

Asahi Breweries, Ltd. Future Management Strategy



March 2021

**President and Representative Director
Kenichi Shiozawa**

1. Vision and Management Strategy

2. 2021 Initiatives

3. Efforts to Enhance Profitability

4. Sustainability-Related Initiatives

A great future for all of our customers

The value Asahi Breweries provides to customers

Creating more moments of happiness for our customers by leveraging our strengths and technologies to deliver on our great taste promise through creating products and services that surpass expectations

The Asahi Group Philosophy Our Mission

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

The Asahi Breweries Vision

“A great future for all of our customers”

Long-Term Management Policy

“Transform toward Value-Focused Management”

① Strengthen earnings power

- Improve overall product mix
- Management streamlining

② Invest earned capital

④ Sustained growth

③ Achieve growth

- Create new markets and new value
- Sustainability

Changes to external environment

Liquor tax revisions

Increasing consumer health-consciousness

Polarization of consumption
Diversification of consumer values

Contraction of on-premise market

Lifestyle changes (including
changes to workstyles)

Increased interest in
ESG-related considerations

Our strengths

- ◆ Strong brand portfolio in all product categories
- ◆ Ability to successfully implement the strategies we formulate
- ◆ High-quality manufacturing technologies and efficient supply chain management
- ◆ Co-creation capabilities based on strong relationships with business partners

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2020 Overview

- ◆ Promoted prioritization of investment in core brands and revision of cost structure in light of the COVID-19 pandemic
- ◆ Challenges included revitalization of beer market and offering new value following liquor tax revisions, and structural reform of sales channels

Direction for 2021

- ◆ Strengthening of new value offered through core brands, creation of new markets in anticipation of changes in consumption structure
- ◆ Promotion of fundamental earnings structure reforms, including improvements in channel/category mix

◆ Initiatives for Asahi Super Dry

Invigoration of Asahi Super Dry and enhancement of brand value by offering the highest levels of quality and new consumption opportunities

- Off-premise: Strengthen appeal of beer's great taste and enjoyableness through new containers and by providing new drinking opportunities and experiences
- On-premise: Support for enhancing keg draft product quality, strengthening appeal of the brand through premium drinking experiences, etc.



"Savor the Freshness" packs fresh from the brewery



Enhancing quality of on-premise keg beer



Asahi Super Dry Nama Jokki Can (Draft Beer Can)



Tap for home use



「ASAHI SUPER DRY VIRTUAL BAR」

The highest levels of quality

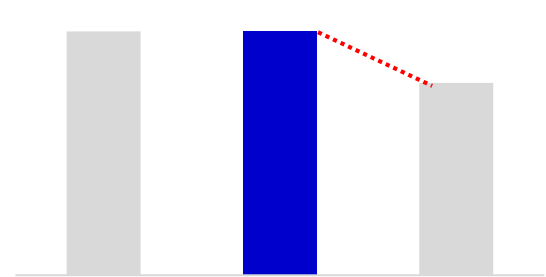
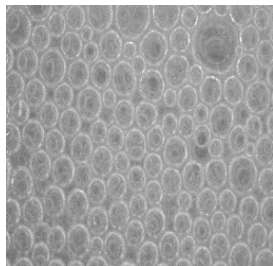
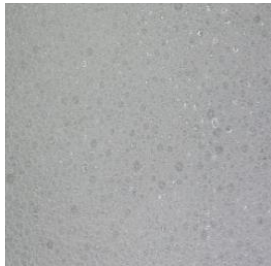
New consumption opportunities



Finer foam head

Malt aroma & pour volume

Carbonation pressure



Draft Beer Can
Approx. 0.1mm

Normal can, poured into glass
Approx. 0.5mm

Draft Beer Can
Approx. 90ml

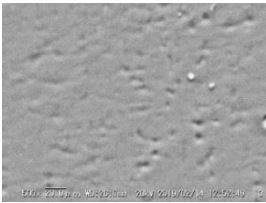

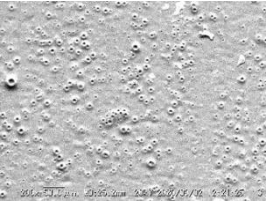
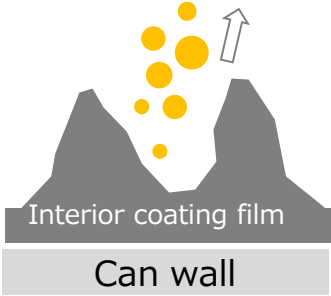
Normal can
Approx. 65ml

Tap → glass

Draft Beer Can

Normal can → glass

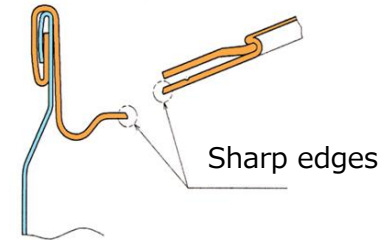
Foam-producing can wall ***Patent pending**

	Interior wall of can	Close-up cross section (foam-production mechanism)
Normal can	<p>Aluminum only, smooth flat surface</p> 	<p>Foam produced due to pressure difference when opened (only very small amount of foam)</p>  <p>Can wall</p>
Draft Beer Can	<p>Aluminum with special coating Caldera-shaped protrusions* *Since coating is baked on, there is no risk of coating dissolving</p> 	<p>Foam volume boosted by rough coating Foam wells upward</p>  <p>Interior coating film Can wall</p>

Wide-mouth lid with safe edges

- Unique Japanese technology
- This kind of edge processing has been used for cans of high-priced food products etc., but this is first time it has been used on beverage cans

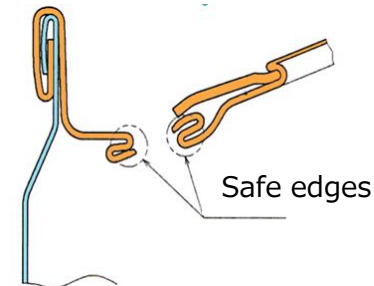
Normal wide-mouth can



Safe edges to prevent cuts to hands and mouth

Safe edges on both lid & can rim

Draft Beer Can



◆ Initiatives for Happoshu & New genre

- Strong portfolio of brands meeting needs of health-conscious consumers, and consumers seeking sharp and refreshing or rich and flavorsome beverages

Health-consciousness



2020 volume
(YoY)

11.65 M Cases
(+5.1%)

2021 forecast
(YoY)

12.50 M Cases
(+7.3%)



Further boosting of consumer brand recognition through first TV commercials in 3 years with the aim of expanding customer base

Sharp and refreshing



2020 volume
(YoY)

17.68 M Cases
(▲6.2%)

2021 forecast
(YoY)

17.80 M Cases
(+0.7%)



Boosting year-round sales promotion efforts to achieve competitive advantage within “sharp and refreshing” category

Rich and flavorsome



2020 volume
(YoY)

7.82 M Cases
(-)

2021 forecast
(YoY)

11.50 M Cases
(+47.1%)



Brand investment exceeding that at the time of the release of *Asahi the Rich* in 2020 with the aim of achieving further growth and expanding customer base

Toward a society where people respect diversity of drinking styles

“Smart Drinking”



Eliminate harmful drinking, expand drinking style options for a broad range of people in various situations, and help bring about a society that is more accepting of drinking style diversity



- ◆ Online disclosure of net alcohol quantities (in grams) by June 2021
For canned products such as major beers and RTDs, start disclosing of net alcohol quantities from the end of March 2021.
- ◆ Aiming for a sales volume ratio of 20% for products with an alcohol by volume (ABV) level of 3.5% or lower by 2025

◆ Creating a low alcohol (alcohol content <1%) category

- Offering options to those who can't or don't drink
- "BEERY" will be launched as the first product

(Pre-sale in Tokyo and 9 prefectures from March 30, nationwide sale from June 29)



Delicious malty flavor and aroma. Satisfying mouth feel despite the low alcohol level (0.5%), with a rich and sharp taste.

Even though it has a robustly malty flavor, there is no alcohol sting, making it easy to drink.



Source : Company research
Period: September 2020, Men and women in their 20s-50s
n=150



Source : Company estimate

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• Mix improvements across multiple categories

→ Leverage liquor tax revisions as a tailwind to revitalize beer market and stimulate demand for canned beer

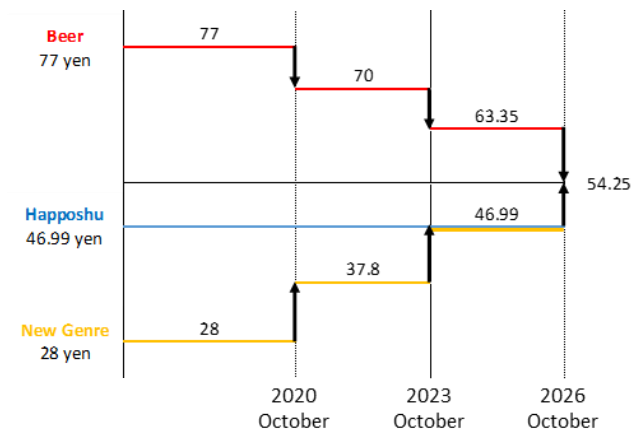
• Mix improvements within individual categories

→ Expand range of high-value-added product offerings, and develop premium brand products

• Mix improvements through creation of new markets



<Revision of Liquor Tax >



•Cost-cutting targeting materials and ingredients

→Pursue Group-wide global procurement, container improvements, and optimization of procurement specifications

•Cutting waste through inventory adjustment based on SKU reduction

→Bolster selection and focus of core brands particularly RTDs and Shochu, further narrow the range of limited-edition products

•Enhance productivity through brewery hybridization

→Production of soft drinks products in PET plastic bottles to commence in May 2021



•Streamlining of advertising and sales promotion expenses

→Bolster investment for future growth on the one hand while implementing thorough profitability management and pursuing overall streamlining

•Streamlining of sales equipment-related expenses

→Cost cutting through expanded use of maintenance machines, insourcing of repair work

•Streamlining of costs through pursuing new remote working styles

→Cross-Group consolidation of business sites, remote monitoring and remote technical support for production sites



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Asahi Group Environmental Vision 2050

- ◆ Pass on the nature's gift to the next generation based on the "Neutral and Plus" concept



Climate change

Entire Group :

Reduce CO₂ emissions to zero by 2050 to achieve "Asahi Carbon Zero"
 (Reduce CO₂ emissions 50% by 2030 in Scope 1 ,2 and 3)

Use of "green electricity"



Used for product manufacturing in the food industry for the first time in 2009
 『Asahi Super Dry in 350/500 ml cans 』
 『Dry Zero in 350ml cans』

Reduce CO₂ emissions



Shortening of the *Asahi Super Dry* boiling process expected to reduce CO₂ emissions by 2,000 tons annually



Cut CO₂ emissions through reduction of total transport distances and modal shifts

Water resources

Asahi Breweries :

Realize water neutrality at breweries by 2025



In addition to cutting the volume of water used at breweries, strengthen the groundwater recharge functions of Asahi Forest

Asahi

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