

Asahi Soft Drinks Co., Ltd.
Future Management Strategy



March 2021

President and Representative Director
Taichi Yoneme

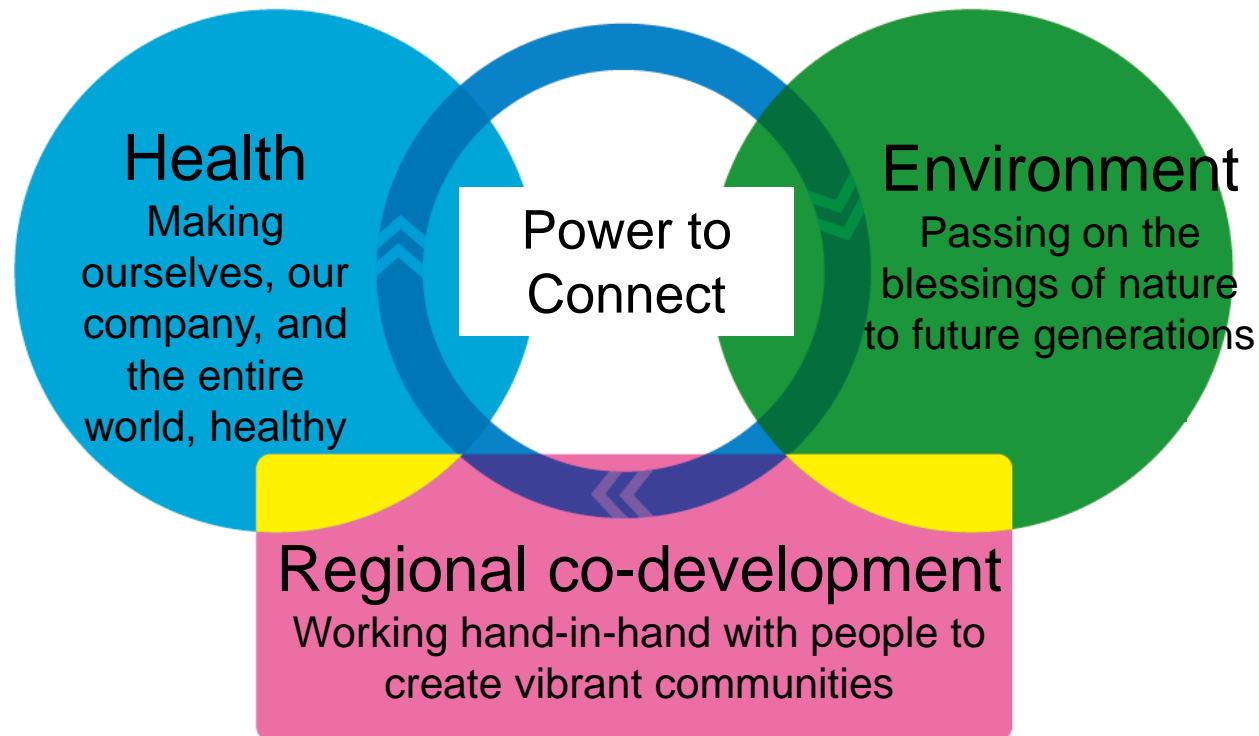
1. Mid- to Long-Term Vision

2. Management Strategy

3. Key Initiatives Underpinning Our Management Strategy



Create new value for society, achieve growth by harnessing our “power to connect”, and become the most trusted corporation



Three material issues (key priority areas)

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Management Strategy**

Medium-Term Management Policy

“Aiming to be the leader in the soft drinks industry”

Achieve top-class profitability in the soft drinks industry, venture into new business domains, be a leader in cooperative efforts in non-competitive areas, and establish a CSV-based management platform.

2021 Management Strategy

By strengthening brands and creating new value, aim to be an agile and robust soft drinks industry leader with an especially strong presence in society.

2021 targets

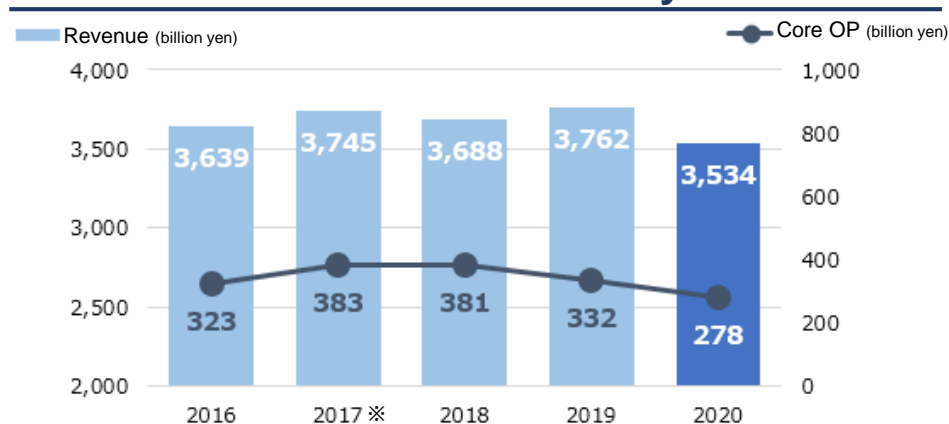
	Target	2020	Comparison	Brand	Sales volume	YoY
Sales volume (million cases)	262.00	248.67	13.33 105.4%	MITSUYA	41.90	102.8%
				CALPIS	40.20	106.7%
				WONDA	34.30	102.2%
				JUROKU CHA	23.70	110.1%
				OISHII MIZU	18.40	111.7%
				WILKINSON	32.00	107.9%
				Six core brands	190.50	106.0%
				Total	262.00	105.4%
Revenue (billion yen)	372.4	353.4	19.1 105.4%			
Core OP (billion yen)	29.5	27.8	1.7 106.3%			
(margin)	(7.9%)	(7.9%)	(0.1%)			

Sales volume above industry average amid severe COVID-19 environment

Sales Volume in 2020

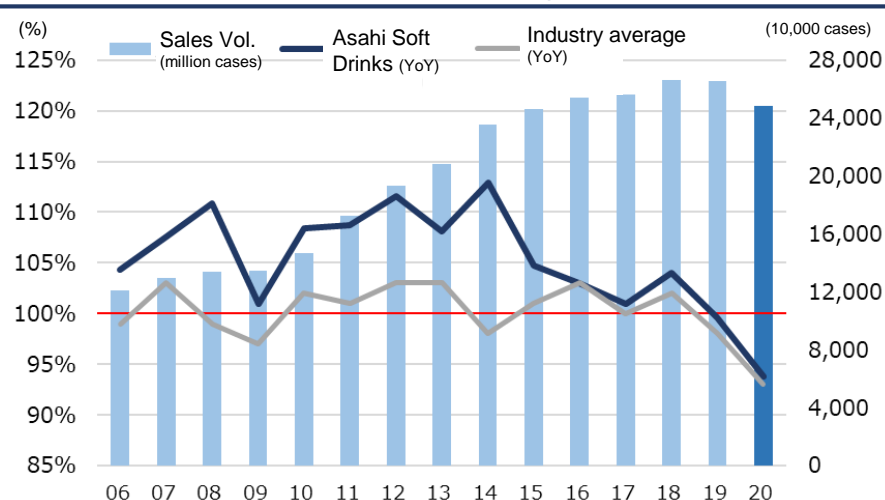
Brand	Sales (million cases)	YoY
MITSUYA	40.75	104.1%
CALPIS	37.67	90.2%
of which, concentrate	4.74	105.6%
WILKINSON	29.66	110.1%
WONDA	33.56	85.0%
JUROKU CHA	21.53	94.2%
OISHII MIZU	16.47	82.7%
Six core brands	179.64	94.5%
Total	248.67	93.8%

Revenue and Core OP by FY



*Shares of LB Co., Ltd. transferred in November 2017

Sales Volume by FY



- ✓ Record-high sales volume for *MITSUYA*, *CALPIS* (concentrate), and *WILKINSON*, three long-selling brands with over 100 years of history and that represent the core strength of Asahi Soft Drinks
- ✓ Strengthened the carbonated drinks category and achieved sales of 100 million cases of carbonated soft drinks*
*Sugared (*MITSUYA*, *CALPIS* Soda, etc.); sugarless (*WILKINSON*), energy drinks (*MONSTER*, *DOCECAMIN*)
- ✓ Installed a new PET plastic bottle production line at the Gunma plant to manufacture lactic acid bacteria drinks and carbonated soft drinks, and launched a production line for canned *MONSTER* and *MITSUYA* brand products

Initiatives geared towards enhancing social value in three key priority areas



Health

Embracing the challenge of creating new value to help people lead healthy lives through products and various initiatives designed to meet health needs

- ✓ Strengthened products for health management and sleep improvement
- ✓ CALPIS Children's Lactobacilli Laboratory
- ✓ Employee health challenge: Employees themselves considered, learned about, and took action on health issues



Environment

As a responsible corporation that uses PET plastic bottles and other plastic containers and packaging, we launched the "Containers and Packaging 2030" initiative to take action on recycling plastic resources and the issue of marine plastic pollution

- ✓ Label-free products that help reduce waste and make rubbish-sorting easier
- ✓ Promoted bottle-to-bottle recycling for PET plastic bottles
- ✓ Cooperated on forest conservation activities with local governments
- ✓ Watershed forest conservation initiatives to protect sources of clean water



Regional co-development

Creating new value together with people in the community to invigorate regional economies and to ensure healthy physical and mental growth in children of the next generation

- ✓ Launched an initiative to help families have fun at home with suggestions for adjusting to the "new normal" by providing learning support content
- ✓ Supported the Kodomo Shokudo (Children's Cafeteria) program
- ✓ Donated CALPIS to children through the CALPIS Hinamatsuri Gift Program, an initiative that has been running for more than 50 years



In responding to opportunities and risks brought about by changes in the external environment, we draw upon our unique strengths to solve issues and further drive business growth yet further

Opportunities and Risks

- Changes in purchasing channels and consumption categories owing to lifestyle changes (fewer outings and stronger demand for consumption at home)
- Persistent slump in consumption and tendency among consumers to save due to deterioration in business climate
- Higher raw material costs stemming from distribution expenses and market downturn caused by labor shortages
- Heightened health awareness, including demand for products that boost immune system
- Expansion of societal issues in the environmental domain, such as the problem of plastic waste

Our Strengths

- Category-leading, long-selling brands (*MITSUYA, CALPIS, WILKINSON*)
- Ability to understand and embrace diversity, including different cultures and ideas
- Perseverance aimed at achieving above-industry sales volume
- Stable supply system and industry-leading profitability owing to streamlined production and distribution systems
- Corporate culture of addressing societal issues such as those relating to health and the environment

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Management Strategy

Aiming to become the most trusted corporation, and one that can respond flexibly and smoothly in any environment

Growth Strategies

- ✓ Marketing strategies for core brands aimed at coping with changes in demand

Structural Reforms

- ✓ Future course of action in light of structural changes in vending machine market
- ✓ Build-out of optimal Group-wide production system
- ✓ SCM reforms

Management Platform

- ✓ Tie-ups with other companies
- ✓ Initiatives for addressing societal issues

Empathy: Marketing activities that seek to bring us closer to consumers

Brands with histories stretching back more than a century

① 100-year-old brands tackling new challenges



Unique Asahi proposals in the familiar sugarless tea category

② JUROKU CHA rebranding



Providing unique Asahi value to both customers and the planet

③ Diversification of CSV initiatives

Health

Environment

Pursuing sustained growth by working to strengthen our brand platform with focus on **MITSUYA Cider**

MITSUYA Cider



2020 Initiatives and Results

- ✓ **Product revamp** (use of label roll reduces annual plastic volume by some 60t)
- ✓ **TV commercial featuring popular music group**
- ✓ **Initiative to help families have fun at home by providing learning support content**
- ✓ **No. 1 for quality***
- ✓ **Boost recognition of refreshing taste**



*Compared to major carbonated soft drinks

2021 Key Activities

- ✓ **Continue to refine value of refreshing taste, quality, and “Made in Japan”**
- ✓ **Undertake “MITSUYA Day” sales activities in response to the emerging “new normal” by utilizing digital marketing methods and non-contact sales**

NEW MITSUYA Cider Lemola



New large-format product for consumers that drink both soda water and sugared carbonated drinks, a new growth segment

“Delicious with a refreshing light sweetness”

The true future path for carbonated soft drinks

Refreshingly “gulpable”

Refreshing lemon & lime flavor

Moderate sweetness

Stand-alone TV ads planned

Sales target: 3 million cases

Tapping at-home demand with concentrate and satisfying demand for differing sweetness levels with ready-to-drink products

CALPIS concentrate



2020 Initiatives and Results

- ✓ Highest sales since 1994 for concentrate
- ✓ Suggestions for using in versatile ways during COVID-19 pandemic



2021 Key Activities

- ✓ Suggestions on how to have fun making CALPIS from concentrate
- ✓ Digital marketing in step with the times

Make your own CALPIS!

CALPIS ready-to-drink

Satisfying broad-ranging sweetness needs by expanding the CALPIS series with the addition of CALPIS Light Blue

Stronger sweetness



Sophisticated & luxurious

Standard sweetness



Targeting all consumers

Lighter sweetness



Targeting women seeking refreshment



A new CALPIS drink with no added sugar. "Refreshingly light sweetness." The perfect drink for a change of pace.

WILKIOSON continues to provide customers with value as a No. 1 brand



2020 Initiatives and Results

- ✓ Record sales for 13 straight years!
- ✓ Purchases by women up 20% YoY
- ✓ Rated the highest for fizzy carbonation
- ✓ Sales of large 1L PET bottles up 69% YoY

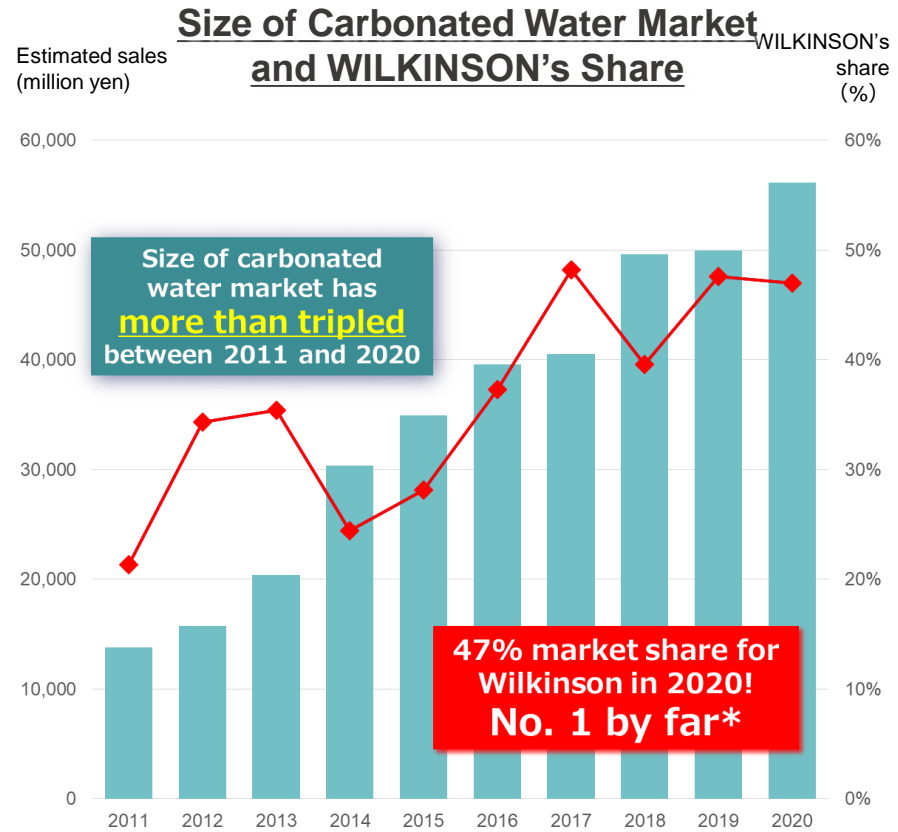




2021 Key Activities

- ✓ Continue to refine WILKINSON value
- ✓ Provide health value on top of the value of stimulating carbonation and no added sugar
- ✓ Target female and new customers





*1 intake SRI data for carbonated water market for Jan-Dec 2020 Cumulative sales for all store formats nationwide

JUROKU CHA rebranded as tea that is good for both people and the planet



Good for you and good for the planet

Good for you

**Ingredients
& quality**

- Fermented ingredients
- Production processes that draw out health benefits of ingredients

Good for the planet

Environment

- Sustainable packaging
- Longer shelf life of 12 months (previously nine)

Consumer needs

(for incorporating more nature into one's daily life)



Creating shared value by providing unique Asahi value to both customers and the planet

Health



- ✓ Helping people adjust naturally to a new daily rhythm and putting a smile on more faces by nurturing sound minds and bodies



Monitoring physical condition



Mood elevation
Positive feelings
Refreshment



Quality sleep



Exercise routines



Prevention of lifestyle diseases

Environment

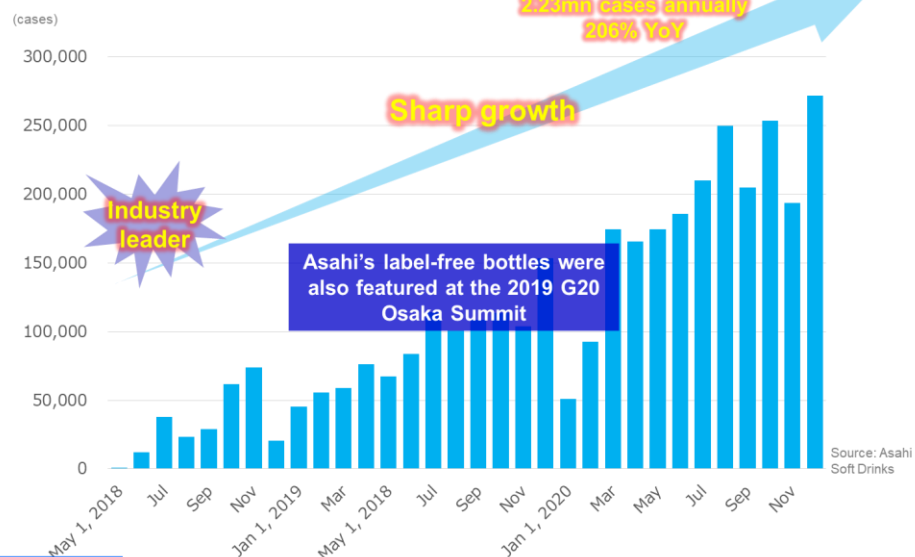


- ✓ Steady growth since launching industry-first label-free products in 2018
- ✓ Trial retail sales of single bottles scheduled for 2021



Trial sales in selected regions

Shipments of Asahi's label-free bottle series



Source: Asahi Soft Drinks

Customer feedback

No label, thus eco-friendly

Hassle-free disposal

Eco-friendly and easy to dispose

Evolution

Sales launched mainly through EC channels

Product lineup expanded

Expansion of label-free products

Advancing structural reforms in the vending machine business and further boosting profitability

✓ Improving profitability with focus on curbing fixed costs

- Reduce machine costs by encouraging use of refurbished models
- Enhance productivity by streamlining routes
- Discontinue unprofitable machines

✓ Boosting sales per machine

- Promote mutual sales of top-selling products of other vendors
- Review expansion policies and product lineups in light of COVID-19 impacts

✓ Evolving vending machines in response to new normal

- Facilitate more non-contact purchasing (smartphone apps, card readers, etc.)
- Employ antimicrobial materials

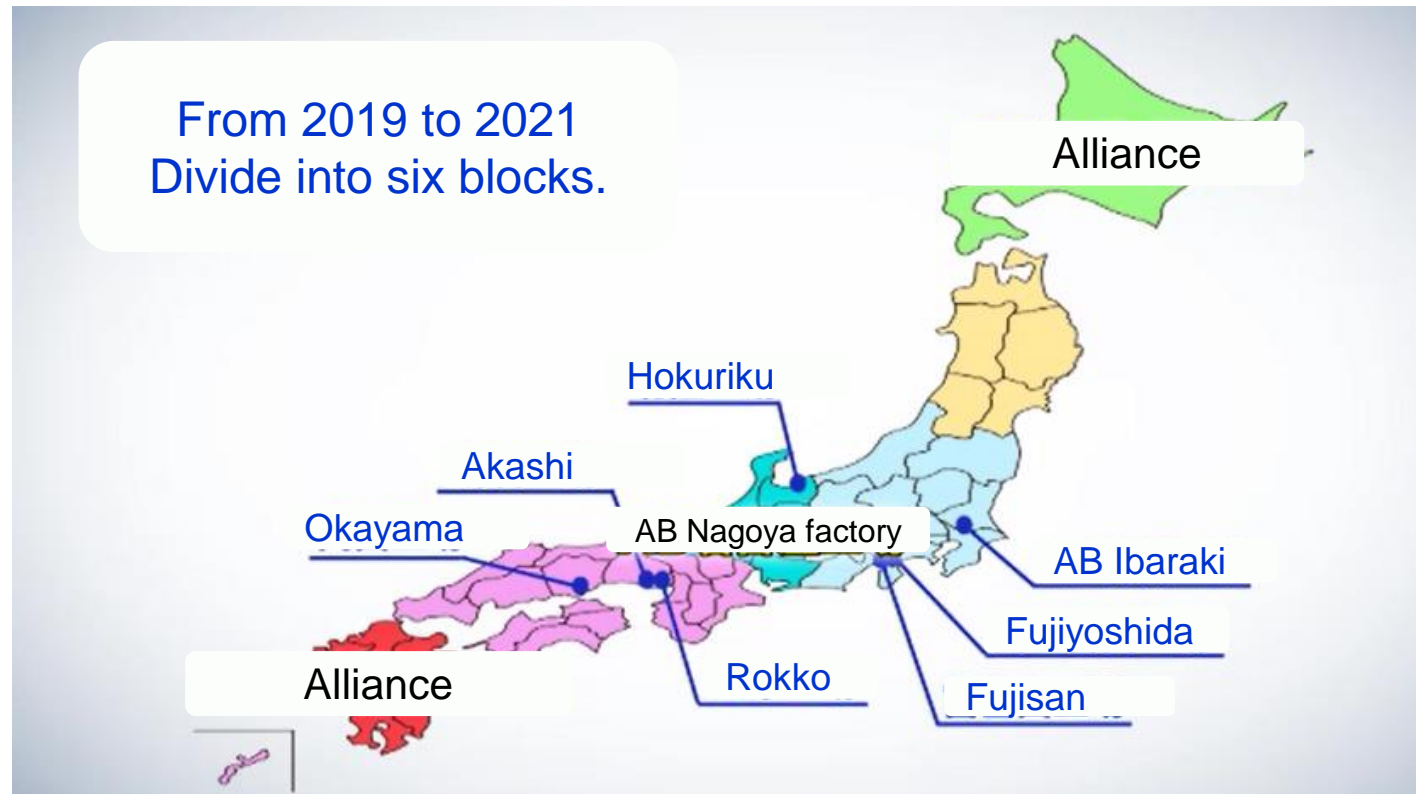


New PET production line at the Nagoya plant of Asahi Breweries



- ✓ Production of PET plastic bottle products to commence from May this year at the Nagoya plant of Asahi Breweries
- ✓ Annual production capacity of 9 million cases (*CALPIS Water* and other products)
- ✓ Investment of approximately ¥5.0bn

Realizing distribution involving less haulage and ensuring stable supply in each area even in the midst of COVID-19 pandemic



- ✓ We have increased our number of nationwide blocs to six (from four) and strengthened our area supply structures by forming alliances with other firms in regions where we have no plants
 - This has reduced the volume of shipments that are redirected outside of a bloc, thus lowering haulage costs

Working in partnership with other firms to find solutions to industry-wide issues

Issue: Streamlining of vending machine operations

Kirin Beverage

Areas in which we subcontract vending machine repair work were expanded

Improved working environment, prevention of sell-out losses, and higher levels of service



Issue: Building a more sustainable distribution system to reduce environmental impacts

Nissin Foods and Nippon Express

Joint transport operations between Kanto and Kyushu kicked off in September 2020

Higher loading ratios have reduced the number of trucks used by 20%



Promoting the “Containers and Packaging 2030” initiative for sustainability

Recycled PET plastic and environmentally-friendly materials

➤ By 2030 we aim to use recycled PET plastic and plant-derived eco-friendly materials for 60% of the total weight of our plastic containers and packaging (PET plastic bottles, labels, caps, other plastic bottles).

Reducing weight

➤ We aim to reduce the weight of plastic containers and packaging by expanding our range of label-free bottles.

Developing new environmentally-friendly containers

➤ We aim to undertake R&D into non-plastic containers and new environmentally-friendly materials.

Using eco-friendly materials and investing in chemical recycling technologies

We have invested in JEPLAN Inc., a bottle-to-bottle recycler, and we are assisting in the relaunch of plant operations at one of its subsidiaries, PET Refine Technology Co., Ltd.



The recycling plant of PET Refine Technology, a subsidiary of JEPLAN

Expanding range of label-free bottles

2020

Two-fold YoY increase in label-free bottles (2.23 million cases)

2021

Targeting 3.0 million cases



Asahi

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