foundation by not only strengthening our premium brands but also promoting our multi-beverage strategy and generating greater synergies from the integration of the CUB business. In the Alcohol Beverages Business, we will step up investment in mainstay brands such as *Great Northern* and *Carlton Draught*. We will also promote the premiumization of the *Asahi Super Dry* and *Peroni Nastro Azzurro* brands by leveraging synergies and increasing the number of stores where these beers are sold. For the Non-Alcohol Beverages Business, we will focus our efforts on product categories that are expanding due to increasingly health-conscious consumers while also striving to acquire new customers by leveraging our expansive sales networks. In 2023, we forecast year-on-year cost increases due to the impact of exchange rates and other factors. However, we will strive to achieve our profit targets by improving unit costs through the promotion of price revisions and premiumization and by enhancing cost efficiency. At the same time, we will seek to enhance brand value with a view toward sustainable growth.

Revenue (JPY billion)

2022 Results	583.2 (+5.6%)
2023 Forecast	628.4 (+8.0%)

Core Operating Profit (JPY billion)

2022 Results	107.1 (+16.7%)
2023 Forecast	108.8 (+1.7%)

* Figures for year-on-year comparisons are on a constant currency basis.

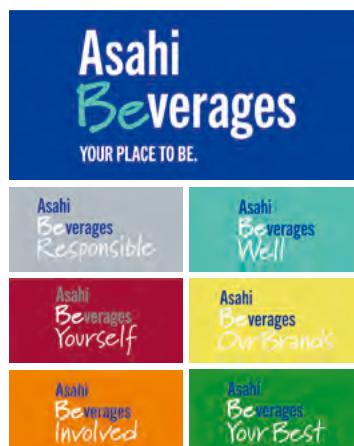


Oceania

Direction of Our Sustainability Initiatives

Our People, Customers, and Consumers Are at the Heart of Everything We Do

The beverages we create at Asahi Beverages bring enjoyment and connection to everyday moments in life. To ensure that the people of Australia and New Zealand can continue to experience such enjoyment and connection, we have a responsibility as Oceania's leading multi-beverage company to ensure our operations have a positive impact on the communities in which we operate. To fulfill this responsibility, we created Asahi Be: an environmental, social, and governance (ESG) framework. The six pillars of Asahi Be describe who we are, what we stand for, what is important to us, and how we operate. By pursuing a broad range of initiatives under Asahi Be, we will promote the environmental sustainability of our products; engage in responsible marketing and product development; contribute to our communities; and ensure the health, safety, and professional development of our employees going forward.



	Material Issues	Key Initiatives	Targets and Action Plans
Environment	Respond to climate change	<ul style="list-style-type: none"> Reduce Scope 1 & 2 CO₂ emissions in our operations by 50% by 2025 (compared with 2019) 100% of our purchased electricity to be sourced from or matched with renewable sources by 2025 	
	Sustainable packaging	<ul style="list-style-type: none"> Increase the amount of recycled content used in our glass bottles and aluminum cans to on avg. majority (50>) recycled content by 2030 	
Communities	Realize sustainable communities through the creation of people-to-people connections	<ul style="list-style-type: none"> Develop and maintain the program for using barley purchased directly from farmers* 	
Responsible Drinking	Solution of alcohol-related issues through creation of new drinking opportunities	<ul style="list-style-type: none"> Achieve 30% non-alcohol and low-alcohol sales composition ratio across beer portfolio by 2025 	

* Targets for Communities currently under examination

Examples of Initiatives

► Promoting Renewable Energy through Victoria Bitter

Since 2020, CUB Pty Ltd. has been brewing its mainstay brand *Victoria Bitter* using 100% offset solar electricity. In a further initiative, in March 2021, the company began a program in which eligible consumers could exchange AUD30 worth of credit on their power bill generated from excess solar electricity for a case of *Victoria Bitter*. In the second year of this initiative, CUB Pty Ltd. commenced a partnership with the major retail store Dan Murphy's, making it possible for consumers to redeem their credit for *Victoria Bitter* at participating Dan Murphy's stores. Moving forward, we will continue to explore novel methods to promote the utilization of sustainable technologies, including solar energy.



► Promoting Efforts to Curtail Underage Drinking through Collaboration with DrinkWise Australia

Asahi Beverages Pty Ltd. has been focusing its efforts on collaborating with DrinkWise Australia, an independent, not-for-profit organization that aims to create a healthier and safer drinking culture in Australia. CEO Robert Iervasi serves as a director at DrinkWise Australia, representing the Brewers Association of Australia. A survey of minors who have experienced drinking showed that 41.6% of minors primarily receive alcohol from their parents. In response to this result, DrinkWise launched the "It's ok to say nay" campaign, which delivers a clear message to parents that they should not provide alcohol to their children, even if asked to do so. By supporting this campaign and other initiatives, Asahi Beverages Pty Ltd. will continue to promote activities aimed at curtailing underage drinking moving forward.

Southeast Asia

► Key Medium-Term Strategies

- Expand into growing markets of more than 600 million people in the region with the growth in Malaysia as the cash cow and using our own brands to expand into other markets
- Set up new segments such as the plant-based product segment to gradually diversify portfolio into more premium beverages and minimize dependency on condensed milk
- Deliver sustainability agenda, including rolling out eco-friendly packaging; build value in partnership with local communities through raw material procurement initiatives



Strengths

- High level of affinity between the rising trend in health consciousness and the Company's brands
- Strong business platforms, working with strategic partners and leveraging the largest vending network across Malaysia and Singapore combined
- Diverse organizational capabilities through strong, diversified, and equitable senior leadership

Business Environment

Opportunities

- High growth potential of the overall Southeast Asian market
- Growing need for high-value-added products
- Further expansion into the Southeast Asian region through exploration of new markets and countries
- Room for further reach and expansion of our products in the halal market

Risks

- Increases in various costs, especially the significant rise in raw material and freight prices due to market fluctuations, and logistics disruptions from shipment rollovers and delays
- Country risks such as geopolitical issues and delays in infrastructure establishment, such as power and sanitation
- Dampened consumer sentiment with rising inflationary pressures

Results and Issues in 2022

We were able to enhance our presence in our major countries and regions of operation, centered on Malaysia, through investments to strengthen our brands. These included investments in expanding our lineup of *CALPIS* products and actively advertising *WONDA* products. Even amidst the growing impact of cost increases brought about by soaring raw material prices and transportation costs, not only were we able to grow our mainstay brands but we were also able to implement price revisions and enhance the efficiency of fixed costs. In these ways, we secured stable profits.

Direction for 2023

With the aim of reinforcing our business portfolio in Malaysia and other countries and regions of operation, we will promote such efforts as driving brand equity and brand extension for our mainstay brands. The introduction of e-retailing in building on new segments alongside e-commerce will play a big part in strengthening our business. Although we will continue to be impacted by cost increases, we will seek to defray this impact through increased revenue, including from price revisions, thereby securing stable profits. In addition, we will seek to establish a foundation for sustainable growth through efforts to address social issues and enhance human resource development, among other initiatives.

Revenue

(JPY billion)

2022 Results	51.7 (+6.8%)
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2023 Forecast	54.7 (+5.4%)
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Core Operating Profit

(JPY billion)

2022 Results	0.6 (+27.6%)
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2023 Forecast	1.2 (+103.4%)
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* Figures for year-on-year comparisons are on a constant currency basis.

Southeast Asia

Direction of Our Sustainability Initiatives

Positioning Sustainability at the Heart of Our Businesses

At Asahi Holdings Southeast Asia Sdn. Bhd. (AHSEA), we continue to draw on the gifts of nature to create tastiness that exceeds customer expectations. We work to bring more fun to life through our products and services while striving to build a sustainable society that we can pass on to the next generation. To realize this goal, we have placed sustainability at the heart of our businesses by establishing four pillars—Environment, People, Communities, and Health—within our corporate strategy. All four of these pillars are in line with our commitment to the Sustainable Development Goals, as we focus our efforts on enhancing our awareness of global issues, monitoring our sustainability performance, creating sustainability road maps, and strengthening our sustainability initiatives.

ENVIRONMENT

Protect the gifts of nature



PEOPLE

Uphold respect for human rights and maximize the potential of people



COMMUNITIES

Connect people to create and share enjoyment



HEALTH

Become a close part of people's healthy lifestyles



	Material Issues	Key Initiatives	Targets and Action Plans
Environment	Respond to climate change	• Reduce CO ₂ emissions in Scope 1 and 2 by 50% by 2030 (compared with 2019)	
	Sustainable packaging	• Use recycled materials in 30% of PET bottles by 2025	
Communities	Realize sustainable communities through the creation of people-to-people connections	• Conduct community participation programs at each business unit twice a year	

Examples of Initiatives

► Initiatives toward Utilizing 100% Renewable Energy for the Electricity Used at Etika Beverages Sdn. Bhd.

AHSEA installed a solar power generation system on the roof of Etika Beverages Sdn. Bhd. (EBSB), one of its soft drink manufacturing plants in Malaysia. With this solar power generation system, EBSB now utilizes self-generated solar power for a portion of electricity used in its operations. In January 2022, with the aim of further accelerating its transition to renewable energy, EBSB entered a contract with a local electric power company for a subscription service for green electricity, thereby transitioning to renewable energy for 100% of the electricity the plant uses. Moving forward, AHSEA will continue to promote efforts that contribute to achieving the Asahi Group's goal of realizing a 50% reduction in CO₂ emissions in Scope 1 and Scope 2 by 2030, compared with emission levels in 2019.



► Health, Safety, and Environmental Activities with the Local Community

In December 2022, Etika Sdn. Bhd. has extended its Health, Safety, and Environmental (HSE) Week, which in previous years was only for employees, to the local community with the aim of strengthening people-to-people connections and raising awareness of health and safety issues. In cooperation with the local police in the areas where the plants are located, various HSE activities were conducted, such as exercise classes with a popular Youtuber, medical checks and blood donations, lectures on road safety, firefighting demonstrations, and raising awareness of recycling and repurposing. More than half of the over 450 participants in the events held at EBSB and Etika Dairies Sdn. Bhd. were from the local community, including community members who live close to these plants. Going forward, Etika will continue to encourage employee participation in activities that contribute to the community, in line with the Asahi Group's key initiative to "realize sustainable communities through the creation of people-to-people connections."



07 Corporate Governance

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The Asahi Group's Corporate Governance Policy and Structure

To realize sustainable growth and enhanced corporate value over the medium to long term, the Company aims to improve the effectiveness of the Board of Directors in a sustainable manner and has established even more substantial corporate governance.

► Basic Policy

The Company is committed to achieving sustainable growth and increasing corporate value over the medium to long term by putting the Asahi Group Philosophy (AGP) into practice. Accordingly, the Company has been proactive in its efforts to strengthen Group management in response to globalization; build solid relationships of trust with society, including the promotion of sustainability management; and enhance its social presence and transparency, such as through the advancement of engagement with stakeholders. At the same time, the Company has positioned the reinforcement of the Group's corporate governance at the top of management priorities. As a result, the Company strives to achieve sustainable growth and increase corporate value over the medium to long term.



WEB → Corporate Governance Policy and System
(Asahi Group Holdings corporate website)

To promote the reinforcement of corporate governance, the Company strives to sustainably enhance the effectiveness of the Board of Directors and the Audit & Supervisory Board. To that end, the Company evaluates the effectiveness of the Board of Directors and the Audit & Supervisory Board periodically as well as identifies and addresses issues to ensure further enhancement of their effectiveness.

Through these efforts, the Company strives to achieve sustainable growth and increase corporate value over the medium to long term.

► Characteristics of the Company's Corporate Governance System

To realize sustainable growth and enhance corporate value over the medium to long term, the Company is working to enhance the effectiveness of the Board of Directors in a sustainable manner. To that end, through the following initiatives, the Company has established a framework for ensuring that the Board of Directors can engage in appropriate decision-making and monitor management personnel in a highly effective manner.

Structure of the Board of Directors

To ensure balance and diversity in terms of the knowledge, experience, and ability of the entire Board of Directors deemed necessary for the Company to realize sustainable growth and increase corporate value over the medium to long term, the Company has formulated the Board of Directors Skill Matrix, which clarifies the requirements of corporate officers based on the AGP and management strategies. In accordance with the Board of Directors Skill Matrix, the Board consists of persons who have a wealth of experience, excellent insight, and expertise required by the Company.

Substantive Debate by the Board of Directors

Topics of discussions at meetings of the Board of Directors are selected in a systematic and appropriate manner, and substantive debate is held based on these topics.

Evaluations of Effectiveness

Every year, the Company evaluates the effectiveness of the Board of Directors, Nomination Committee, Compensation Committee, and Audit & Supervisory Board with the help of a third party. Through such evaluations, these bodies recognize

areas in need of improvement and incorporate efforts to do so in their activity plans for the following year, thereby working to enhance their effectiveness.

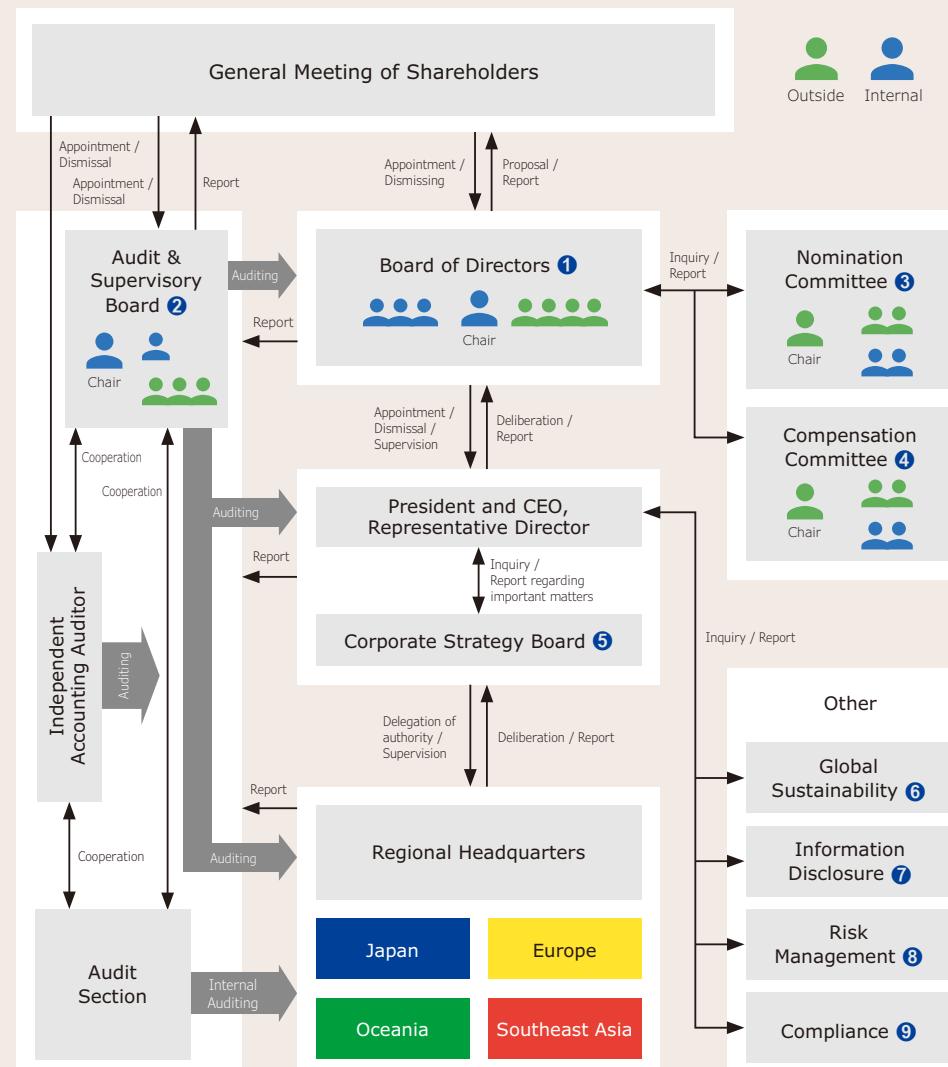
Nomination Committee and Compensation Committee

To ensure transparency and fairness, the Nomination and Compensation committees consist of a majority of Independent Outside Directors and are chaired by outside directors. Before agenda items related to corporate officer appointment and remuneration are presented to the Board of Directors, the Board consults with the committees and the items are deliberated on after receiving their report.

Structure of the Audit & Supervisory Board

To ensure balance and diversity in terms of the knowledge, experience, and ability deemed necessary for the Company to realize sustainable growth and increase corporate value over the medium to long term, the Audit & Supervisory Board consists of persons who appropriately fulfill the Company's requirements for corporate officers based on the AGP and management strategies.

► Corporate Governance System (As of April 1, 2023)



① Directors and the Board of Directors

Meetings in FY2022 12

The Board of Directors decides upon important corporate frameworks such as the AGP and the Medium- to Long-Term Management Policy and promotes their implementation. By establishing internal control and risk management systems, the Board supports appropriate risk-taking by management, including the President and CEO. Regular meetings of the Board of Directors are held once a month, in principle, and special meetings are held as necessary. In fiscal 2021, the Board of Directors met on a regular basis and the rate of attendance by Outside Directors was 100%.

② Audit & Supervisory Board Members and the Audit & Supervisory Board

Meetings in FY2022 12

By combining the information held by Standing Audit & Supervisory Board Members and the high level of expertise of Outside Audit & Supervisory Board Members, the Company's system enables Audit & Supervisory Board Members to exercise their authority freely and decisively, making appropriate judgments and taking action from an independent and objective standpoint. In fiscal 2022, the rate of attendance at meetings of the Audit & Supervisory Board by outside members was 96.9%.

③ Nomination Committee

Meetings in FY2022 9

The Nomination Committee provides the Board of Directors with reports on its findings and views on matters pertaining to candidates for Director and Audit & Supervisory Board Member positions. In fiscal 2022, the committee primarily reported and deliberated on matters such as the appointment of candidates for Director and Audit & Supervisory Board Member positions; the selection of the Representative Director, Chairperson, President and CEO, and CXO; the appointment of Nomination Committee members; and committee activity plans for fiscal 2022.

④ Compensation Committee

Meetings in FY2022 9

The Compensation Committee provides reports on its findings and views on matters pertaining to remuneration systems and amounts for Directors and Audit & Supervisory Board Members. In fiscal 2022, the committee primarily reported and deliberated on matters such as Director bonuses (annual and medium-term), a point-based stock compensation system, the appointment of Compensation Committee members, and committee activity plans for fiscal 2022.

⑤ Corporate Strategy Board

Meetings in FY2022 52

The Corporate Strategy Board provides reports on its findings and views pertaining to the evaluations of the legality, objectiveness, and rationality of important issues related to business operations in response to inquiries regarding such issues. The Board comprises the President, other executive directors, and Standing Audit & Supervisory Board Members, with the President and Representative Director serving as the chair. In fiscal 2022, the Board primarily reported on matters pertaining to the establishment of business strategies and operational execution at Group companies.

⑥ Global Sustainability Committee Meetings in FY2022 1

The Global Sustainability Committee provides reports on its findings and views on matters related to the formulation and monitoring of Group-wide Sustainability strategies. The committee consists of the President and Representative Director, the Director in charge of sustainability, and the CEOs of the overseas Regional Headquarters (RHQ), among other members, with the President and CEO serving as the chair. In fiscal 2022, the Board primarily reported on matters such as the material issues of "Communities" and "Responsible Drinking" in the Company's sustainability strategies.

⑦ Information Disclosure Committee

Meetings in FY2022 6

The Information Disclosure Committee manages and oversees the disclosure of corporate information in an integrated manner. The committee also provides reports on its findings and views in response to inquiries based on the perspective of fair, expeditious, and wide-ranging information disclosure. The committee comprises executive directors and corporate officers appointed by the President and Representative Director, who serves as the committee chair. In fiscal 2022, the committee reported on its findings and views regarding the content and means of disclosure while referencing the Timely Disclosure Rules of the Tokyo Stock Exchange.

⑧ Risk Management Committee

Meetings in FY2022 4

The Risk Management Committee provides reports on its findings and views regarding the promotion and supervision of risk management in response to inquiries. The committee comprises corporate officers who are appointed by executive directors and the President and CEO, who serves as the committee chair. In fiscal 2022, the committee reported on matters such as the identification and evaluation of major risks to the entire Group, including tail risk (the highly unlikely risk of experiencing major losses); the evaluation of response plans and the status of their implementation; and the development of a structure capable of seamlessly switching to crisis management in case of an emergency.

⑨ Compliance Committee

Meetings in FY2022 4

The Compliance Committee provides reports on its findings and views on matters related to corporate ethics, compliance promotion, and business supervision in response to inquiries. The committee is made up of the President and Representative Director, executive directors, and corporate officers who are appointed by the President and Representative Director, who serves as the committee chair. In fiscal 2022, the committee reported on its findings and views primarily regarding the status of compliance promotion plans and Group compliance, as well as the operational status of internal whistleblower systems.

Governance Structure of the Increasingly Globalized Asahi Group

Progress of the Medium- to Long-Term Management Policy and the Future of the Asahi Group



Tetsuji Ohashi
Independent Outside Director

Akiyoshi Koji
Chairperson of the Board

Kenichiro Sasae
Independent Outside Director

1. Global Governance Structure

Roughly one year has passed since the Asahi Group adopted a global operating structure spanning four core regions. What is your current evaluation of this structure and what issues do you feel need to be addressed?

Koji With the establishment of Asahi Group Japan, Ltd. as the Regional Headquarters (RHQ) of Japan in 2022, the Asahi Group commenced a global operating structure spanning four core regions. With this move, the Group made further progress with delegating authority from the Global Headquarters (GHQ) to each RHQ and differentiating roles for which each organization is responsible. Each RHQ is in charge of analyzing the business environment in its respective region of operation and determining the direction of its businesses accordingly. In addition, each RHQ promotes the exchange of personnel between businesses and shares information on important topics such as sustainability initiatives. In this sense, each RHQ plays the role of an intermediary. Meanwhile, the GHQ is responsible for communicating the Group's ideal business portfolio and management resource allocation approach to the RHQ and for ensuring that the aims of the Group's Medium- to Long-term Management Policies are incorporated at each RHQ. Furthermore, the GHQ plays the leading role in promoting the realization of the Asahi Group Philosophy (AGP). By making the respective responsibilities of the RHQ and GHQ clearer, the Group is able to further accelerate decision-making related to the resolution of regional issues and enact a swifter response than ever before to the changing social climate and consumer value systems. In these ways, I feel that the Group has made great strides toward the establishment of a governance structure optimized for the sustainable growth of the Group as a whole.

Ohashi Approximately one year has passed since my appointment as an independent Outside Director, and during this time I have witnessed the Board of Directors' high level of transparency in various settings. Starting with the regular business reports

Governance Structure of the Increasingly Globalized Asahi Group

from each RHQ, I am able to receive clear and concise information regarding the Group's operations, and this has helped deepen my understanding of the Group's specific initiatives and future direction. In addition, the AGP that is shared across the entire Group and serves as the very core that binds it together. Based on the business reports from each RHQ, I have seen how the AGP has firmly taken root even in local frontline operations. Going forward, I will place even greater focus on observing the consistency between the AGP and the initiatives of each RHQ and Group business. However, ensuring the firm entrenchment of the AGP alone is not enough for achieving sustainable growth amid a business environment with an increasingly uncertain outlook. The Group is strategically moving forward with efforts to expand sales of its global brands outside their respective home markets. Giving consideration to Group-wide growth, I feel that these shared Group brands are also something that could function as a core that binds the Group together. Under the new global operating structure spanning four regions, I hope that the Group can make greater progress with global brand cultivation and the cross-regional sharing and application of know-how on brand cultivation and technologies pertaining to development, production, and quality control.

Sasae Every time I participate in a meeting of the Board of Directors, I am impressed with just how positive the atmosphere is. In addition, Board members candidly state their individual opinions and engage in active debate. Those responsible for business execution have an accurate understanding of the situation at each RHQ, based on which they provide clear explanations of the current state, targets, and future initiatives in each region and for the entire Group. In these ways, I believe the Board of Directors maintains a high level of effectiveness. In terms of issues that should be addressed, I would like to see more opportunities to exchange information between each RHQ. Although information sharing and reporting lines have now been established between GHQ and each RHQ, opportunities for information sharing between the RHQs are still limited. Even amid various time constraints, I believe the Group should foster an awareness among all its employees regarding the importance of discovering settings and opportunities for the day-to-day exchange of information and

for the sharing of individual management issues. Doing so will ultimately lead to more meaningful global governance.

What kinds of structural reforms is the Board of Directors pursuing?

Koji Recently, Mari Matsunaga joined the Board of Directors as an outside member who has experience with such matters as the creation of new business models. With her appointment, the ratio of outside members on the Board has reached 50%. In the future, we aim to further increase this ratio to ensure that we incorporate even more multifaceted perspectives and further enhance our decision-making. There are two reasons why I believe we need to do so, which have been pointed out by Mr. Ohashi. The first reason is the rapid pace at which the Group is becoming globalized. The second is that we are now in an era in which it is nearly impossible to forecast the future. Since 2016, the Group has been executing large-scale M&As. At the moment, over half of the Group's employees are non-Japanese, and over 60% of the Group's total Core Operating Profit is generated from its overseas operations. While the Group has enjoyed rapid growth, the shortage of employees in the Company with an abundance of overseas business experience has the potential to become a weakness. Moreover, it has become incredibly difficult to predict the future of the business environment due to the rapid changes in value systems and the divisions occurring in international society. Under such an environment, the Group's management is essentially in a position where it must steer the ship without a sea chart. To achieve sustainable growth in this position, it is imperative that the Group secures outside members with not only an abundance of expertise but also a diverse range of insight and experience, including overseas business experience. For example, Mr. Ohashi has a wealth of experience in business-to-business operations and overseas businesses, and Mr. Sasae, as a diplomat, has global insight on geopolitical risks and other matters that differs from that of an average businessperson. Mr. Ohashi and Mr. Sasae are constantly helping us make useful realizations based on their independent perspectives.

Sasae Given the situation in Japan, where the market is

shrinking due to the declining population, promoting globalization is certainly the right course of action. The Group possesses many strong brands, centered on alcohol beverages, and being able to implement strategies that leverage the assets provided by these brands represents a major Group strength. Additionally, the Group is taking on the challenge of developing new products and cultivating new markets. This means that, instead of settling for the markets in which it currently operates, the Group can set its sights on further expansion into even more global markets. As Mr. Koji stated, in order for the Group to win out against the competition on a global scale, it must accelerate decision-making by the Board of Directors and enhance the Board's effectiveness by incorporating a diverse range of perspectives. Going forward, the Group needs to ensure that both the members of the Board of Directors and the members responsible for business execution come from diverse backgrounds. Accordingly, the Group should establish a structure under which employees with different backgrounds from all regions of operation can work their way up to the Group's managerial ranks. In this sense, the Group has plenty of room for improvement.

Of course, the Group also needs to continue to grow if it is to further promote globalization. At the same time, the Group must promote appropriate risk management to ensure operational stability. Starting with the invasion of Ukraine, the geopolitical situation is becoming increasingly unstable, and the global political and authoritative structure that we have viewed as commonplace in the almost 80 years since the end of World War II is starting to change. Certain elements we never had to consider before now have major business impacts. Accordingly, the Group needs to give more consideration than ever before as to how its businesses are impacted by geopolitical risks.

Ohashi When I was appointed as an Outside Director in 2022, non-executive corporate officers, when including members of the Audit & Supervisory Board, were already the majority. Now, the Board of Directors alone consists of a majority of non-executive corporate officers, and I believe this is a major reason why the Board already maintains a high level of effectiveness comparable with that of any other global corporation. We were discussing diversity within the Board, and, to put things a different way, I

Governance Structure of the Increasingly Globalized Asahi Group

believe the ability to set diverse agenda items at Board meetings based on diverse perspectives is a crucial element in expanding business-to-consumer businesses together with business partners around the world. If the Group is truly focusing on further global expansion, then it needs to recruit talent to the Board that can set agenda items that are more diverse and multifaceted than ever before. In the event that the Group considers inviting talent from overseas to serve on the Board, the high number of board meetings that companies based in Japan tend to hold could likely become a major barrier. To address this, much in the same manner as the Group did when it analyzed megatrends before formulating its Medium- to Long-Term Management Policy, the Group should consider holding discussions at meetings of other organizational bodies based on the opinions of external experts and then reflect topics mentioned in such discussions in the agenda items at meetings of the Board of Directors.

2. Medium- to Long-Term Management Policy

How much progress has the Company made toward enhancing its human capital?

Koji As the Company has been working to enhance its human capital, a strategy adopted under the Medium- to Long-Term Management Policy, we have seen improvements being made with employee engagement—a key indicator of this strategy—based on the results of a global engagement survey. I believe the results of the survey show that we have reached a level of employee engagement comparable with that of any other global corporation, which is something we view as a crucial benchmark. At the same time, the survey's results have confirmed how thoroughly entrenched the AGP has become in the actions and mindsets of Group employees. One issue we must address going forward is visualizing the relationship between our human capital and our corporate value. To that end, we will seek to summarize and clarify this relationship and, based on a thorough understanding of it, strive to enhance the mobility of our human resources on a global and local bases so that we may strengthen the functions and capabilities of the GHQ and, ultimately,

improve our corporate value.

The era in which we can promote businesses solely in industries in which we operate has come to an end. Going forward, the changes and issues occurring in other industries will likely impact our businesses. This will also mean that we will be able to forecast the kinds of changes that will occur in our businesses by analyzing the changes happening in other industries. Moving forward, we will not only enhance the mobility of our personnel between the GHQ and RHQ but also accelerate our efforts to study and learn from other industries.

Ohashi In our efforts to enhance the mobility of our personnel, we need to appoint overseas employees to positions at the GHQ. We also need to have our Japanese employees visit and study our frontline operations around the world. What is important in these efforts is determining the types of people that we mobilize and how we do so. I have personal experience in this regard. In the past, I invited an outstanding member of our overseas personnel to serve as a financial officer at the headquarters of a Japanese company I work for in order to enhance management capabilities. Looking back on this experience, I feel there was more I could have done to draw out this person's full potential. In Japanese companies, Japanese employees naturally have access to a broad range of information and, in cases where they feel that the information they are receiving is insufficient, they are able to seek additional information on their own initiative. Meanwhile, non-Japanese personnel tend to face difficulties in this regard, no matter how talented and capable they may be, and therefore require assistance. In order for us to avoid a similar mistake, I believe we must carefully consider the thoroughness of our personnel exchanges and the ways that we utilize our human resources.

As Mr. Koji mentioned, the Group will be impacted by changes occurring in other industries, and one of those changes is digital transformation (DX). Under our Medium- to Long-Term Management Policy, we adopted the notion of DX = BX (business transformation), and our human resources are tasked with handling our efforts to promote this notion. To that end, we need to examine a wide array of initiatives, including how to recruit and cultivate personnel responsible for pursuing transformation

and how to communicate information on the Asahi Group so that such personnel can understand the appeal of working with us. We are currently pursuing DX at a very reasonable pace, so I believe we need to move forward with confidence as we work to ascertain the kinds of customer and social issues that only the Group can resolve.

Sasae In the pursuit of globalization, we must also focus on aligning our personnel and remuneration systems with global standards. The Japanese style of lifetime employment and promotion based on seniority in terms of length of service can make it difficult for overseas employees and younger Japanese employees to find areas in which they can play an active role. To bring out the individual capabilities of our employees to the greatest extent possible and, in turn, realize Group-wide growth, it is important that we offer opportunities to capable employees, regardless of age or nationality, and provide them with compensation that is commensurate with their abilities. As Mr. Ohashi pointed out, it is difficult for overseas employees to come to Japan and immediately adapt to the Japanese way of working. We therefore need to promote the globalization of various systems by leveraging the valuable lessons we have learned in our approach to date. Change, including in terms of our awareness, is not something that can happen overnight. How we determine the types of human resource systems that best fit the Group's culture and the time frame over which we will transition to such systems—in addition to publicly communicating these systems as an industry leader—are issues that will ultimately contribute to the enhancement of our corporate value.

Koji We are expanding our business in a borderless manner. To create environments in which non-Japanese employees can play an active role in Japan or other regions, and in which Japanese employees can contribute overseas, we must not only prepare various systems but also enhance the ability of all our employees to understand cultures that differ from their own. In addition to language, we must operate our businesses in a manner that embraces the culture, approaches, and customs of each respective country.

Governance Structure of the Increasingly Globalized Asahi Group

How do you assess the Group's efforts to integrate sustainability into its management?

Sasae For an entity like the Asahi Group, which is rolling out businesses that use Group brands to form day-to-day connections with consumers, sustainability serves as the core of corporate value enhancement. The Group views sustainability as not just something to be pursued in response to social demands but also as a growth opportunity. Accordingly, the Group has established targets for all relevant sustainability issues and has communicated the time frame in which it aims to reach those targets. While we actively discuss sustainability at meetings of the Board of Directors, as the global awareness of sustainability rises, we also need to communicate a sustainability story to our consumers, investors, and employees that depicts our actions toward resolving relevant issues and the results we achieve when doing so. The Group's aim of integrating sustainability into its management, which it adopted under the Medium- to Long-Term Management Policy, is correct and appropriate. As such, I would like to see the Group continue to push forward at full speed toward achieving this aim. If I were to add a suggestion for reaching this aim, I feel that the Group needs to further promote the development of sustainable products and technologies. Given the fact that the Group has gained the understanding of its stakeholders and currently boasts a robust financial structure, I believe the Group has in place the foundation for accelerating its R&D activities. This, it is my hope that it does so.

Ohashi I also believe that R&D is extremely important when pursuing sustainability in a business-to-consumer business. In my experience in the fields of machinery and electricity, universities and research institutions that led the way with fundamental research. However, in the Group's business domains of beverages and food, the Group must pursue fundamental research all on its own. For that reason, I believe that Asahi Quality & Innovations, Ltd. (AQI) plays an extremely critical role. Through its globalization efforts, the Group has expanded the markets in which it is active and therefore must respond to the specific cultures and needs in each region of operation. Under the frameworks of the Medium- to Long-Term Management Policy, the Group must

proceed with examinations as to whether AQI is able to enact such a response and whether the Group itself should establish R&D centers overseas as well.

Koji In the past year, we have moved forward with reestablishing our objectives and strategic structure for integrating sustainability into our management. We also revised our key initiatives in this endeavor. We have been steadily making our sustainability strategies more sophisticated, commencing efforts to turn our business and social impacts into performance indicators. In addition, we have formulated guidelines for our products in consideration of the environment and other important issues and we have incorporated these guidelines into the strategies of each RHQ. Going forward, I believe we must further refine our strategies while considering opinions from a wide range of sources, including the know-how and insight that Mr. Ohashi has pertaining to fundamental research.

3. The Governance Structure of the Group Going Forward

What is the ideal form of governance for the Group going forward? And what are your aspirations toward realizing it?

Koji There are three tasks the Board of Directors must promote in order to realize sustainable growth. The first is to develop the Group's governance into an offensive governance structure in order to win out on the global stage. The next is to enhance the Board of Directors so that it is more compatible with society. Social compatibility means that the Board must always be able to respond to changes in society and people's values with a high level of transparency. To remain a corporate entity that is embraced and highly evaluated by society, the Group needs to engage in highly sophisticated decision-making while maintaining an appropriate level of social compatibility. The final task is to further improve the composition of the Board of Directors. I touched upon this earlier, but the Group intends to enhance the diversity of the Board of Directors in terms of knowledge, experience, and nationalities in order to boost the Board's effectiveness.

At the same time, the Board needs to strike a balance between enhancing the diversity of its members and maintaining an appropriate size.

As chairperson, I am focusing my attention on clarifying our topics of debate. By making the main points of our discussions clear, we will be able to hear more meaningful opinions from the Outside Directors and outside Audit & Supervisory Board members. I am also focusing on summarizing the important points of the opinions we receive. There is no point in receiving the vital opinions of our outside members if we are unable to incorporate them into our strategies and plans on the executive side. Furthermore, to hold concise discussions and reflect the important points of them in our business execution, it is becoming more important than ever to distinguish between times when open debate is needed and times when discussions need to be held on specific topics. Going forward, I will strive to manage Board meetings in a way that generates synergistic effects, combining the individual ideas of each Board member to make major breakthroughs.

Sasae To mention one more thing on my end pertaining to the role of the Board of Directors, I believe the Board needs to be constantly searching for new and promising business domains based on assumptions of the future operating environment. To that end, I hope to help deepen discussions on the personnel and management resources needed to discover and grow in such domains. At the same time, to remain a corporate group that is loved and respected by society, the Group must create value that meets social expectations and lead the industry with such value. I therefore hope we can enhance our discussions, primarily at Board meetings, on how to determine the path to do so.

Ohashi As the Group has rapidly globalized through M&As, it must now achieve growth by leveraging Group-wide synergies without sacrificing the positive aspects of the operating companies that it has acquired. In my position as Outside Director, I intend to provide a wide range of useful advice in this regard based on my experience in global business operations. For starters, I will seek to deepen my understanding of the Asahi Group while maintaining my outside and independent perspectives so as to better contribute to its sound growth going forward.

The Asahi Group's Management Team

(As of April 1, 2023)



Akiyoshi Koji 1
Chairperson of the Board

Keizo Tanimura 3
Director EVP and CHRO

**Christina L.
Ahmadjian** 5
Independent Outside Director

Tetsuji Ohashi 7
Independent Outside Director

Naoko Nishinaka 9
Standing Audit & Supervisory Board Member

Yutaka Kawakami 11
Independent Outside Audit & Supervisory Board Member

Sanae Tanaka 13
Independent Outside Audit & Supervisory Board Member

Atsushi Katsuki 2
President and CEO,
Representative Director

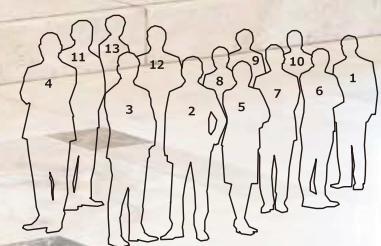
Kaoru Sakita 4
Director EVP and CFO

Kenichiro Sasae 6
Independent Outside Director

Mari Matsunaga 8
Independent Outside Director

Yukitaka Fukuda 10
Standing Audit & Supervisory Board Member

Shigeo Ohya 12
Independent Outside Audit & Supervisory Board Member



Board of Directors**Akiyoshi Koji**

Chairperson of the Board
As of March 2021

Significant concurrent positions

- Outside Director of Imperial Hotel, Ltd.

Atsushi Katsuki

President and CEO, Representative Director
As of March 2021

Keizo Tanimura

Director EVP and CHRO
As of March 2023
EVP: Executive Vice President
CHRO: Chief Human Resources Office

Kaoru Sakita

Director EVP and CFO
As of March 2023
EVP: Executive Vice President
CFO: Chief Financial Officer

Christina L. Ahmadjian

Independent Outside Director
As of March 2019

Significant concurrent positions

- Outside Director of Sumitomo Electric Industries, Ltd.
- Outside Director of NEC Corporation
- Member of the Board (Outside Director) of Niterra Co., Ltd.

Kenichiro Sasae

Independent Outside Director
As of March 2022

Significant concurrent positions

- President of The Japan Institute of International Affairs
- Outside Director of SEIREN CO., LTD.
- Outside Director of MITSUBISHI MOTORS CORPORATION
- External Director of Fujitsu Limited

Tetsuji Ohashi

Independent Outside Director
As of March 2022

Significant concurrent positions

- Chairperson of the Board and Representative Director of Komatsu Ltd.
- Outside Director of Yamaha Motor Co., Ltd.
- Outside Director of Nomura Research Institute, Ltd.

Mari Matsunaga

Independent Outside Director
As of March 2023

Significant concurrent positions

- Representative of Mari Matsunaga Office
- Outside Director of Seiko Epson Corporation

Audit & Supervisory Board Members**Naoko Nishinaka**

Standing Audit & Supervisory Board Member
As of March 2020

Yukitaka Fukuda

Standing Audit & Supervisory Board Member
As of March 2022

Yutaka Kawakami

Independent Outside Audit & Supervisory Board Member
As of March 2017

Significant concurrent positions

- Certified Public Accountant
- Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc.

Shigeo Ohyagi

Independent Outside Audit & Supervisory Board Member
As of March 2022

Significant concurrent positions

- Advisor of Teijin Limited
- Outside Director of Tokyo Electric Power Company Holdings, Incorporated

Sanae Tanaka

Independent Outside Audit & Supervisory Board Member
As of March 2022

Significant concurrent positions

- Representative of Sanae Tanaka Law Office
- Outside Director of Noevir Holdings Co., Ltd.
- Outside Director of Shochiku Co., Ltd.

Senior Managing Executive Officers**Ryoichi Kitagawa****Taemin Park**

CGAO
CGAO: Chief Growth & Alliance Officer

Executive Officers**Manabu Sami****Kazuma Kohno****Osamu Ishizaka****Yoshio Chikayasu****Satoshi Mori****Hikaru Sato****Takashi Fujisaki****Kayoko Kondo****Yuji Oda****Akihito Kodama**

Succession Plans for the CEO and Directors to Enhance Management Continuity

In order to enhance the effectiveness of the Board of Directors on an ongoing basis, the Company has formulated succession plans for the CEO, Directors, and other corporate officers and is implementing various initiatives in line with these plans. Moreover, the Company is working to establish a structure that enables it to secure and nurture human resources who can contribute to global management.

► Succession Plans and Training

The Company regards the succession plans for its CEO and Directors as a matter of utmost priority and accordingly formulates such succession plans pursuant to the requirements of the CEO and Directors. These succession plans are monitored appropriately by the Board of Directors. Moreover, the Company is working to establish a structure that enables it to secure and nurture human resources who can contribute to global management. Based on succession plans, the Nomination Committee makes appointments and assigns Directors in line with plans,

implements coaching for succession candidates, and holds training for future generations of succession candidates. At the same time, the committee utilizes personnel assessments by external institutions, internal 360-degree evaluations, and other methods while implementing regular monitoring of and revisions to the plan when necessary.

Additionally, Directors and Audit & Supervisory Board Members regularly undergo training necessary for their roles and responsibilities. The Company provides Outside Directors and Outside Audit & Supervisory Board Members with

information related to the overview of the Asahi Group, including its businesses, financial affairs, and organizations. At the same time, when necessary, the Company implements initiatives to deepen understanding of the Asahi Group and its personnel, such as site inspections.

The Company is formulating the Skill Set of the CEO (page 91) to enhance management sustainability and to properly make the CEO succession plan in a transparent and fair process. Appointment and reappointment of the CEO, as well as succession plans, are based on the Skill Set of the CEO.

Board of Directors Skill Matrix

Directors	Decision-Making Skills				Supervisory Skills			
	Long-Term Strategy	Global Expertise	Sustainability	Discontinuous Growth	Senior Leadership	Finance	Risk and Governance	Human Resources and Culture
Akiyoshi Koji	✓		✓	✓	✓	✓		✓
Atsushi Katsuki	✓	✓	✓	✓	✓	✓		
Keizo Tanimura		✓	✓				✓	✓
Kaoru Sakita	✓	✓		✓		✓		
Christina L. Ahmadjian		✓	✓				✓	✓
Kenichiro Sasae	✓	✓			✓		✓	
Tetsuji Ohashi	✓	✓		✓	✓	✓		
Mari Matsunaga				✓	✓		✓	✓

Decision-Making Skills			
Long-Term Strategy	• Ability to assess social changes over the long term and the ultra-long term	Sustainability	• Ability to provide leadership for the creation of social impact through business
	• Ability to lead according to a strategy informed by backcasting from an envisioned future		• Ability to provide direction to management with knowledge and insight on ESG
Global Expertise	• Ability to make decisions from a global perspective	Discontinuous Growth	• Ability to transform the business structure and earnings model
	• Ability to optimize a blend of local and global perspectives		• Ability to encourage innovation and explore new areas of business

Supervisory Skills			
Senior Leadership	• Ability to accurately assess the status of business execution and raise related issues	Risk and Governance	• Ability to grasp the state of risk control and raise related issues
	• Ability to evaluate business execution of the leadership team		• Ability to grasp the state of governance frameworks in place for business execution and raise related issues
Finance	• Ability to grasp the state of management based on performance and management indices and raise related issues	Human Resources and Culture	• Ability to evaluate the capabilities of diverse human resources
	• Ability to grasp the state of resource allocation and raise related issues		• Ability to grasp the state of corporate culture and raise related issues

Note that the Board of Directors Skill Matrix lists the skills that candidates are expected to exhibit for their roles and does not represent all the knowledge and experience possessed by each candidate.

Members of the Nomination Committee (for Fiscal 2023)

Five members (of whom three are Outside Directors)

Position	Name
Independent Outside Director	Kenichiro Sasae ©
Independent Outside Director	Christina L. Ahmadjian
Independent Outside Director	Tetsuji Ohashi
Chairperson of the Board	Akiyoshi Koji
President and CEO, Representative Director	Atsushi Katsuki

Note: © denotes committee chairpersons

Reasons for Appointment of Directors and Audit & Supervisory Board Members

	Name	Tenure (as of April 1)	Number of Meetings Attended	Reasons
Directors	Akiyoshi Koji	16 years	12/12	As Chairperson of the Board of Directors, Akiyoshi Koji has played a central role in improving the effectiveness of the Board of Directors and creating a sustainable structure for the Board of Directors, which is the cornerstone for enhancing corporate value over the medium to long term. He sufficiently possesses the necessary insight, expertise, and ability for his position. Accordingly, we deem that Akiyoshi Koji is an indispensable member of the Board of Directors.
	Atsushi Katsuki	6 years	12/12	As President and CEO, Atsushi Katsuki has been responsible for the growth of existing businesses and the expansion of new businesses based on the Medium- to Long-Term Management Policy, while enhancing sustainable corporate value through co-creation with all stakeholders. He sufficiently possesses the necessary insight, expertise, and ability for his position. Accordingly, we deem that Atsushi Katsuki is an indispensable member of the Board of Directors.
	Keizo Tanimura	4 years	12/12	As a Director of the Company, Keizo Tanimura has been responsible for the management succession plan; the creation of the human resources policy and remuneration policy; the formulation of the shared Group human resources policy; the promotion of diversity, equity, and inclusion; and enhanced effectiveness of the Board of Directors. He sufficiently possesses the necessary insight, expertise, and ability for his position. Accordingly, we deem that Keizo Tanimura is an indispensable member of the Board of Directors.
	Kaoru Sakita	1 year	9/9	As a Director of the Company, Kaoru Sakita has been responsible for contributing to the enhancement of financial soundness, such as by optimizing the global cash management system, leading the reinforcement of the procurement system, and realizing innovation in the DX strategy. He sufficiently possesses the necessary insight, expertise, and ability for his position. Accordingly, we deem that Kaoru Sakita is an indispensable member of the Board of Directors.
	Christina L. Ahmadjian ◇	4 years	12/12	As a Director of the Company, Christina L. Ahmadjian has contributed to substantial and appropriate supervision from ESG, sustainability, and global perspectives. She has also contributed to supervising executive human resources and remuneration as Chair of the Compensation Committee and a Nomination Committee member. She sufficiently possesses the necessary insight, expertise, and ability for her position. Accordingly, we deem that Christina L. Ahmadjian is an indispensable member of the Board of Directors.
	Kenichiro Sasae ◇	1 year	9/9	As a Director of the Company, Kenichiro Sasae has contributed to substantial and appropriate supervision of business execution from the perspectives of geopolitical risk and international relations. He has also contributed to supervising executive human resources and remuneration as Chair of the Nomination Committee and a Compensation Committee member. He sufficiently possesses the necessary insight, expertise, and ability for his position. Accordingly, we deem that Kenichiro Sasae is an indispensable member of the Board of Directors.
	Tetsuji Ohashi ◇	1 year	9/9	As a Director of the Company, Tetsuji Ohashi has contributed to substantial and appropriate supervision of Group governance and global business execution. He has also contributed to supervising executive human resources and remuneration as a Nomination Committee and Compensation Committee member. He sufficiently possesses the necessary insight, expertise, and ability for his position. Accordingly, we deem that Tetsuji Ohashi is an indispensable member of the Board of Directors.
	Mari Matsunaga ◇	Newly appointed	—	Mari Matsunaga sufficiently possesses the necessary insight, expertise, and ability for her position, including the creation of a new business model based on her business experience to date and senior leadership, risk governance, and human resource and cultural skills based on her experience as an outside director at other companies. Accordingly, we deem that Mari Matsunaga is an indispensable member of the Board of Directors.
	Naoko Nishinaka	3 years	12/12	Naoko Nishinaka has served as the General Manager of the Quality Assurance Section of the Company and has experience in brewing and developing beer. She possesses a deep understanding of the Company's businesses, a high level of expertise in supply chains and quality assurance, and a high level of insight on compliance, risk management, and internal auditing. She therefore sufficiently possesses the necessary insight, expertise, and ability for her position. Accordingly, we deem that Naoko Nishinaka is an indispensable member of the Audit & Supervisory Board and will help the Board strengthen its functions.
	Yukitaka Fukuda	Newly appointed	—	Yukitaka Fukuda possesses the necessary expertise, knowledge, and insight into Asahi's business for his position gained from his finance and accounting experience at the Asahi Group. Such expertise and experience enable him to provide appropriate audits of the duties of Directors and aim for the sustainable growth and enhancement of corporate value over the medium to long term. Accordingly, we deem that Yukitaka Fukuda is an indispensable member of the Audit & Supervisory Board and will help the Board strengthen its functions.
Audit & Supervisory Board Members	Yutaka Kawakami ◇	6 years	12/12	Yutaka Kawakami possesses expert knowledge as an experienced certified public accountant who is well versed in accounting audits of global corporations. He also has a high level of insight that enables him to audit management based on his abundance of auditing experience in Japan and overseas. As an Outside Audit & Supervisory Board Member, he provides appropriate audits of the duties of Directors. Accordingly, we deem that Yutaka Kawakami is an indispensable member of the Audit & Supervisory Board and will help the Board strengthen its functions.
	Shigeo Ohyagi ◇	1 year	8/9	Shigeo Ohyagi has extensive experience and exceptional insight into corporate management with respect to engaging in business globally, particularly given that he has served as president and chairperson of global corporations. Based on these attributes, we anticipate that he will actively offer his opinions and recommendations at meetings of the Board of Directors and Audit & Supervisory Board and provide appropriate audits of the duties of Directors. Accordingly, we deem that Shigeo Ohyagi is an indispensable member of the Audit & Supervisory Board and will help the Board strengthen its functions.
	Sanae Tanaka ◇	Newly appointed	—	Sanae Tanaka possesses a high level of knowledge to audit management from her abundant experience and expertise as a practicing attorney and Outside Audit & Supervisory Board Member to enable her to fulfill her role of providing appropriate audits of the duties of Directors and enhancing corporate value over the medium to long term. Accordingly, we deem that Sanae Tanaka is an indispensable member of the Audit & Supervisory Board and will help the Board strengthen its functions.

Notes: 1. The number of Board of Directors' and Audit & Supervisory Board meetings attended refers to those in fiscal 2021. For directors, the number refers to Board of Directors' meetings attended. For Audit & Supervisory Board Members, the number refers to Board of Directors' and Audit & Supervisory Board meetings attended.

2. ◇ denotes Outside Directors / Outside Audit & Supervisory Board Members.

► Skill Set of the CEO

The Company has formulated its Skill Set of the CEO with the purposes of enhancing management sustainability and appropriately implementing the CEO succession plan through a fair and transparent process.

The Skill Set of the CEO consists of skills distinctive to the role of CEO of the Company, in addition to the skills required of such personnel in general, and specifies the skills necessary for the role of CEO from the perspective of assuming ultimate

responsibility for business execution.

The chart below has been prepared in view of the Company's internal and external business environment as of now and five years into the future, and it is therefore subject to review in the event of environmental changes and other factors. The appointment, reappointment, and succession plan of the CEO are examined on the basis of the Skill Set of the CEO.



Personal Characteristics

Ideal perceptions from inside and outside the Company and ideal presence

- A leader who, as a representative of the Asahi Group, thinks the most deeply about the AGP, embodying a sense of mission and an ethical code
- A leader who, regardless of any business environment, always exhibits a clear vision that leads employees and an unshakable code of values
- A leader who actively encourages different thinking and achieves the growth of employees and the Company through maximizing the capabilities of employees

Personal Traits

Personality, attitude, and stance conducive to fulfilling duties

- Sincerity and humility
- Mental toughness
- Open-mindedness

Capabilities

Knowledge, ability, and expertise required to accomplish duties

- Foresight, decisiveness, and competency
- Organizational leadership
- Learning skills

Performance Record

Necessary experience and successes

- Experience as the foremost officer of an operating company or RHQ
- Experience in international operations
- Experience in addressing discontinuous growth

► Election and Dismissal of the CEO

In order to realize effective corporate governance, the Board of Directors elects as CEO individuals who will contribute to the sustainable growth of the Company and help increase its corporate value over the medium to long term.

The election or dismissal of the CEO is based on the following guidelines. Such election and/or dismissal is deliberated on by the Nomination Committee and determined by the Board of Directors.

- A person is nominated if they possess abundant experience, a high level of insight, and advanced expertise appropriate for the CEO of the Asahi Group, based on the Skill Set of the CEO.
- A candidate shall be appointed as CEO after being deliberated on beforehand by the Nomination Committee and judged to be appropriate.
- In the event that there is a possibility that the criteria for dismissal, which have been determined in advance, are met by the CEO, the Nomination Committee shall hold deliberations, and after the results of said deliberations are verified by the Board of Directors, the relevant individual shall not be nominated as a candidate for Director, and they shall also be dismissed from the position of CEO.

Director Remuneration to Provide Incentive to Enhance Corporate Value

The Company has designed a remuneration system linked with shareholder interests in order to serve as a sufficient incentive for corporate officers to strive to achieve the AGP and realize the integration of sustainability and management. Based on a transparent and fair process, the Company has established a sound remuneration system that can lead to sustainable growth.

► Remuneration for Directors, Audit & Supervisory Board Members, and the Independent Accounting Auditor

Director Remuneration

Basic Policy

The basic policy on Director remuneration has been established in accordance with the following policies and based on a transparent and fair process.

- To reinforce the incentive to strive for sustainable growth and enhancement of corporate value over the medium to long term
- To offer remuneration of a nature and level that is effective in continuing to secure outstanding human resources with diverse skills
- To base remuneration on the role and magnitude of responsibilities of the Directors and their contribution to performance
- To offer remuneration that varies greatly in accordance with performance related to management strategies
- To offer remuneration in which benefits and risks are shared with shareholders and that provides incentive to management from the standpoint of shareholders

Composition of Remuneration

Remuneration for the Directors of the Company comprises basic remuneration, bonuses (annual and medium-term), and stock compensation. Remuneration for Outside Directors consists solely of basic remuneration. Based on the principle that remuneration for Internal Directors should be closely linked to performance, the percentage of variable remuneration (bonus and stock compensation) in the annual income for the President and Representative Director is set to be around 65%. In addition, the percentage of stock compensation, which is a form of remuneration that shares benefits and risks with shareholders, is set at around 15%. For other Internal Directors, the percentage of variable remuneration is set at around 50% and is designed in accordance with the Director's position and role.

Remuneration Level

The remuneration for Directors is set at a level that aims for the achievement of performance targets, taking into consideration the level of remuneration that is effective for continuing to secure outstanding human resources with diverse skills. Other Japanese companies of the same scale as the Company (top 100 in terms of market capitalization) are used as benchmarks for determining remuneration levels.

Basic Remuneration (Fixed Remuneration)

Basic remuneration, which is a fixed monthly amount, is determined by adding expenses incurred by Directors, such as health examination costs, to a fixed amount determined based on Director position or role.

Variable Remuneration

As a basic policy for further strengthening the incentive to strive for the Company's sustainable growth and enhancement of corporate value over the medium to long term, the system for Director bonuses has been designed in consideration of increasing the percentage of variable remuneration (incentive) within Directors' annual income as well as contributing to the Company's

Composition of Remuneration (Model Remuneration Set When Business Performance Targets Are Achieved in 2023)

(%)

President and CEO, Representative Director	31	31	19	19
Director	47	27	13	13
Outside Director	100			

■ Basic remuneration ■ Annual bonus ■ Medium-term bonus
■ Stock compensation

Note: Listed based on the expected amounts at the beginning of fiscal 2023

sustainable growth (short-term, medium-term, and long-term) and enhancing corporate value (in terms of both financial value and social value) through the incentive system as a whole.

Method for Determining Remuneration

Director remuneration is set in line with a resolution at a meeting of the Board of Directors and within the total amount for remuneration determined in advance at the General Meeting of Shareholders. When remuneration-related resolutions are being made by the Board of Directors, the Compensation Committee, which is made up of a majority of Outside Directors, acts as an advisory body to the Board of Directors, evaluating the content of said resolutions in the interest of greater transparency and objectivity through fair processes. In addition, the Compensation Committee utilizes objective external data, when necessary, to ensure fair decision-making related to Director remuneration.

Director's individual remuneration is determined by the Board of Directors, with individual evaluations and the determination of individual remuneration based on evaluations entrusted to the Compensation Committee.

Members of the Compensation Committee (for Fiscal 2023)

Five members (of whom three are Outside Directors)

Position	Name
Independent Outside Director	Christina L. Ahmadjian ◎
Independent Outside Director	Kenichiro Sasae
Independent Outside Director	Tetsuji Ohashi
Director EVP and CHRO	Keizo Tanimura
Director EVP and CFO	Kaoru Sakita

Note: ◎ denotes committee chairpersons.

Summary of Variable Remuneration for Directors

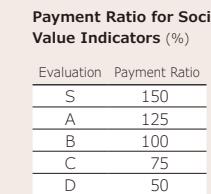
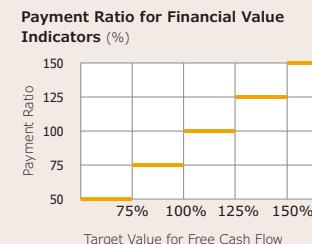
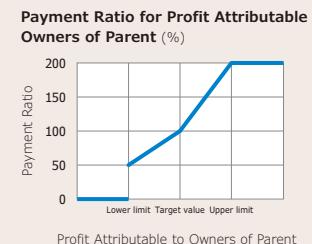
	Annual Bonus	Medium-Term Bonus	Stock Compensation
Objective	Strengthen incentive to strive for the Company's sustainable and steady growth, enhancement of financial value, and achievement of targets	Strengthen incentive to strive for the Company's discontinuous growth and achievement of medium-term operating results	Strengthen incentive to strive for the Company's long-term sustainable increase in corporate value and align interests and risks with those of shareholders
Period	Single fiscal year	Three years	Three years
Payment method	Cash	Cash	Stock
Payment period	Every March	March of the following year after the conclusion of the relevant period	Upon resignation
Evaluation method	In line with (i)	In line with (ii)	No
Malus and clawback provisions (return of incentive compensation)	No	Yes	Yes

(i) Evaluation Method for Annual Bonus

Performance Coefficient and KPI for Annual Bonus and Individual Evaluation Coefficient

Individual payment amount = Role-specific basic remuneration × Performance coefficient (Payment ratio for Core Operating Profit × 50%
Payment ratio for profit attributable to owners of parent × 50%) × Individual evaluation coefficient*

* The individual evaluation coefficient comprehensively evaluates each individual's contributions to enhancing the effectiveness of the Board of Directors as a director as well as their business execution performance as an executive director.
Set at 100% when targets are met, fluctuates within a range from 70% to 130%.



Areas	Weight	Score	Total Score
Climate Change	18%	1 point-5 points	18 points-90 points
Plastics	18%	1 point-5 points	18 points-90 points
Communities	18%	1 point-5 points	18 points-90 points
Responsible Drinking	18%	1 point-5 points	18 points-90 points
DE&I	18%	1 point-5 points	18 points-90 points
External Indicators	10%	1 point-5 points	10 points-50 points
Total	100%	1 point-5 points	100 points-500 points

Notes: 1. Set as a KPI that is linked to KPIs in annual business plans and that aims for steady and continuous improvement in financial value. 2. Set at 100% when targets are met, fluctuates within a range from 0% to 200% 3. As a basis, the upper limit is set at 115% of the target value and the lower limit is set at 85% of the target value. Every year, the upper and lower limits are determined after examining the appropriateness of their levels.

Notes:

1. Set as a KPI that is linked to KPIs in medium-term business plans and that aim for enhancing cash flow management
2. Set at 100% when targets are met, fluctuates within a range from 50% to 150%

Notes: 1. Set as a KPI that is linked to KPIs in medium-term business plans and that aims for improvement in social value

2. Comprehensively evaluates progress and status of achievement of sustainability indicators (CO₂ emissions, plastic, communities, responsible drinking, DE&I, External Indicators)

3. Set at 100% when targets are met, fluctuates within a range from 50% to 150%

Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board Members is set through discussions by the Audit & Supervisory Board Members and within the total amount for remuneration determined in advance at the General Meeting of Shareholders. The remuneration offered to Audit & Supervisory Board Members consists only of basic remuneration (a fixed monthly amount) and is determined through discussions by the Audit & Supervisory Board Members in accordance with job responsibilities and member status as inside or outside. Survey data from external professional organizations is also utilized in this process.

Reference: Amount of the Remuneration for Directors and Audit & Supervisory Board Members (2022)

(JPY million)

Enhancing the Effectiveness of the Board of Directors to Increase Corporate Value over the Medium to Long Term

To establish more substantive corporate governance, the Company has analyzed and evaluated the effectiveness of the Board of Directors and has identified issues to be addressed in the future. By actively engaging in corporate governance activities with an awareness of such issues, the Company will continue to enhance the effectiveness of the Board of Directors going forward.

► Framework for Enhancing Effectiveness of the Board of Directors

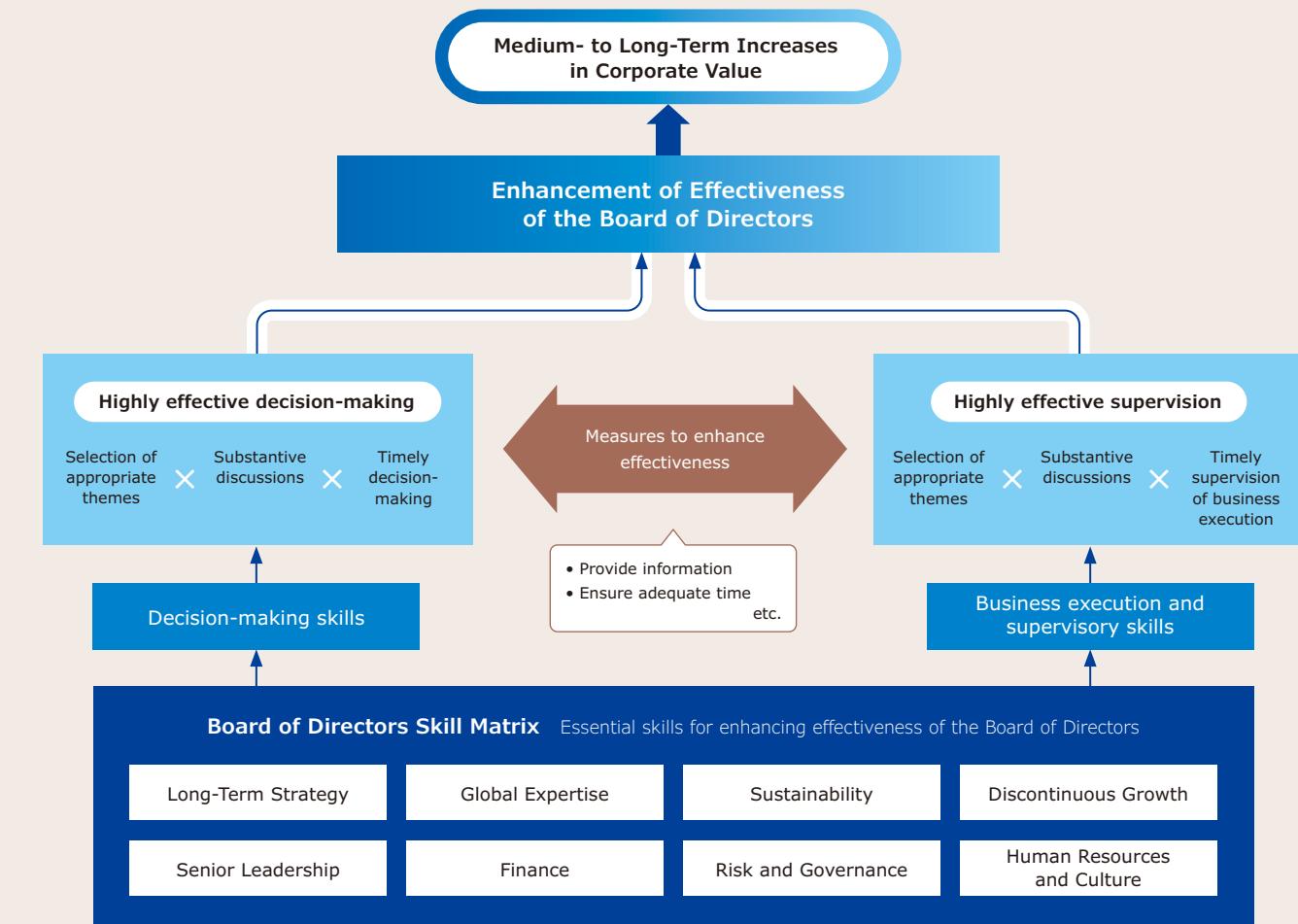
To implement the Asahi Group Philosophy (AGP), realize sustainable growth, and increase corporate value over the medium to long term, the Company's Board of Directors must maintain a high level of effectiveness.

To do so, the Board of Directors must be able to hold meaningful debate on appropriately determined topics and engage in timely decision-making and supervision of business execution. The Board should also comprise directors who possess the necessary skills determined under the Board of Directors Skill Matrix as well as decision-making and supervisory capabilities.

Furthermore, the Board of Directors and the Directors themselves are supported by the effective audits of the Audit & Supervisory Board, which evaluates the effectiveness of the Board of Directors on its own and seeks to make improvements, and are also aided by the participation of the Nomination Committee and Compensation Committee, both of which comprise a large number of Outside Directors.

Also, the Board of Directors holds evaluations of its effectiveness each year, placing an emphasis on substance. Through these evaluations, issues are identified and improvements are made on an ongoing basis. In this way, the Board seeks to maintain and enhance its effectiveness.

Through this kind of framework, the Company's highly effective Board of Directors promotes management based on the AGP with the aim of ensuring that the Asahi Group will continue to enjoy a high level of trust from its stakeholders well into the future.



Evaluation of the Effectiveness of the Board of Directors

The effectiveness of the Board of Directors (including the Nomination and Compensation committees) in fiscal 2022 was evaluated based on actual evaluations by the Board of Directors itself, a formal evaluation by the Secretariat of the Board of Directors, and the opinions of a third party who observed the entire process. This evaluation was carried out in order to realize sustainable growth and medium- to long-term improvement in corporate value. An overview of the results and the issues recognized through the evaluation are as follows. Please refer to the website to the right for more details.



WEB → Results of the evaluation of the Board of Directors' effectiveness in fiscal 2022

I. Summary of Evaluation Results

In fiscal 2022, the Board of Directors, Nomination Committee, and Compensation Committee functioned effectively and fulfilled their responsibilities for the continuous enhancement of corporate value over the medium to long term.

The Board of Directors recognizes issues that should be worked on in order for the Company to be acknowledged by stakeholders globally and to continuously enhance corporate value in the future, and it will address them.

II. Recognized Issues

1) Reconfirm the Company's vision for the Board of Directors

- Further discuss and confirm the roles the Board of Directors should fulfill and the necessary composition for the future
- Further discuss and confirm the functions that the Chairperson and each Director should carry out in the Board of Directors

2) Further enhance the effectiveness of discussions, which are the basis of the Board of Directors' effectiveness

- Further clarify the agenda of the Board of Directors and enhance the quality of monitoring
- Strengthen initiatives for sharing diverse, necessary, and sufficient information with the Board of Directors in a timely and appropriate manner

Activities aimed at addressing these issues as well as medium- to long-term and continuous issues that were confirmed in fiscal 2021 will be incorporated into the annual activity plan of the Board of Directors, Nomination Committee, and Compensation Committee for fiscal 2023 and carried out.

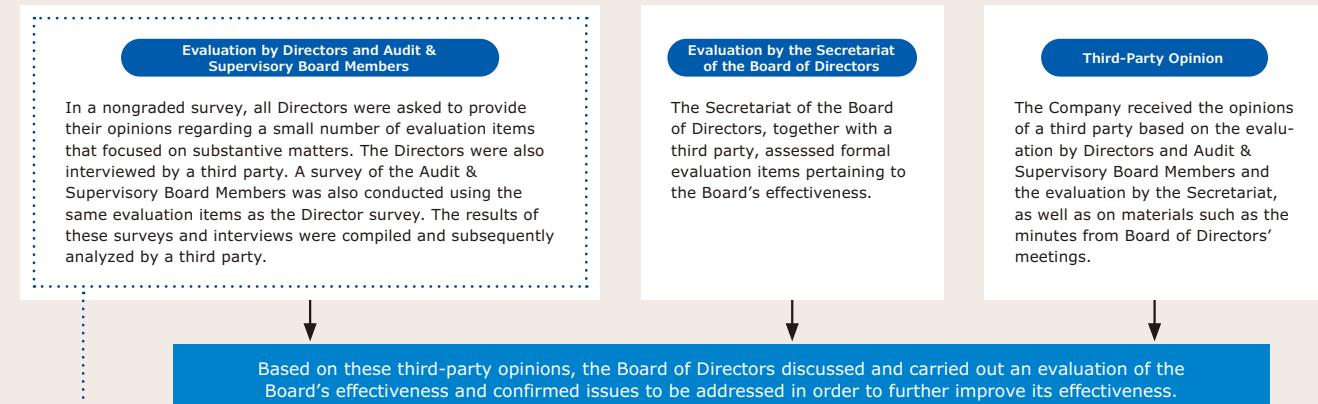
III. Reasons

- ◇ Because it has been judged that the Board of Directors properly planned the necessary themes under the necessary systems and sufficiently carried out deliberation and monitoring.
- ◇ Because issues were pointed out from a broad perspective for the enhancement of corporate value over the medium to long term.
- Thus far, mechanisms and processes organized by the Board of Directors to enhance effectiveness have areas that need to be improved but are functioning effectively.
- Discussions recognized as highly effective were carried out, such as those regarding sustainability and succession plans.
- Issues to be addressed, such as discussion methods and the obtaining of information, have been recognized as topics for even more effective discussions by the Board of Directors.

IV. Evaluation Method

The evaluation of the effectiveness of the Board of Directors in fiscal 2022 was conducted in a manner that shifted the focus from one of formality to one of substance. From December 2022 to January 2023, three types of evaluations were conducted and opinions were received from a third party. Based on these evaluations and opinions, in March 2023 the Board of Directors held numerous discussions to finalize the evaluation of its effectiveness for fiscal 2022 and determine issues to be addressed in fiscal 2023.

Evaluation Method



(Reference) Overview of Directors' Opinions on the Key Points of the Evaluation

- The Board of Directors has an exceedingly high level of governance and other factors. The Board of Directors functions extremely well.
- Leadership of the Board of Directors is functioning adequately with regard to the Long-Term Strategy and the Medium- to Long-Term Management Policy.
- Initiatives to further improve effectiveness are necessary regarding monitoring by the Board of Directors.
- The Company should change the content of discussions to develop a board of directors befitting of a global company.
- The Nomination Committee carefully thinks about external perspectives and carries out discussions in an extremely theoretical and careful manner.
- Further improvements to the skill matrix of the Board of Directors, such as determining the necessary skills, need to be continued.
- Regarding officers' remuneration, a benchmark based on global companies should also be emphasized.

V. Status of Response to Issues Addressed in Fiscal 2022

Through the evaluation of its effectiveness in fiscal 2021, the Board of Directors identified the four items on the right as issues to be addressed and worked to respond to these issues under its annual activity plan for fiscal 2022. As a result, the Board received praise for addressing all of these issues in an appropriate manner. Given the nature of all these issues, the Board will continue to work toward addressing them.

Response to the Issues Identified in Fiscal 2022

Identified Issues	Status of Response
i) Discussion of continuing megatrends by the Board of Directors (Monitoring of initiatives and creation of a rolling Medium- to Long-Term Management Policy)	<ul style="list-style-type: none"> • Implementation of megatrend sessions with all Directors, Audit & Supervisory Board Members, and young employees, and reaffirmation of the opportunities and risks of megatrends in 2050 • Implementation of a rolling Medium- to Long-Term Management Policy based on awareness of the above
ii) Implementation of discussions on corporate governance in anticipation of the new Group structure (Monitoring of enterprise risk management (ERM) and other factors)	<ul style="list-style-type: none"> • Implementation of discussions on corporate governance by the Board of Directors. Discussion of issues including the structure after March 2024 • Discussion of risk management by the Board of Directors. Confirmation of Group ERM initiatives and the Group headquarters crisis management structure
iii) Monitoring of sustainability initiatives, including responses to new issues	<ul style="list-style-type: none"> • Reporting and monitoring of status of combined sustainability and management initiatives by Board of Directors • Monitoring of initiatives aimed at TCFD recommendations
iv) Team initiatives for succession for the entire Board of Directors	<ul style="list-style-type: none"> • Discussion of succession plans and the Board of Directors Skill Matrix by the Nomination Committee • Determination of social indicators for Director remuneration

▶ Evaluation of the Effectiveness of the Audit & Supervisory Board

The Company's Audit & Supervisory Board has been evaluating its own effectiveness as an ongoing initiative.

The evaluation is a self-assessment carried out by the Audit & Supervisory Board with the support of a third-party organization and is positioned as part of the PDCA cycle to further improve the effectiveness of the Board.

The overview of the evaluation of effectiveness in fiscal 2022 is as follows.

I. Evaluation Methods

The evaluation takes into account advice from the third-party organization based on the results of questionnaires and interviews of the Directors and Audit & Supervisory Board Members.

Evaluation Materials	Targeted Members
Results of questionnaires	<ul style="list-style-type: none"> Audit & Supervisory Board Members Standing Audit & Supervisory Board Members of Group companies Head of the internal audit section of the Company Departments being audited by the Company and Group companies
Results of interviews	<ul style="list-style-type: none"> Standing and newly appointed Audit & Supervisory Board Members of the Company Newly appointed Standing Audit & Supervisory Board Members of Group Companies Head of the internal audit section of the Company Accounting auditors
Other (advice)	<ul style="list-style-type: none"> Third-party organization (evaluation support institution)

II. Evaluation Results

The Company's Audit & Supervisory Board concluded that it functioned effectively in fiscal 2022.

III. Initiatives Going Forward

To continue maintaining the effectiveness of the Company's Audit & Supervisory Board going forward, the Audit & Supervisory Board must adopt a global perspective as we shift to a global system with four Regional Headquarters (RHQ) to execute business.

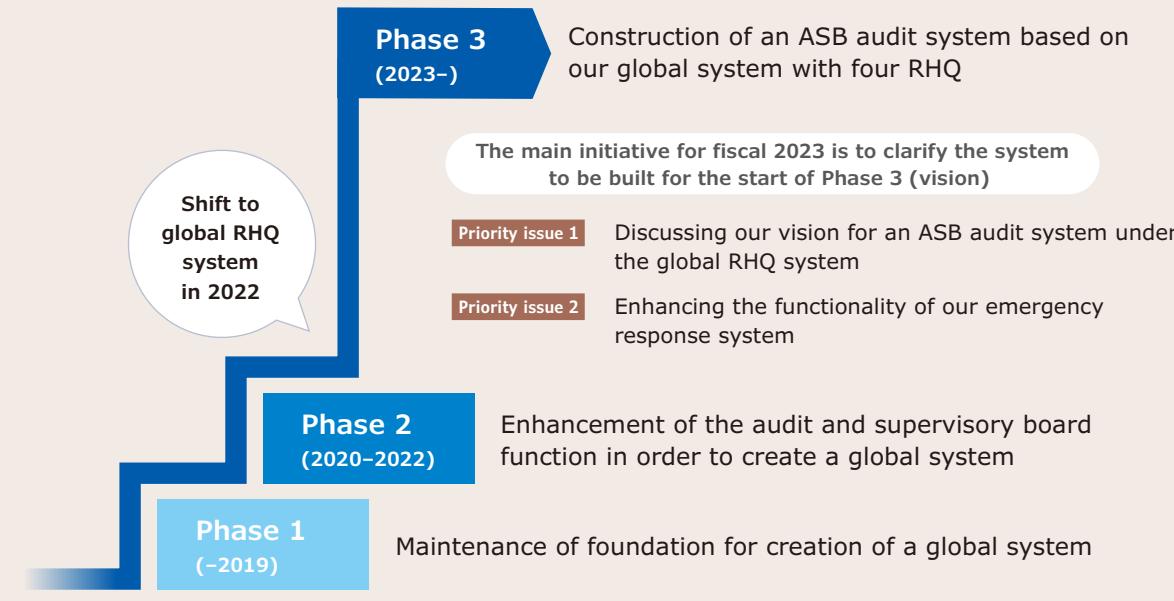
Based on recognition of the current situation, we have positioned fiscal 2023 as the year to launch a new global structure and have decided that the first key priority for this year is to discuss our vision for an audit and supervisory board (ASB) audit system under the global RHQ system.

Furthermore, the second key priority is to enhance the functionality of our emergency response system, including the verification of its effectiveness, since we reorganized the emergency response system in fiscal 2022.

As we continue to further advance globalization at the Company, we will strive to realize an effective Audit & Supervisory Board that contributes to enhancing corporate value and plays a role in corporate governance that prevents damage to this value.



WEB → Overview of the results of the evaluation of the Audit & Supervisory Board's effectiveness (March 28, 2023)



Cross-Shareholdings That Help Realize Sustainable Growth and Improve Corporate Value over the Medium to Long Term

The Company verifies the appropriateness of holding cross-shareholdings from the perspective of improving corporate value over the medium to long term. In regard to shareholdings for which the significance of holding is not recognized, the Company works to sell such shareholdings in a timely and appropriate manner after sufficient dialogue with the counterpart entity.

► Policy of Reducing Cross-Shareholdings

In consideration of its goal to pursue improvement in asset and capital efficiency, the Company refrains from holding shares that it deems as neither contributing to the sustainable growth of the Company nor increasing its corporate value over the medium to long term.

In addition, the Company gives thorough consideration to such factors as the appropriateness of the purpose of holding shares and the impacts of holding shares from the perspective of the level of contribution to business performance and risks. The Company also investigates specific elements such as how holding shares measures against capital cost. The results of the examinations of major shareholdings, including the significance of the holding, are reviewed every year by the Board of Directors.

In the event a shareholding is deemed not to contribute to the Company's sustainable growth or to increases in its corporate value over the medium to long term, the Company, as a shareholder, engages in the necessary dialogue with the counterpart entity. Shareholdings that are deemed not capable of being improved, even after engaging in such dialogue, are sold in a timely and appropriate manner.

For each target agenda item, the Company appropriately exercises voting rights attached to the shares it holds by comprehensively weighing factors such as whether proposals contribute to the sustainable growth of the Company and increases in corporate value over the medium to long term, and whether they contribute to the common interests of the investee's shareholders.

For shareholdings during the period under review, strategic necessities such as maintaining and strengthening business relationships and facilitating smooth business activities were verified, and the appropriateness of holding shares in terms of risks and

other factors was examined based on the above policy. The results of the examinations were reported to the Board of Directors, and the appropriateness of holding the shares was confirmed.

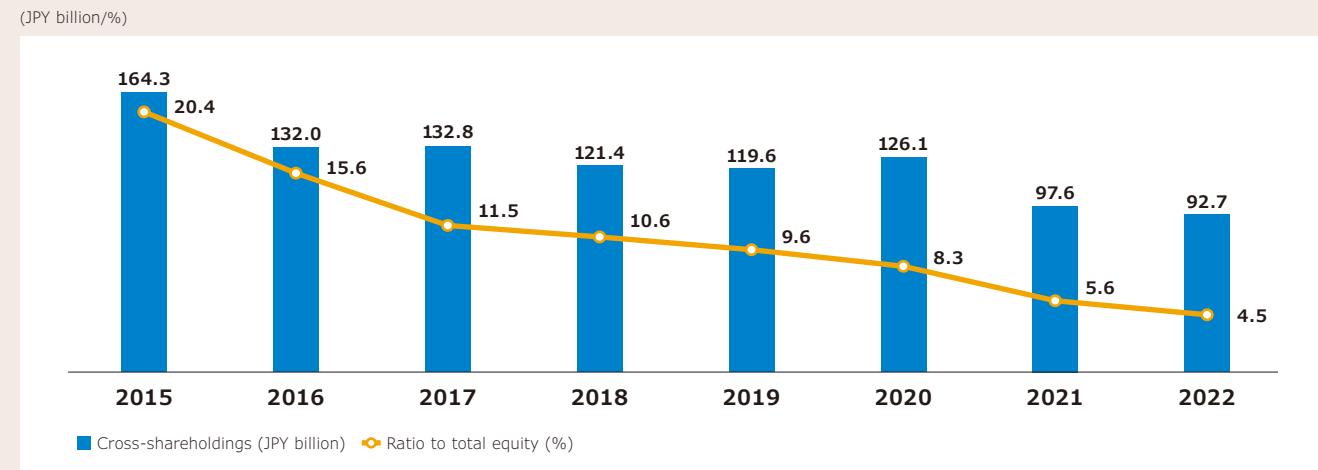
Total Amount Recorded on Balance Sheet and Ratio of Total Equity (Fiscal 2022)

	(JPY million)
Total equity (a)	2,062,945
Total amount recorded on balance sheet (b)	92,711
Ratio (b ÷ a)	4.5%

Breakdown of Cross-Shareholdings (Fiscal 2022)

	Number of stock holdings	Total amount
Asahi Group Holdings, Ltd.	38	6,099
Asahi Breweries, Ltd.,	189	86,611

Trend in Ratio of Cross-Shareholdings to Total Equity



Initiatives Aimed at Strengthening Corporate Governance That Help Realize Sustainable Growth and Improve Corporate Value over the Medium to Long Term

We will continue to implement initiatives for realizing Asahi's unique proactive governance with the aim of realizing sustainable growth and improving corporate value over the medium to long term.

► Measures for Enhancing Corporate Governance

Since 2000, the Company has continuously worked to strengthen its substantive corporate governance. Starting in 2018, the Company has made especially significant progress in separating management supervision and execution, implementing a third-party evaluation of Board effectiveness, establishing standards and guidelines for the resignation of the CEO, and creating the Board of Directors Skill Matrix.

- Nomination Committee and Compensation Committee are established.
- Number of Outside Directors is increased from one to three.
- Terms of Directors are shortened to one year.
- The Company transitions to a pure holding company structure.
- Takeover defense measures are abolished.

- Corporate Governance Guidelines are formulated.
- Evaluations of the effectiveness of the Board of Directors are commenced.
- Performance-Linked Stock Compensation Plan is introduced for Internal Directors.

- Title of CEO is transferred from Chairperson of the Board to President and Representative Director to improve the effectiveness of management supervision from an operational execution perspective.
- Third-party evaluations with respect to the effectiveness of the Board of Directors are introduced.
- Evaluations of the effectiveness of the Audit & Supervisory Board are commenced and third-party evaluations are introduced.
- Majority of officers appointed as members of the Nomination Committee and Compensation Committee are from outside the Company. Both committees are chaired by an Outside Director.

- The Board of Directors Skill Matrix is improved.
- The social value indicators for Director remuneration are reinforced.

- The annual plan of the Nomination Committee and the Compensation Committee are strengthened.

- The Board of Directors Skill Matrix and CEO Skill Set are established.
- The CEO succession plan is formulated.
- An annual plan and agenda for Board of Directors is established.

- The Company transitions to a structure in which the Chairperson of the Board of Directors does not serve concurrently as a Representative Director.
- Standards and guidelines are formulated for the resignation of the CEO, the appointment of Representative Directors, and the clarification of terms of office for officers.
- The number of Outside Directors on the Board of Directors is raised, now constituting one-third of total Board members.
- The overall functions of remuneration systems are strengthened to provide an incentive to Internal Directors.

2000–2017

2018

2019

2020

2021

2022

Risk Management That Promotes Appropriate Risk-Taking

► Asahi Group Risk Management

We have introduced enterprise risk management (ERM) across the entire Group. This initiative efficiently and effectively controls total risk by identifying and evaluating the most significant risks from all areas that obstruct the realization of the Asahi Group Philosophy (AGP) and achievement of the Medium- to Long-Term Management Policy, formulating response plans, and continuously implementing and monitoring initiatives.

Furthermore, at the same time as promoting ERM, we have established the Asahi Group Risk Appetite (risk management policy), which clarifies risks that should be taken and risks that should be avoided to achieve our Medium-Term Management Policy. This is a guideline for applying ERM and for taking risks during decision-making that comprises the Risk Appetite Statement, which lays out the standard approach to risks, and the Risk Appetite per Area, which lays out the approach to key risk areas that have a significant impact on business execution.

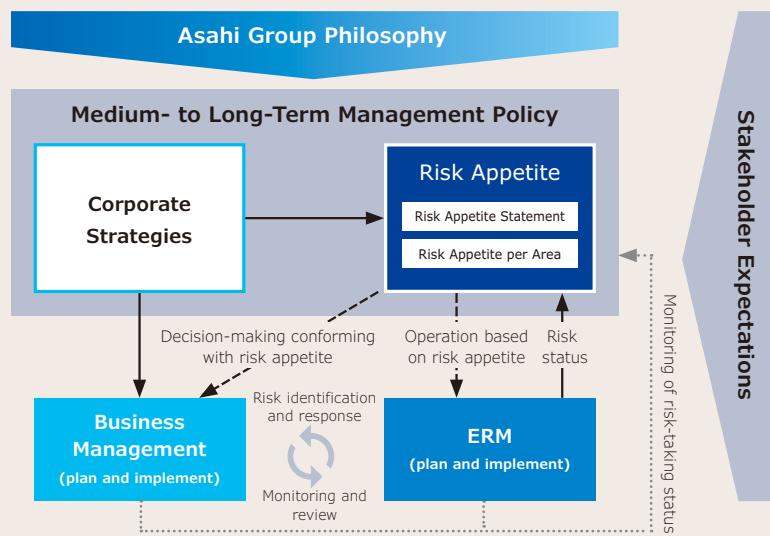
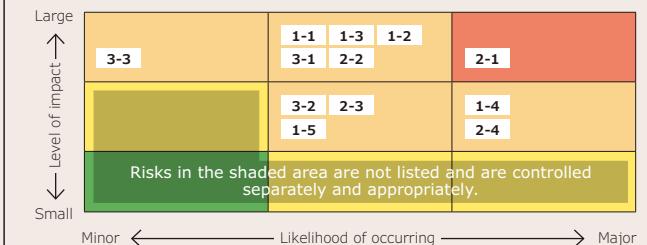
Based on Group strategies, risk culture and status, and stakeholder expectations, the Board of Directors reviews and makes decisions, which are applied Group-wide. The Risk Management Committee monitors the implementation status of these decisions and reports to the Board of Directors.

While reassessing the relevance of serious risks to the Medium- to Long-Term Management Policy, we are also strengthening the monitoring of the status of risks due to factors such as changes to the business environment to avoid and reduce serious risks by creating and managing heat maps based around the level of impact and likelihood of risks occurring.

Through such initiatives, we are promoting appropriate risk taking across the entire Group.

List of Risks by Strategy

1-1 Business expansion	2-2 Geopolitical risks
1-2 Social values regarding alcohol intake	2-3 Information security
1-3 Emergence of new business models through technological innovation	2-4 Recruitment of diverse and capable human resources
1-4 Climate change risks	3-1 Large scale natural disasters
1-5 Plastic use	3-2 Risks related to respecting human rights
2-1 Procurement risks for main raw materials	3-3 Compliance with laws, regulations, and soft laws



Overview of Medium- to Long-Term Management Policy

Individual Risks Related

Ideal Business Portfolio: Growth of Existing Businesses Centered on the Beer Category while Expanding into New Areas

- Growth driven by global brands and premiumization in existing operating regions; expansion into new markets
- Growth in adjacent categories to capture demand from trends such as increasing health consciousness; creation and development of new businesses that draw on the Group's capabilities

← 1-1, 1-2, 2-1, 2-2

1-3

Core Strategies: Promote Core Strategies Aimed at Achieving Sustainable Growth

- Integrate sustainability into management in order to positively impact both society and the Group's businesses, contributing to solving societal issues
- Achieve innovation in three key areas (processes, organization, and business models) by pursuing business transformation (BX) through digital transformation (DX)
- Increase the value of existing products and create new products and markets through bolstering research and development (R&D)

→ 1-2, 1-4, 1-5, 3-2, 3-3

1-3

1-3

Strategic Foundation Strengthening: Consolidate the Management Foundations Underpinning Long-Term Strategies

- Advance human resources for executing core strategies and building an ideal business portfolio
- Enhance Group governance in order to create an optimal organizational structure; promote Group-wide sharing of best practices

→ 2-4, 3-2

1-1, 3-3

Common Infrastructure

← 2-3, 3-1

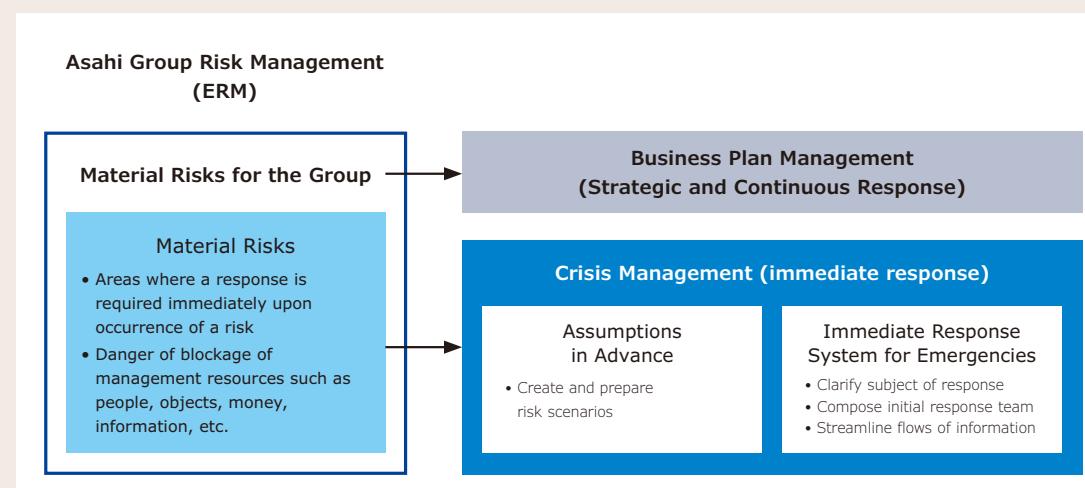
← Impact of applicable risks on policy → Response policy for impact of applicable risks

► Advancement of Risk Management

Of the material risks for the entire Asahi Group identified through ERM, crisis management covers areas where there is a risk of blockage of management resources, such as people, objects, money, information, and so on, and the Group responds immediately. To enhance the effectiveness of crisis management in an era of unpredictability, as evidenced by COVID-19 and the invasion of Ukraine, an immediate response system for emergencies has been established to quickly respond without confusion in times of crisis by making assumptions in advance, even in ordinary times.

Preparation of risk scenarios that assume a risk of blockage of management resources and responses to such situations are underway. In addition, we have established a system to quickly respond to emergencies by clarifying in advance who will respond according to the type of crisis. Fact verification and the assessment of its seriousness will be promptly and accurately implemented when initial actions are taken in the event of a crisis.

Risk Management Structure



Column

Asahi Group Risk Management in the Face of the COVID-19 Pandemic and Russia's Invasion of Ukraine

The COVID-19 pandemic and the invasion of Ukraine have changed our daily lives on a global scale. In such unpredictable circumstances, we have been able to promptly cope with the situation under the Asahi Group's crisis management structure.

We established an emergency response headquarters at the Global Headquarters (GHQ) during the global lockdown of major cities at the end of March 2020 following the beginning of the spread of COVID-19 and quickly gathered information from the Regional Headquarters (RHQ) while formulating a Group-wide response policy (crisis management protocol). Specifically, we set

four policies: (1) maintain the safety and health of employees and their families, (2) with the first policy as a precedent, fulfill our role of providing products, (3) disclose information to stakeholders, who support clients, and shareholders in a timely and accurate manner, and (4) contribute to society in our regions of operation. Among these policies, we prioritized the first, ensuring measures such as the adoption of a telework system to minimize the risk of infection for employees to the greatest extent possible and a ban on in-person visits by the sales department. In anticipation of the COVID-19 era, we also shared predictions for changes to consumption behavior with the GHQ and RHQ and reflected them in our Medium- to Long-Term Management Policy.

Furthermore, when the crisis in Ukraine became apparent, we promptly formulated a task force at the GHQ and Asahi Europe and International Ltd. (AEI) according to our crisis management protocol that implemented responses that were consistent across the entire Group. We have prepared for conditions to worsen by making predictions for numerous scenarios in which the invasion by Russia expands to countries in which we operate

and the necessary response measures to take. While the Asahi Group does not have any production sites within Ukraine and we did not have to launch any crisis response measures or our business continuity plan within the country, we provided support, led by AEI, for Ukrainian and Russian employees working at Group production sites. Additionally, we are striving to secure a safety stock of raw materials with a risk to supply through collaboration with suppliers in neighboring countries to ensure the continued stability of the Asahi Group's businesses. We are currently taking the appropriate response measures for the invasion of Ukraine in line with the crisis management protocol established during the COVID-19 pandemic. Going forward, we will advance the reinforcement of risk forecast functions and the development of specific risk scenarios and work to create a structure that enables us to provide appropriate directions and support during a crisis to ensure that we can operate even more efficiently.

▶ Main Risks

The Asahi Group Risk Management Committee is aware of the following material risks that could prevent us from executing business and achieving targets under the Medium- to Long-Term Management Policy. We have classified these risks as those that could become apparent in the medium to long term, those that could become apparent in the short to medium term, and those that could become apparent on an ongoing basis.

However, the following list of risks does not include all risks to the Asahi Group. Any of these risk factors could impact the decisions of investors.

Risk Type	Details	Projected Impact on the Asahi Group	The Asahi Group's Response
1. Risks That Could Become Apparent in the Medium- to Long Term			
1. Expansion of Business Operations	<ul style="list-style-type: none"> Development of global management platform, centered on the three core regions of operation—Japan, Europe, and Oceania—through the acquisition of external management resources Goodwill and intangible assets accounting for 40.7% and 22.0%, respectively, of consolidated total assets following acquisitions 	<ul style="list-style-type: none"> Impairment loss resulting from changes in business environment and competitive landscape, a sharp rise in interest rates due to the materialization of country risks, and market contraction 	<ul style="list-style-type: none"> Promotion of value creation management based on the AGP and the Medium- to Long-Term Management Policy "Sustainable growth of existing businesses centered on the beer category while expanding into new areas" "Promote core strategies aimed at achieving sustainable growth" "Consolidate the management foundations underpinning long-term strategies"
2. Social Values Pertaining to Alcohol Consumption	<ul style="list-style-type: none"> Examination of restrictions on the sale of alcohol on a global scale, including the World Health Organization's target to reduce the harmful use of alcohol by 20% Decline in consumer demand for alcohol stemming from an increased focus on health and alternatives to alcohol worldwide 	<ul style="list-style-type: none"> Expenses associated with regulatory compliance Worsened performance due to decline in alcohol consumption Damage to corporate reputation and brand value 	<ul style="list-style-type: none"> Collaboration with alcohol industry and industry groups such as the international Alliance for Responsible Drinking Promotion of responsible drinking awareness campaigns and health-conscious products Establishment of sales and marketing-related voluntary standards Strengthening of employee training programs on responsible drinking
3. Emergence of New Business Models via Technological Innovation	<ul style="list-style-type: none"> Provision of new value through use of the latest digital technology Streamlining of supply chain through utilization of artificial intelligence Emergence of alcohol-alternative products Rapid growth in adoption of remote workstyles and use of e-commerce and other online channels 	<ul style="list-style-type: none"> Reduction of industry presence and competitiveness Establishment of market dominance and creation of new markets through the Asahi Group's leadership in innovation 	<ul style="list-style-type: none"> In the DX domain, establishment of a <i>glocal</i> foundation that improves productivity, promotion of transformation into a digital native organization, strengthening of incubation functions, and incorporation of agile workstyles In R&D activities, creation of new value, provision of support to help consumers realize good mental and physical health, reduction of environmental and climate change-related risks, and reinforcement of investment in the development of promising "seeds" that lead to new businesses Establishment of operating company in San Francisco that makes minority investments in American startup companies who possess technology linked to new sales techniques and manufacturing methods
4. Risks Related to Climate Change	<ul style="list-style-type: none"> Rise in average temperatures, shift in precipitation patterns, and intensification of abnormal weather Tightening of regulations associated with greenhouse gas emissions Tightening of water resource-related regulations Change in customer behavior 	<ul style="list-style-type: none"> Incurrence of losses from product waste, opportunity loss, and damaged equipment and facilities due to the intensification of abnormal weather Higher operating costs reflecting rising cost of key raw materials Higher operating costs associated with tightening supply and demand for water and increased water-related costs caused by droughts Higher product prices reflecting implementation of carbon tax Impact of water use regulations on business continuity Impact of higher ethical standards on sales 	<ul style="list-style-type: none"> Initiatives, such as for renewable energy, aimed at achieving Asahi Carbon Zero, our medium-to long-term target for realizing zero CO₂ emissions by 2050 Initiatives aimed at reducing water use Response to and disclosure of risks and opportunities in accordance with TCFD recommendations
5. Use of Plastics	<ul style="list-style-type: none"> Strengthening of regulations on plastic waste Strict social views on products made from large amounts of plastic in light of plastic waste's contribution to marine pollution 	<ul style="list-style-type: none"> Remarkable decline in demand for products that make use of a large amount of plastic containers and packaging Impairment of Asahi's reputation due to inadequate response Higher recycling expenses and sharp increase in production costs through use of alternative materials 	<ul style="list-style-type: none"> Initiatives aimed at realizing the Group-wide target of 3R + Innovation, including the switch to 100% eco-friendly materials in PET bottles, by 2030 Japan: expansion of unlabeled products; promotion of "bottle-to-bottle," or horizontal, recycling, aimed at expanding the use of recyclable materials; and joint investment in companies that are recycling used plastics Australia: establishment of joint venture between major recycling company and container manufacturer and foundation and operation of plant to further produce and supply recycled PET resin

Risk Type	Details	Projected Impact on the Asahi Group	The Asahi Group's Response
2. Risks That Could Become Apparent in the Short to Medium Term			
1. Risks Associated with Procurement of Key Raw Materials	<ul style="list-style-type: none"> Steep rise in prices due to worsening market conditions Delayed deliveries and interruption to supply due to climate change, natural disasters, and pandemics 	<ul style="list-style-type: none"> Rise in manufacturing costs Worsened performance due to production quantity being less than planned 	<ul style="list-style-type: none"> Avoidance of risks of rising costs through signing of multiyear contracts and utilization of financial instruments, depending on the situation Reduction of costs through joint procurement that utilizes economies of scale Utilization of adjustment capabilities by sharing inventory information through the Group
2. Geopolitical Risk	<ul style="list-style-type: none"> Increasing tensions around Taiwan and the U.S.-China conflict 	<ul style="list-style-type: none"> Possibility of impact on Medium- to Long-Term Management Policy, performance, and financial position in numerous countries and regions where we are developing businesses due to the potential invasion of Taiwan, restrictions on imports and exports, discriminatory actions, boycott campaigns of products, loss of access to certain technologies, and restrictions on data 	<ul style="list-style-type: none"> Appropriate handling of issues before they occur by quickly becoming aware of risks through the gathering of information at Group companies and appointing outside consultants Development of management structure that formulates risk scenarios, understands risks, and examines appropriate measures to reduce their impact
3. Information Security	<ul style="list-style-type: none"> Disruption to business activities as a result of power outages, disasters, defective software and devices, and cyberattacks; loss and leakage of confidential information; loss of personal information; fraud; and violation of the European Union's General Data Protection Regulation (GDPR) and other regulations in various countries 	<ul style="list-style-type: none"> Interruption of business Cash outflow due to compensation and claims for damages and increased cost of security measures, etc. Imposition of fines due to GDPR violations Decline in operating results, financial condition, and corporate brand value due to the above 	<ul style="list-style-type: none"> Formulation and implementation of cybersecurity standards document to be complied with Group-wide Evaluation of status of cyberattack countermeasures and maintenance and enhancement of security system Aggregation of Group-wide incident information and development of system that aims to reinforce risk response
4. Securement of Diverse Talented Personnel	<ul style="list-style-type: none"> Greater demand for personnel and changes in and enhancement of necessary skill set stemming from expansion of global business 	<ul style="list-style-type: none"> Lack of capability to execute strategies and achieve the targets of the Medium- to Long-Term Management Policy in light of insufficiencies in acquiring, cultivating, and retaining human resources 	<ul style="list-style-type: none"> Promotion of diversity, equity, and inclusion and fostering of high-engagement corporate culture Expansion and strengthening of personnel pipeline through the cultivation of candidates for future management positions Global promotion of optimal placement of personnel and recruitment of external human resources
3. Risks That Could Become Apparent on an Ongoing Basis			
1. Large-Scale Natural Disasters	<ul style="list-style-type: none"> Rising number of risks related to large-scale earthquakes, tsunamis, typhoons, floods, and other natural disasters 	<ul style="list-style-type: none"> Halt to product manufacturing and deliveries Inability to procure raw materials and resources Interruption and halt to business activities Decline in consumer sentiment 	<ul style="list-style-type: none"> Implementation of safety confirmation system and strengthening of emergency communications system Prevention of secondary disasters by reinforcing production plants with earthquake-resistant construction, ensuring safety of equipment, etc. Formulation of business continuity plan by reflecting on past performance and experience in large-scale disasters Establishment of backup facility at data center Establishment of emergency response headquarters during an emergency and creation of crisis management structure to respond
2. Risks Related to Respect for Human Rights	<ul style="list-style-type: none"> Rising inequality and poverty, increasing severity of environmental issues such as climate change, outbreaks of disease and war, and strengthening of laws and regulations related to respect for human rights, mainly in Europe and the United States 	<ul style="list-style-type: none"> Worsened performance following loss of trust by stakeholders Damage to corporate reputation and brand value 	<ul style="list-style-type: none"> Human rights due diligence for suppliers and Asahi employees Human rights training for each employee in compliance with our Human Rights Policy Creation of access to help to appropriately respond to voices both inside and outside the Company
3. Compliance with Laws and Regulations and Soft Laws	<ul style="list-style-type: none"> Changes to Food Sanitation Act, Product Liability Act, labor regulations, Anti-Bribery Act, Unfair Competition Prevention Act, regulations related to protecting personal information (such as the GDPR), environmental laws, and various other legal restrictions, as well as unexpected implementation of new laws 	<ul style="list-style-type: none"> Disciplinary measures and filing of legal action due to violation of laws and regulations, social sanctions Impairment of Asahi's reputation and brand value and resulting decline in sales stemming from loss of stakeholder trust 	<ul style="list-style-type: none"> Promotion and supervision of Group-wide corporate ethics and compliance by the Compliance Committee Implementation of training programs to ensure strict adherence to and raise awareness of the Asahi Group Code of Conduct among employees
Other risks			
1. Quality	<ul style="list-style-type: none"> Potential threats to customers' health posed by quality-related accidents arising from contingencies 	<ul style="list-style-type: none"> Incurring of costs due to product recalls and suspension of manufacturing activities Impairment of business results triggered by loss of customer confidence Decline in company reputation and brand value 	<ul style="list-style-type: none"> Development of PDCA (Plan-Do-Check-Act) cycle for improvement by identifying operations that affect quality and require attention in all processes throughout the supply chain and inspect and correct them as a globally shared structure Development of latest analytical technologies for ensuring food safety Adoption of international approaches to quality and food safety management systems and acquisition of external certification
2. Other Risks	<ul style="list-style-type: none"> Financial risk (including exchange rate, interest rate, rating, and asset price fluctuation risks) Tax risk Litigation risk 	<ul style="list-style-type: none"> Increased costs, increasingly severe competition, restrictions to business activities, and impact on operating results and financial condition 	<ul style="list-style-type: none"> Utilization of various risk-hedging strategies

Eleven-Year Financial and Non-Financial Summary

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
Years ended December 31

Information About This Page

- The Company's consolidated financial statements have been prepared based on JGAAP for the years up to the fiscal year ended December 31, 2015 and based on International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2016 onward. The line items have been prepared based on IFRS.
- The IFRS line item "revenue" corresponds to "net sales" under JGAAP, while "Core Operating Profit" corresponds to "operating income"; "profit attributable to owners of parent" corresponds to "net income"; and "equity attributable to owners of parent" corresponds to "shareholders' equity".

	(JPY billion)								(JPY billion)				(%)
	2012	2013	2014	2015	2015	2016	2017	2018	2019	2020	2021	2022	YoY Change (2022/2021)
Operating Results (For the year):													
Revenue	¥1,579.1	¥1,714.2	¥1,785.5	¥1,857.4	¥1,689.5	¥1,706.9	¥2,084.9	¥2,120.3	¥2,089.0	¥2,027.8	¥2,236.1	¥2,511.1	12.3
Cost of sales	974.7	1,032.9	1,073.4	1,100.5	1,102.8	1,098.2	1,295.4	1,303.2	1,297.3	1,283.2	1,383.2	1,589.3	14.9
Selling, general and administrative expenses	495.9	563.9	583.7	621.8	446.0	460.2	593.1	595.7	578.8	576.8	634.9	678.0	6.8
Core Operating Profit ^{*1}	108.4	117.5	128.3	135.1	140.7	148.5	196.4	221.4	213.0	167.8	217.9	243.8	11.9
Profit attributable to owners of parent—pre-adjusted	57.2	61.7	69.1	76.4	75.8	89.2	141.0	151.1	142.2	92.8	153.5	151.6	-1.3
—adjusted ^{*2}	—	—	—	—	—	—	120.1	150.7	142.2	92.8	153.5	165.4	7.0
EBITDA ^{*3}	171.0	183.7	192.3	198.0	197.3	205.8	285.4	318.5	304.8	269.4	328.5	362.4	10.3
Capital investment	41.2	48.5	59.8	52.1	53.6	63.5	89.6	78.2	86.1	84.5	88.2	105.6	19.7
Depreciation and amortization	48.6	47.8	44.5	46.6	50.9	51.1	69.8	75.1	70.7	76.1	79.5	85.0	6.9
Research and development expenses	9.6	10.8	10.7	10.4	10.4	9.6	11.7	12.4	12.8	13.2	14.2	15.1	6.0
Financial Position (At year-end):													
Total assets	¥1,732.2	¥1,791.6	¥1,936.6	¥1,901.6	¥1,804.7	¥2,094.3	¥3,346.8	¥3,079.3	¥3,140.8	¥4,439.4	¥4,547.7	¥4,830.3	6.2
Interest-bearing debt	456.2	403.7	434.7	414.9	414.4	570.4	1,261.9	1,027.4	943.2	1,823.6	1,596.2	1,497.3	-6.2
Total equity	726.9	827.5	896.5	891.8	803.7	846.1	1,152.7	1,149.6	1,248.3	1,517.8	1,759.1	2,062.9	17.3
Cash Flows:													
Cash flows from (used in) operating activities	¥ 109.3	¥157.3	¥146.8	¥112.8	¥116.5	¥ 154.5	¥ 231.7	¥ 252.4	¥ 253.5	¥ 275.9	¥ 337.8	¥ 266.0	-21.3
Cash flows from (used in) investing activities	(134.3)	(65.7)	(92.2)	(75.6)	(77.1)	(268.5)	(885.8)	22.5	(103.7)	(1,243.4)	(14.3)	(69.2)	—
Cash flows from (used in) financing activities	43.0	(84.9)	(35.8)	(73.0)	(75.3)	119.6	661.9	(270.6)	(158.8)	956.8	(320.3)	(219.6)	—
Cash and cash equivalents at end of period ^{*4}	34.3	41.1	62.2	43.3	43.3	48.5	58.1	57.3	48.5	48.5	52.7	37.4	-29.0
Free Cash Flow ^{*4}	69.0	108.3	82.7	61.3	57.9	96.3	143.8	164.6	168.1	196.8	319.1	201.1	-37.0
Per Share Data (In yen):													
Profit attributable to owners of parent—pre-adjusted	¥ 122.75	¥ 135.73	¥ 148.92	¥ 166.25	¥ 164.82	¥ 194.75	¥ 307.78	¥ 329.80	¥ 310.44	¥ 196.52	¥ 302.92	¥ 299.10	
—adjusted ^{*2}	—	—	—	—	—	—	262.23	328.95	310.44	196.52	302.92	326.48	
Dividends	28.00	43.00	45.00	50.00	50.00	54.00	75.00	99.00	100.00	106.00	109.00	113.00	
Equity attributable to owners of parent	1,553.35	1,772.47	1,904.64	1,916.69	1,723.97	1,825.57	2,499.62	2,502.67	2,720.76	2,992.06	3,467.47	4,067.12	
Financial Ratios:													
Core Operating Profit margin (%)	6.9	6.9	7.2	7.3	8.3	8.7	9.4	10.4	10.2	8.3	9.7	9.7	
ROE (Ratio of profit to equity attributable to owners of parent) (%)	—pre-adjusted	8.4	8.0	8.1	8.8	9.7	11.0	14.2	13.2	11.9	6.7	9.4	7.9
—adjusted ^{*5}	—	—	—	—	—	—	—	13.7	15.2	13.0	7.5	11.0	11.1
ROA (Ratio of profit before tax to total assets) (%)	7.0	7.0	7.1	7.6	6.5	7.7	7.2	6.5	6.3	3.3	4.4	4.4	
Total asset turnover (Times)	0.97	0.97	0.96	0.97	0.93	0.88	0.77	0.66	0.67	0.54	0.50	0.54	
Equity attributable to owners of parent ratio (%)	41.8	45.7	45.5	46.2	43.7	39.9	34.2	37.2	39.7	34.2	38.6	42.7	
Net Debt/EBITDA (Times) ^{*3,6}	2.47	1.97	1.92	1.85	1.86	2.52	4.22	3.05	2.93	6.03	4.24	3.61	
ESG:													
Number of employees at year-end	17,956	18,001	21,177	22,194	22,194	23,619	30,864	28,055	29,327	29,850	30,020	29,920	
Number of directors (Total) (At year-end)	10	11	9	9	9	10	10	10	9	9	8	8	
Number of directors (Outside) (At year-end)	3	3	3	3	3	3	3	3	3	3	3	4	
Water consumption (Thousand m ³) ^{*7}	19,532	23,664	23,615	23,933	23,933	26,436	26,307	38,623	40,292	37,673	39,602	39,975	
CO ₂ emissions (Kilotons) ^{*7,8}	815	855	613	621	621	623	619	881	921	830	800	686	
CO ₂ emissions (Scope 3) (Kilotons) ^{*7}	—	—	—	2,960	2,960	3,169	2,912	2,899	4,455	6,779	8,178	8,328	

*1 Core Operating Profit is the reference indicator for normalized business performance. Core Operating Profit = Revenue - (Cost of goods sold + Selling, general and administrative expenses)

*2 Adjusted figures exclude one-time special factors such as the impacts of business portfolio restructuring and the recording of impairment losses in 2022.

*3 Under IFRS, EBITDA = Core Operating Profit + Amortization of intangible assets + Depreciation
Under JGAAP, EBITDA = Operating income + Amortization of goodwill + Depreciation

*4 Free cash flow = Cash provided by operating activities - Cash used in investing activities (excluding M&As and other business restructuring)
For 2016 and prior years: Free cash flow = (Cash flows provided by operating activities + Proceeds from sales of property, plant and equipment) - Purchase of property, plant and equipment

*5 Adjusted profit attributable to owners of parent / Equity attributable to special factors including business portfolio restructuring (after the deduction of translation difference on foreign operations and Changes in fair value of financial instruments measured at fair value through other comprehensive income)

*6 Calculated based on net debt after the deduction of 50% of outstanding subordinated bonds (JPY300.0 billion)

*7 With regard to information on the scope of aggregation for data related to water consumption and CO₂ emissions, please refer to the "Scope of Reports" of the *Asahi Group Sustainability Data Book*.

*8 Figures up to 2013 cover Scope 1, 2, and 3 in Japan. Figures from 2014 onward cover Scope 1 and 2 in Japan and overseas.

*9 Retrospectively adjusted up to 2019, with the emission factor being updated and supplier data, etc., added.

Financial Highlights

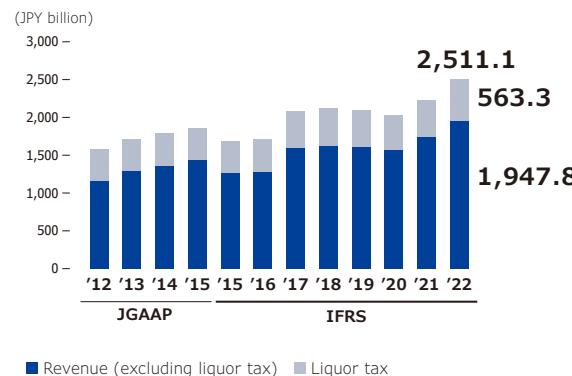
Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
Years ended December 31

▶ Revenue / Liquor Tax

JPY 2,511.1 billion

Revenue

Total revenue increased due to improved per-unit profit following price revisions in addition to an increase in sales volume through the recovery of on-premise demand and growth of the premium beer market.

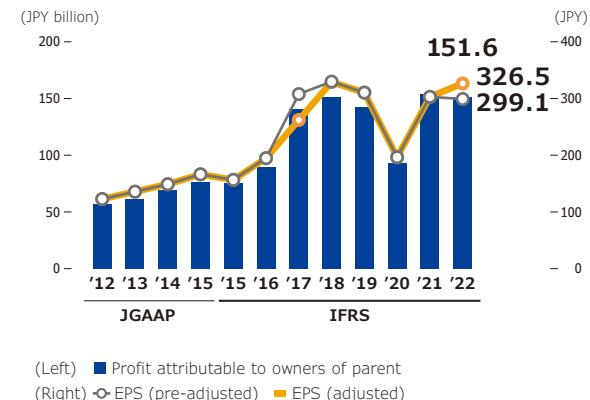


▶ EPS*² / Profit Attributable to Owners of Parent

JPY 326.5

EPS (Adjusted)

Profit attributable to owners of parent decreased; however, excluding factors including impairment losses following the restructuring of domestic supply chain management (SCM), profit attributable to owners of parent increased. Adjusted earnings per share (EPS) also increased.

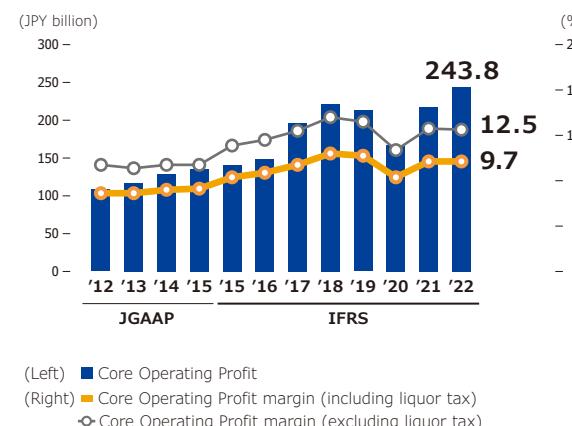


▶ Core Operating Profit*¹ / Core Operating Profit Margin

JPY 243.8 billion

Core Operating Profit

While costs of raw materials and utilities were higher than expected, total revenue increased due to increased profit, various cost efficiencies, and other factors.

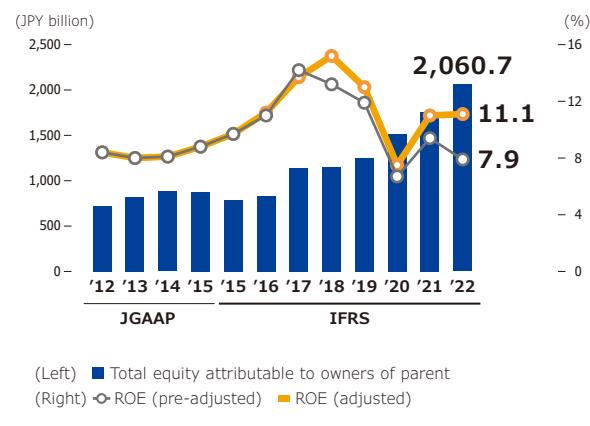


▶ ROE*³ / Total Equity Attributable to Owners of Parent

11.1%

ROE (Adjusted)

Adjusted return on equity (ROE) rose due to higher profit attributable to owners of parent, but it was approximately the same level as the previous fiscal year due to increased net assets. Total equity attributable to owners of parent was up due to factors such as increased retained earnings and foreign currency translation adjustments.



*1 Core Operating Profit is the reference indicator for normalized business performance.

Core Operating Profit = Revenue - (Cost of goods sold + Selling, general and administrative expenses)

*2 Both pre-adjusted and adjusted figures are provided for EPS, ROE, and the dividend payout ratio. Adjusted figures exclude one-time special factors such as the impacts of business portfolio restructuring.

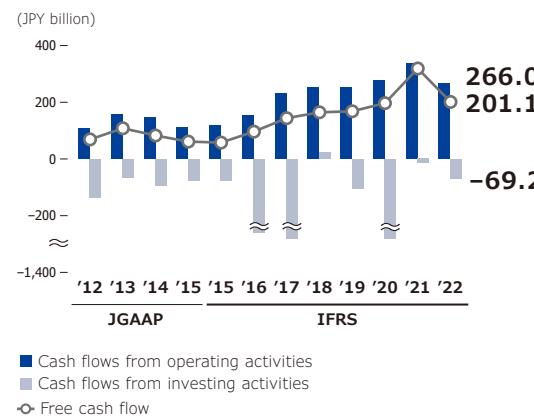
*3 Adjusted ROE = Adjusted profit attributable to owners of parent / Equity attributable to owners of parent (after the deduction of translation difference on foreign operations and Changes in fair value of financial instruments measured at fair value through other comprehensive income)

► Cash Flows

JPY 201.1 billion

Free Cash Flow

While issues including the improvement of Core Operating Profit and an increase of working capital efficiency were addressed, free cash flow^{*4} decreased due to factors including a decrease in gain from sale of fixed assets and an increase in capital investments.

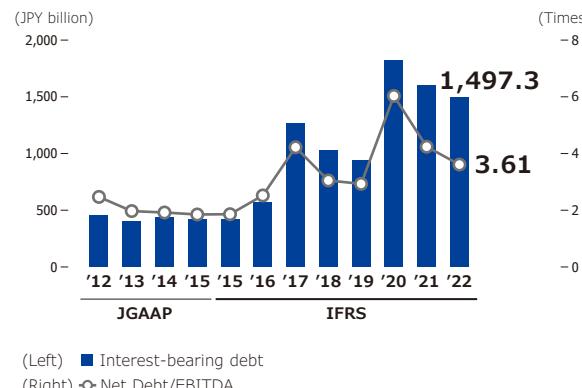


► Interest-Bearing Debt / Net Debt/EBITDA^{*5}

3.61 times

Net Debt/EBITDA

Interest-bearing debt decreased due to generated free cash flow allotted to reducing this debt. Net Debt/EBITDA decreased due to the reduction of interest-bearing debt and an increase in EBITDA.



*4 Free cash flow = Cash provided by operating activities – Cash used in investing activities (excluding M&As and other business restructuring)
For 2019 and prior years: Free cash flow = (Cash flows from operating activities + Proceeds from sales of property, plant and equipment) – Purchase of property, plant and equipment

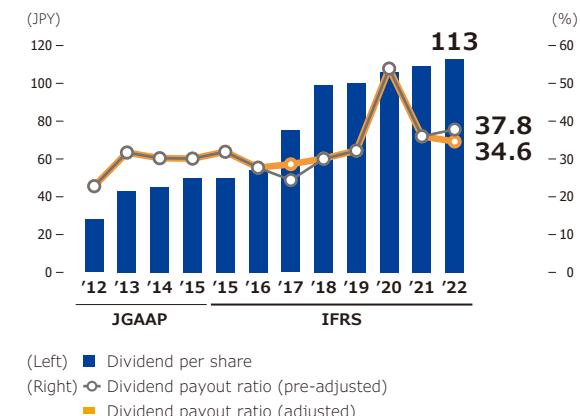
*5 Under IFRS, EBITDA = Core Operating Profit + Amortization of intangible assets + Depreciation; under JGAAP,
EBITDA = Operating income + Amortization of goodwill + Depreciation
Figures have been calculated by excluding 50% of the amount of JPY300.0 billion for outstanding subordinated bonds from net debt.

► Dividend per Share / Dividend Payout Ratio^{*6}

34.6 %

Dividend Payout Ratio (Adjusted)

The dividend per share was increased by JPY4 year on year. Also, the consolidated dividend payout ratio aligned with the Medium- to Long-Term Management Policy guideline.

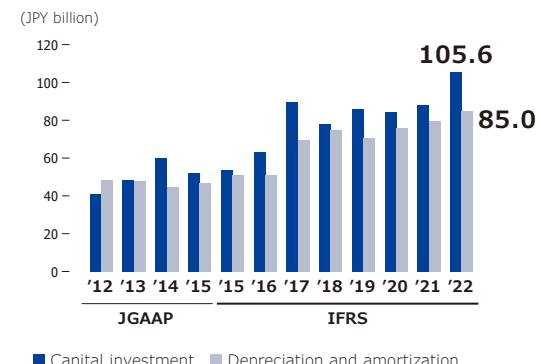


► Capital Investment^{*6} / Depreciation and Amortization^{*6}

JPY 105.6 billion

Capital Investment

Overall capital investment was up due to growth investments in Japan and Oceania, in addition to the promotion of investments in increasing the production capacities of manufacturing facilities in Europe.



*6 The above capital investment and depreciation and amortization amounts do not include lease assets or trademarks at the time of acquisition of subsidiaries.

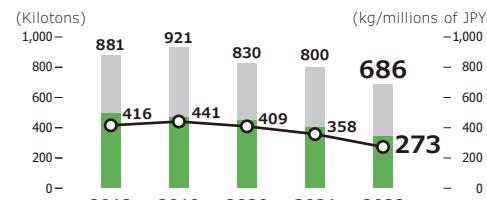
Sustainability Highlights

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
Years ended December 31

Environment

► CO₂ Emissions / Basic Unit

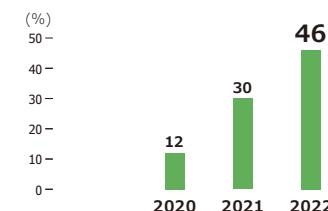
We adopted Asahi Carbon Zero with the aim of achieving zero CO₂ emissions by 2050. In pursuit of achieving a 70% reduction in CO₂ emissions by 2030, we will accelerate initiatives to achieve this target accordingly.



(Left) ■ Scope 1, 2 (Japan) □ Scope 1, 2 (Overseas)*¹
(Right) ◆ Basic unit (Net sales and revenue)

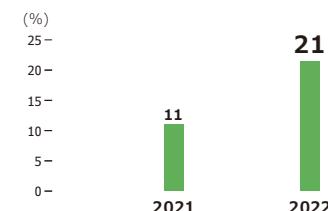
► Renewable Energy Electricity Usage Rate

With a view to achieving Asahi Carbon Zero, we aim to have a renewable energy usage rate of 100% by 2040 and are promoting the introduction of renewable electricity at our breweries and other locations.



► Eco-Friendly Material Usage Rate in PET Bottles

Since 2021, under 3R + Innovation, our Group-wide targets to reduce the use of plastic, we have been aiming to achieve a 100% conversion to eco-friendly materials for PET bottles by 2030. We are promoting initiatives to achieve this goal.



*¹ The coverage of overseas Scope 1, 2 and overseas water consumption is as follows:

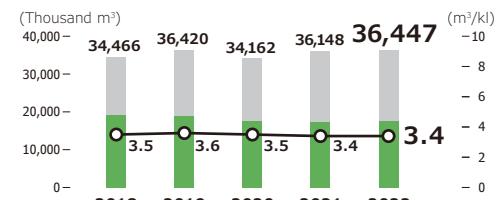
2017: Oceania

2018: Oceania and Europe

2019-2022: Oceania, Europe, and Southeast Asia

► Water Consumption / Intensity of Water Consumption

We have established a target for our water consumption intensity, and we are working to reduce water consumption by cutting back on water use at production sites and promoting the reuse of water to achieve these targets.



(Left) ■ Water consumption (Japan)
■ Water consumption (Overseas)*¹
(Right) ◆ Intensity of water consumption
(per production volume [kl])

► Green Bond Reporting (14th Issuance of Unsecured Bonds)

Report on Allocation

Between November 2020 and June 2022, the entire amount of JPY10 billion from green bond proceeds was allocated to eligible projects.

2022

Purchase of renewable energy: JPY1,529 million
Introduction of heat-pump vending machines: JPY1,578 million
Procurement of recycled PET and biomass plastic: JPY6,203 million
Introduction of energy-saving equipment in plants: JPY572 million
Maintenance of the Group-owned Asahi Forest: JPY117 million

Impact Report

	2020	2021	2022
(1) Status of initiatives toward achieving Asahi Carbon Zero			
Amount of renewable energy electricity purchased	14GWh	79GWh	61GWh
Amount of CO ₂ emissions reduced	1,674 t	8,643 t	3,324 t
(2) Status of initiatives toward using sustainable containers and packaging			
Amount of eco-friendly materials used, such as recycled PET and biomass plastic	2,419 t	25,157 t	20,385 t
(3) Status of initiatives toward promoting sustainable water resources			
Overview of Asahi Forest	2,467 ha	2,467 ha	2,467 ha

Note: From October 2020 onward, land administered by the Group was 2,467 ha and the groundwater recharge amount was 11.01 million m³.

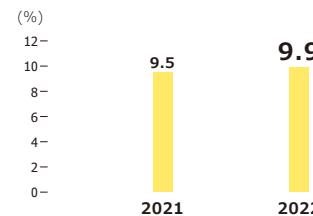
► Total Asahi Group Employees Participating in Community Support Activities

Through community support activities, a basic activity of the material issue of "Communities", we contribute to resolving social issues in each region by creating opportunities for employees to connect with local communities.



► Non-Alcohol and Low-Alcohol Sales Composition Ratio of Main Alcohol Beverage Products*³

With the aim of realizing a non-alcohol and low-alcohol sales composition ratio of 15% or more on a Group-wide basis by 2025, the Asahi Group is developing new products and providing new ways of drinking to expand choices for consumers.



*2 Applicable to employees who work in environments that enable e-learning

*3 Beer-type beverages, RTD, non-alcohol beverages

► Percentage of RTD Products with Reduced Sugar Content (Asahi Holdings Southeast Asia)

With the aim of reducing sugar intake amounts, we set a target of achieving a rate of 70% for products containing added sugar of five grams or less per 100 ml. In 2022, we achieved a rate of 84% for such products, significantly exceeding our target.

	2020	2021	2022
Quantity of sugar content (per 100 ml)	6 g	5 g	5 g
Targeted ratio	70%	70%	70%
Achieved ratio	82%	82%	84%

* In 2021, we updated our target to be even more ambitious, changing the criteria for sugar content from six grams to five grams.

► Business and Human Rights Training Participation Rate

Asahi Group Holdings, Ltd. implemented training with the theme of "business and human rights" for all employees and achieved a participation rate of 91%.



Discussion and Analysis of 2022 Business Results

▶ Analysis of Business Results

Overview of Business

During the fiscal year under review, although the global economy showed signs of recovery, particularly in the United States and Europe, the outlook was uncertain due to rising pressure on prices as a result of soaring raw material and energy prices in the wake of the deteriorating situation in Ukraine and higher policy interest rates aimed at curbing inflation. The Japanese economy, which had also been affected by rising raw material prices, showed signs of recovery due to the loosening of COVID-19 restrictions and the recovery of the global economy.

Under these circumstances, the Asahi Group has updated the previous Medium-Term Management Policy as the Medium- to Long-Term Management Policy, thereby including long-term strategies, through a process involving backcasting from megatrends in order to implement, the Asahi Group Philosophy (AGP). The Medium- to Long-Term Management Policy set forth the basic concept of the Group's long-term strategies to "contribute to sustainable society and respond to changing conceptions of well-being through delivering great taste and fun." In our business portfolio, in addition to the sustainable growth of existing businesses centered on the beer category, we have worked to expand into peripheral areas and new businesses and services by leveraging our business foundation. We also promoted initiatives aimed at achieving sustainable growth and increasing corporate value together with all of our stakeholders by further strengthening our core strategies, including the integration of sustainability into management, the promotion of digital transformation (DX), and the enhancement of our research and development (R&D).

In addition, although our performance in the fiscal year under review was significantly affected by factors including rising raw material prices, we sought to stabilize the Group's overall performance by implementing management practices that flexibly respond to changes in the business environment, such as appropriate pricing strategies and enhanced cost management in each

region.

As a result, revenue of the Asahi Group increased 12.3% year on year to JPY2,511,108 million. Core Operating Profit*¹ increased 11.9% year on year to JPY243,817 million, and operating profit rose 2.4% to JPY217,048 million. Profit attributable to owners of parent decreased 1.3% year on year to JPY151,555 million, due to an increase in income tax expense, and adjusted profit attributable to owners of parent*² totaled JPY165,430 million, an increase of 7.0% year on year.

Furthermore, excluding the effects of exchange rate fluctuations, revenue increased 8.0% year on year and Core Operating Profit increased 5.9% year on year.*³

*1 Core Operating Profit = Revenue - (Cost of goods sold + Selling, general and administrative expenses)

*2 Adjusted profit attributable to owners of parent is profit attributable to owners of parent excluding one-off special factors, such as business portfolio restructuring and impairment losses.

*3 The figures in 2022 are converted using the previous year's local currency rate.

Revenue

In Japan, we invested management resources in brands with strengths in the Alcohol Beverages, Non-Alcohol Beverages, and Food businesses, and aimed to improve the value of the brands of each business through new value propositions. We also strengthened our foundation for sustainable growth by optimizing supply chain management (SCM) to create synergies across business boundaries in Japan as a whole and by promoting sustainability initiatives. In Europe, we expanded and developed our global brands while promoting the premiumization of the brand portfolio in each country by strengthening our mainstay local brands and expanding the sale of non-alcohol beer. In addition, we further reinforced the foundation for sustainable growth by stepping up our efforts to address environmental issues and to foster the desired corporate culture. In Oceania, we worked to solidify our earnings foundation by promoting a multi-beverage strategy that leverages the strengths of our Alcohol Beverages

Major Trends in Business Performance

	2021	2022	Increase/ Decrease	YoY Change	(Constant Currency Basis)
Revenue	2,236.1	2,511.1	275.0	12.3%	8.0%
■ Japan	1,219.4	1,301.7	82.3	6.8%	6.8%
■ Europe	474.4	573.9	99.5	21.0%	13.5%
■ Oceania	500.0	583.2	83.2	16.6%	5.6%
■ Southeast Asia	42.7	51.7	9.0	21.1%	6.8%
■ Other	6.0	8.8	2.8	47.0%	44.0%
Adjustment (corporate/ elimination)	(6.3)	(8.1)	(1.8)	-	-
Core Operating Profit	217.9	243.8	25.9	11.9%	5.9%
■ Japan	103.5	108.9	5.5	5.3%	5.3%
■ Europe	75.5	76.0	0.5	0.7%	(6.3%)
■ Oceania	83.1	107.1	24.0	29.0%	16.7%
■ Southeast Asia	0.4	0.6	0.2	39.9%	27.6%
■ Other	1.2	1.4	0.2	13.4%	11.7%
Adjustment (corporate/ elimination)	(14.6)	(16.6)	(2.0)	-	-
Amortization of intangible assets	(31.1)	(33.6)	(2.5)	-	-
Operating Profit	211.9	217.0	5.1	2.4%	
Profit Attributable to Owners of Parent	153.5	151.6	(1.9)	(1.3%)	
Adjusted Profit Attributable to Owners of Parent	154.6	165.4	10.8	7.0%	

and Non-Alcohol Beverages businesses while strengthening premiumization and creating integration synergies. In addition to increasing investments in new growth categories in beer adjacent categories (BACs), such as non-alcohol beer, we also accelerated new value propositions with an emphasis on sustainability as well as SCM reforms. In Southeast Asia, we further improved our presence in countries where we have been operating our businesses, particularly in Malaysia, the Philippines, and Indonesia, by expanding brand investment mainly in our own brands. We also promoted sustainability initiatives such as reducing CO₂ emissions and contributing to local communities. As a result of the above, consolidated revenue, including the increase in revenue from the Other Business, amounted to JPY2,511.1 billion, up 12.3%, or JPY275.0 billion, year on year (increase of 8% year on year on a constant currency basis).

Core Operating Profit

In Japan, Core Operating Profit increased owing mainly to the effects of higher revenue and efforts to enhance the efficiency of various costs, which offset the impact from such factors as an increase in expenses, such as those pertaining to raw materials and brand investments. In Europe, despite the impact of cost increases, primarily for raw materials and utilities, Core Operating Profit increased due to not only a recovery in demand from bars and restaurants but also the impact of exchange rates and the rise in revenue, which was attributable in part to the progress made with the premiumization of our brand portfolio. In Oceania, Core Operating Profit was up due to the impact of exchange rates and enhanced cost efficiencies, centered on the creation of integration synergies. These factors outweighed negative impacts such as the increase in costs associated with raw materials. In Southeast Asia, although we were impacted by such factors as an increase in raw material prices and transportation

costs, Core Operating Profit increased due to such efforts as the enhancement of efficiency of overall fixed costs.

As a result of the above, consolidated Core Operating Profit, including the improvement of the Other Business, came to JPY243.8 billion, up 11.9%, or JPY25.9 billion, year on year. (increase of 5.9% year on year on a constant currency basis)

Operating Profit

Operating profit increased 2.4%, or JPY5.1 billion, to JPY217.0 billion, as a result of the increase in Core Operating Profit, despite a reactionary decline from the sale of fixed assets in the previous fiscal year.

Profit Attributable to Owners of Parent

Profit attributable to owners of parent was JPY151.6 billion, down 1.3%, or JPY1.9 billion, due to an increase in corporate income tax, among other factors. However, excluding factors including impairment losses following the restructuring of SCM, it was JPY165.4 billion, up 7.0%, or JPY10.8 billion.

► Analysis of Financial Position

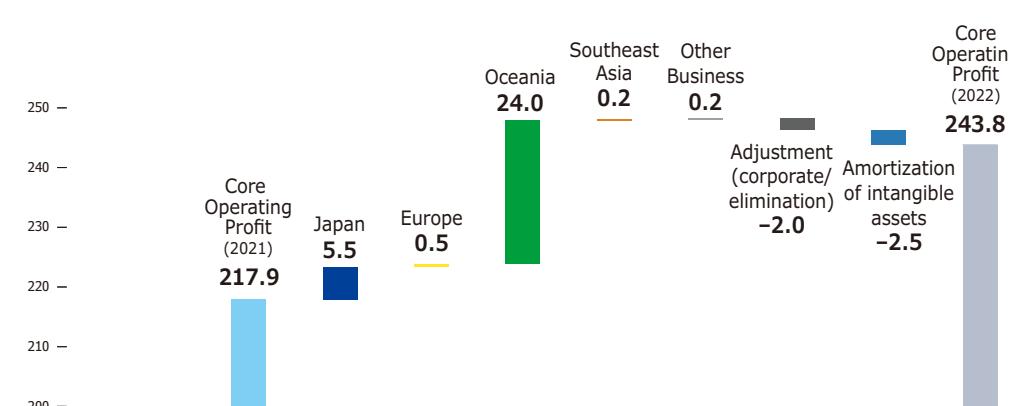
Total assets stood at JPY4,830.3 billion on December 31, 2022, an increase of JPY282.6 billion from a year earlier, as a result of such factors as an increase in foreign currency denominated assets, including goodwill and intangible assets, reflecting foreign exchange rate fluctuations.

Total liabilities came to JPY2,767.4 billion, down JPY21.2 billion from a year earlier, due to an increase in trade liabilities and other payables following increases in costs, such as those related to raw materials; an increase in foreign currency denominated liabilities reflecting foreign exchange rate fluctuations; and a decrease in bonds and borrowings.

Total equity at the end of the year amounted to JPY2,062.9 billion, up JPY303.8 billion from a year earlier. This outcome was a result of an overall increase in retained earnings owing to the recording of profit attributable to owners of parent and a rise in

Factors Contributing to Change in Core Operating Profit

(JPY billion)



exchange rate adjustments of foreign operations stemming from exchange rate fluctuations, despite a decrease in retained earnings due to dividend payments. As a result, the equity attributable to owners of parent ratio was up 4.1 percentage points, to 42.7%.

Furthermore, adjusted ROE, which is calculated by dividing adjusted profit attributable to owners of parent by equity attributable to owners of parent (after the deduction of translation difference on foreign operations and changes in fair value of financial instruments measured at fair value through other comprehensive income), stood at 11.1%.

► Analysis of Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities came to JPY266.0 billion, a decrease of JPY71.8 billion from a year earlier, resulting from a cash inflow of profit before tax of JPY206.0 billion, a rise in non-cash items such as depreciation and amortization, and an increase in working capital efficiency, despite a slight decrease due to payment of corporate income tax.

Cash Flows from Investing Activities

Net cash used in investing activities stood at JPY69.2 billion, an increase of JPY54.8 billion from the previous year, due to a cash outflow for the purchase of fixed assets.

Cash Flows from Financing Activities

Net cash used in financing activities was JPY219.6 billion, a decrease of JPY100.8 billion from the previous year, due mainly to a decrease in financial liabilities resulting from the repayment of short-term loans.

As a result of the above, cash and cash equivalents at the end of the period stood at JPY37.4 billion, an decrease of JPY15.3 billion from the end of the previous year.

Cash Flow-Related Indicators

	2021	2022	YoY Change
Cash flow to interest bearing debt ratio (annual)	5.1	6.1	1.0 percentage point decrease
Interest coverage ratio (times)	30.1	24.5	5.6 percentage point decrease

* Cash flow to interest-bearing debt ratio = Interest-bearing debt ÷ Cash flow

* Interest coverage ratio = Cash flow ÷ Interest payment

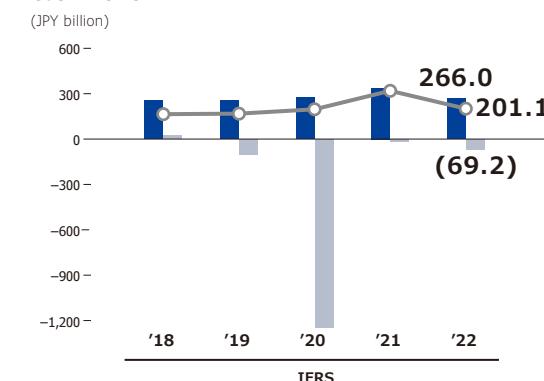
► Liquidity and Capital Resources

We acquire our capital resources principally through cash flows generated by operating activities, loans from financial institutions, and the issuance of bonds. As a management policy, we regard the reduction of interest-bearing debt as a priority issue.

However, we make flexible use of financial liabilities according to the need for capital resources for capital investments. Potential investments include capital investment to strengthen and streamline our business foundation and strategic investments such as M&As. Meanwhile, we meet working capital needs, in principle, through short-term loans and the issuance of commercial paper.

In addition, the Company and its major consolidated subsidiaries have introduced a cash management system that channels the excess funds of Group companies to the Company so that we can centrally manage these funds. This system enables us to both improve capital efficiency and minimize financing costs.

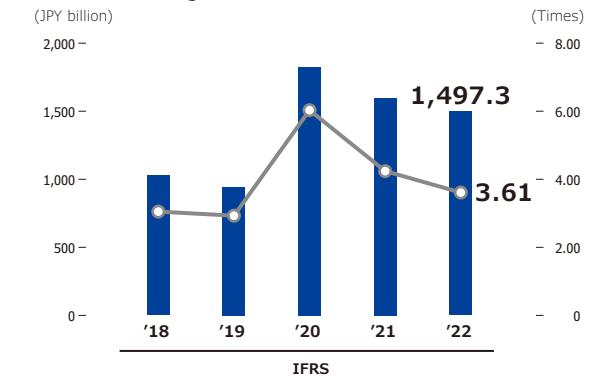
Cash Flows



■ Cash flows from operating activities
■ Cash flows from investing activities ◌ Free cash flow

Notes: 1. Free cash flow = Cash provided by operating activities - Cash used in investing activities (excluding M&As and other business restructuring)
2. For 2019 and prior years: Free cash flow = (Cash from operating activities + Proceeds from sales of property, plant and equipment) - Purchase of property, plant and equipment

Interest-Bearing Debt / Net Debt/EBITDA



(Left) ■ Interest-bearing debt (Right) ◌ Net Debt/EBITDA

Notes: 1. EBITDA = Core Operating Profit + Amortization of intangible assets + Depreciation
2. Calculated based on net debt after the deduction of 50% of outstanding subordinated bonds (JPY300.0 billion)

► Capital Investment*4

Capital investments during 2022 increased JPY17.4 billion, to JPY105.6 billion. In Japan, we executed growth investments that led to increases in Core Operating Profit and investments to improve revenue. In Europe, we carried out investments to bolster our brewing capacity, primarily in the Czech Republic and Romania. In Oceania, we implemented investments to reform our earnings structure in order to create synergies from the integration of the CUB business and commenced investments to enhance our production capacity of cans. In Southeast Asia, we carried out business investments in order to maintain and enhance our foundational businesses with a view to increasing sales.

*4 Not including lease assets or trademarks at the time of acquisition of subsidiaries

► R&D Expenses

Group-wide R&D expenses in 2022 increased JPY0.9 billion, to JPY15.1 billion. In Japan, Europe, Oceania, and Southeast Asia, we promoted R&D activities in accordance with the key medium-term strategies for each Regional Headquarters (RHQ). Asahi Quality & Innovations, Ltd. (AQI) serves as the center for the Group's cutting-edge R&D. At AQI, we are striving to develop products and technologies that create new value and reduce risks in the Group's core areas of R&D based on the technologies, insight, and know-how that we have thus far accumulated in our research of future scenarios derived by backcasting from megatrends. These efforts are carried out with a focus on medium- to long-term changes in social and competitive environments and in order to realize sustainable growth for the Group as a whole. In addition, we are leveraging the strengths we are demonstrating across the globe in order to maximize our performance while focusing on achieving the best possible R&D results in collaboration with each region of operation.

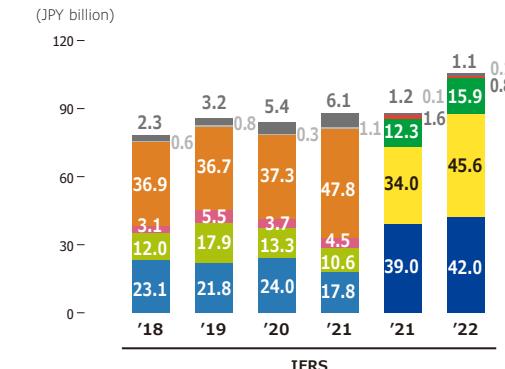
► Profit Distribution Policy and Dividends

In regard to utilizing free cash flow, we have given priority to the reduction of debt, which increased following the acquisition of the Australia-based CUB business in 2020, and we are working to enhance our capacity for growth investments in accordance with the Medium- to Long-Term Management Policy. At the same time, we aim for Net Debt/EBITDA of around three times or less in 2024.*5

For 2022, we paid a full-year ordinary dividend of JPY113 per share, up JPY4 from the previous year, based on our consolidated financial position and full-year results. For 2023, we plan to pay a full-year ordinary dividend of JPY115 per share, comprising an interim dividend of JPY56 per share and a year-end dividend of JPY59 per share, up JPY2 from 2022. Going forward, we aim to achieve a dividend payout ratio of 40% by 2025.

*5 Calculated after deducting 50% of outstanding subordinated debt from net debt

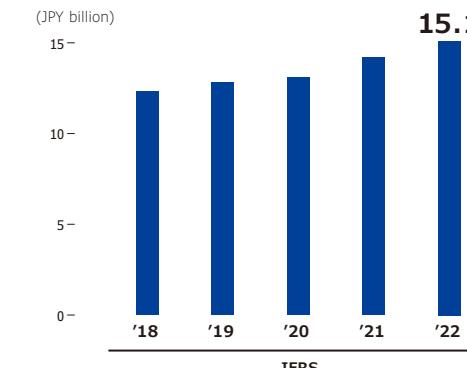
Capital Investment



IFRS

(2017-2021) ■ Alcohol Beverages ■ Non-Alcohol Beverages ■ Food
 ■ Overseas ■ Other ■ Adjustment (corporate/elimination)
 (2021-2022) ■ Japan ■ Europe ■ Oceania ■ Southeast Asia
 ■ Other ■ Adjustment (corporate/elimination)

R&D Expenses



IFRS

Company Profile / Investor Information (As of December 31, 2022)

▶ Promoting Engagement through IR Activities

Major IR Activities in 2022

Activity	Frequency	Details
Financial results briefings for analysts and institutional investors	4 times	Quarterly briefings (second- and fourth-quarter briefing sessions by the president and relevant officers and first- and third-quarter sessions by the IR and finance sections) held as either an online meeting or a teleconference
Business briefings for analysts and institutional investors	4 times	Briefings by the top management and relevant officers of operating companies. Briefings on the Japan Business (Alcohol Beverages and Non-Alcohol Beverages), briefings on the Europe and Oceania businesses, and briefings on ESG. All held as online meetings
Interviews with institutional investors	Approx. 70 times	Interviews, teleconferences, and online meetings conducted by the management
IR interviews for analysts and institutional investors	Approx. 300 times	IR interviews, teleconferences, and online meetings

Stock Price



Note: The closing price on December 30, 2017 has been indexed to 100.

Corporate Profile

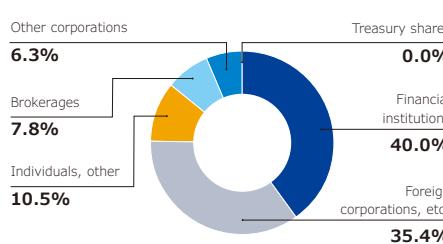
Date of establishment	September 1, 1949
Issued capital	JPY220,216 million
Number of employees	164 (consolidated: 29,920)
Number of Group companies	Consolidated subsidiaries: 208 Equity-method affiliates: 25
Total number of issued shares	507,003,362
Trading unit	100 shares
Number of shareholders	156,051
Stock exchange listing	Tokyo Stock Exchange
Securities code	2502
Fiscal year-end date	December 31
Annual general meeting of shareholders	March
Administrator of shareholder registry	Sumitomo Mitsui Trust Bank, shareholder registry Limited
Independent accounting auditor	KPMG AZSA LLC

Major Shareholders

Name of shareholder	Number of shares held (in hundreds)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	894,885	17.7
Custody Bank of Japan, Ltd. (Trust Account)	317,205	6.3
SMBC Nikko Securities Inc.	150,179	3.0
The Dai-ichi Life Insurance Company, Limited	112,000	2.2
Fukoku Mutual Life Insurance Company	100,000	2.0
STATE STREET BANK WEST CLIENT - TREATY 505234	83,245	1.6
JPMorgan Securities Japan Co., Ltd.	80,470	1.6
Sumitomo Mitsui Banking Corporation	80,280	1.6
SSBTC CLIENT OMNIBUS ACCOUNT	78,018	1.5
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	74,935	1.5
Total	1,971,219	38.9

Note: Shareholding percentages are calculated based on the total number of issued shares less the number of treasury shares.

Breakdown of Shareholdings by Investor Type



► External Recognition

Inclusion in ESG Indices

Interest in investment focusing on environmental, social, and governance (ESG) factors has been rising in recent years. This investment approach, seen primarily in the asset management activities of domestic and overseas institutional investors, entails using both financial data and non-financial initiatives in evaluation standards for investment decisions. ESG evaluations are conducted by numerous domestic and overseas institutions. Asahi Group companies are included in a number of ESG indices.

Note: The inclusion of Asahi Group Holdings, Ltd. in any MSCI Index and the use of MSCI logos, trademarks, service marks, or index names herein, do not constitute a sponsorship, endorsement, or promotion of Asahi Group Holdings, Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.



FTSE Blossom
Japan Sector
Relative Index



2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

Evaluations of Environmental Initiatives

As a corporate entity that provides products and services owing to the gifts of nature, the Asahi Group has established the “Environment” as one of its material issues and is promoting initiatives to address this issue accordingly. A survey by international NPO CDP placed Asahi Group Holdings, Ltd. on the A List in the category of climate change, the highest ranking of the category, and designated the Group as a Supplier Engagement Leader. In addition, the Group received the Gold Prize (Ministry of the Environment Award) in the environmentally sustainable company category of the 4th ESG Finance Award Japan, hosted by the Ministry of the Environment.



Evaluations of Diversity and Employee Health Management Initiatives

The Asahi Group has long been aspiring to develop workplace environments that allow all employees to remain healthy and feel empowered in their work, and these initiatives have been highly evaluated.

Amid growing interest in the disclosure stance of corporations, the Asahi Group has been praised for timely and appropriate information disclosure and the easy-to-understand nature of its presentation materials.



Evaluations of IR Activities

Amid growing interest in the disclosure policies of corporations, the Asahi Group has received numerous IR-related awards for its IR activities, being praised for timely and appropriate information disclosure and the easy-to-understand nature of its presentation materials.





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