



Securities Code: 2502

ASAHI GROUP HOLDINGS, LTD.

CONVOCATION NOTICE OF THE 95th ANNUAL GENERAL MEETING OF SHAREHOLDERS

DATE AND TIME

March 26 (Tuesday), 2019 at 1:00 p.m. (JST)
(Reception start time: 11:30 a.m.)

PLACE

Banquet Room “Tsuru,” Banquet Floor of “The Main”
of Hotel New Otani, 4-1, Kioi-cho, Chiyoda-ku, Tokyo

DEADLINE FOR EXERCISING VOTING RIGHTS VIA POSTAL MAIL AND INTERNET, ETC.

No later than 5:30 p.m., March 25 (Monday), 2019 (JST)

English Translation of Original Japanese

*This is a translation of the original notice in Japanese.
In the event of any discrepancy, the original notice in
Japanese shall prevail.*

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Dear Shareholders:

You are cordially invited to attend
the 95th Annual General Meeting of Shareholders
of Asahi Group Holdings, Ltd., which will be
held as described in the following particulars.

Sincerely,

March 4, 2019

Akiyoshi Koji

President and Representative Director

ASAHI GROUP HOLDINGS, LTD.

23-1, Azumabashi 1-chome, Sumida-ku, Tokyo



CONVOCAATION NOTICE OF THE 95th ANNUAL GENERAL MEETING OF SHAREHOLDERS

1. DATE AND TIME

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2. PLACE

Banquet Room “Tsuru,” Banquet Floor of “The Main” of Hotel New Otani, 4-1, Kioi-cho, Chiyoda-ku, Tokyo

(Please note that if Banquet Room “Tsuru” becomes full, you will be guided to another venue.)

3. PURPOSES

Items to be reported:

Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and Reports of the audit results of the consolidated financial statements by the Independent Accounting Auditor and the Audit & Supervisory Board for the 95th term, from January 1, 2018 to December 31, 2018.

Items to be resolved:

Company Proposals:

Item 1: Appropriation of Retained Earnings

Item 2: Partial Amendments to the Articles of Incorporation

Item 3: Election of nine (9) Directors

Item 4: Election of two (2) Audit & Supervisory Board Members

Item 5: Revision of Amount of Remuneration, etc. for Directors

Item 6: Revision of Amount of Remuneration, etc. for Audit & Supervisory Board Members

Item 7: Revision of Stock Compensation Plan for Directors

Shareholder Proposal:

Item 8: Election of one (1) Audit & Supervisory Board Member

Note: Among attached materials to be provided with this notice, “Consolidated Statement of Changes in Equity” and “Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements; and “Non-Consolidated Statement of Changes in Net Assets” and “Notes to the Non-Consolidated Financial Statements” of the Non-Consolidated Financial Statements, are posted on the Company’s website in accordance with the provisions of relevant laws and regulations and the Article 15 of the Company’s Articles of Incorporation, and they are not attached to this notice.

Accordingly, the attached materials to this notice are part of the Consolidated Financial Statements and Non-Consolidated Financial Statements, which have been audited by the Independent Accounting Auditor in preparing their audit reports and Audit & Supervisory Board Members and Audit & Supervisory Board in preparing their audit reports.

If there are any corrections to Reference Materials for General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements, they will be posted on the Company’s website.

<https://www.asahigroup-holdings.com/en/>

Please exercise your voting rights, which is the right to participate in the Company's management.

Guide to Exercising Voting Rights

A voting right at the General Meeting of Shareholders is an important right that entitles shareholders to participate in the Company's management. Please refer to the following and exercise your voting rights by either method.

(1) Attending the General Meeting of Shareholders in person

Date and time of the General Meeting of Shareholders:
March 26 (Tuesday), 2019, at 1:00 p.m. (JST) (Reception start time: 11:30 a.m.)

- Please submit the voting form at the reception desk at the venue.
- Please also bring this notice with you, to help us preserve resources.
- You are advised to arrive at the venue early, as the reception desk is expected to become extremely crowded immediately before the commencement of the meeting.
- Please note that anyone other than a shareholder who is entitled to exercise voting rights (e.g., non-shareholding proxy, person accompanying the shareholder) will not be allowed inside the venue.

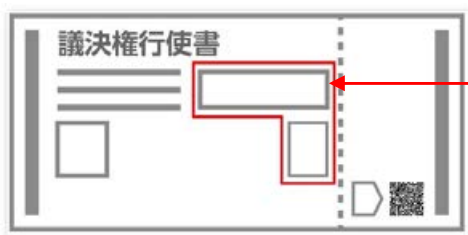
If you are unable to attend the meeting in person, you may exercise your voting rights via either postal mail or the internet, etc. Please review the attached "REFERENCE MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS," and exercise your voting rights no later than 5:30 p.m., March 25 (Monday), 2019 (JST) as instructed in (2) and (3) below on pages 3 - 6.

(2) Voting via Postal Mail

Deadline for exercising voting rights:
To be received by 5:30 p.m., March 25 (Monday), 2019 (JST)

Please indicate your consent/dissent concerning each item shown on the voting form, and send back the form so that it will arrive no later than the deadline for exercising voting rights.

<Guide to filling in the voting form for exercising voting rights>



Please indicate your consent/dissent with respect to each item here.

- * If you exercise your voting rights in duplicate (i.e., voting online as well as voting by using the voting form), only the online vote will be counted.
- * If you submit a voting form without indicating your consent/dissent with respect to each item, you will be deemed to have voted *in favor of* the Company's proposal(s), while against the shareholder's proposal.

<Items Proposed by the Company>

Items 1, 2, 5, 6 and 7	
If you consent: Mark a <input type="radio"/> in the box marked “ 賛 ”	If you dissent: Mark a <input type="radio"/> in the box marked “ 否 ”

Items 3 and 4		
For all candidates		If you selectively veto certain candidates: Mark a <input type="radio"/> in the box marked “ 賛 ” and write the number of each candidate you choose to veto.
If you consent: Mark a <input type="radio"/> in the box marked “ 賛 ”	If you dissent: Mark a <input type="radio"/> in the box marked “ 否 ”	

<Item Proposed by shareholder>

Item 8	
If you dissent: Mark a <input type="radio"/> in the box marked “ 否 ”	If you consent: Mark a <input type="radio"/> in the box marked “ 賛 ”
The Board of Directors of the Company is opposed to this shareholder proposal.	

Regarding the video of the General Meeting of Shareholders of the Company

A video of the proceedings of the 95th Annual General Meeting of Shareholders will be available on the “About the General Meeting of Shareholders” page of our website.
https://www.asahigroup-holdings.com/ir/shareholders_guide/shareholders_meeting.html
(Japanese only)
Date and time that the video will be made available: Noon March 27 (Wednesday), 2019 (JST)
(Planned)

(3) Voting via Internet, etc.

Deadline for exercising voting rights via the Internet, etc.: To be entered by 5:30 p.m., March 25 (Monday), 2019 (JST)
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For details on exercising voting rights via the internet, etc., please refer to following pages.

* ***The online voting website and Help Desk information are available only in Japanese.***

<Guide to exercising voting rights via the internet, etc.*>

Deadline for exercising voting rights via the Internet, etc.:
To be entered by 5:30 p.m., March 25 (Monday), 2019 (JST)

* Institutional investors may use the platform operated for institutional investors by ICJ, Inc. to electronically exercise the voting rights.

Method 1: “Smart Voting” New

1. If you intend to exercise your voting rights by smartphone, you can simply exercise voting rights without entering your voting code and password by scanning the QR code[®] located on the bottom right of the voting form.



2. Indicate your consent/dissent concerning each item by following the instructions displayed on the screen.



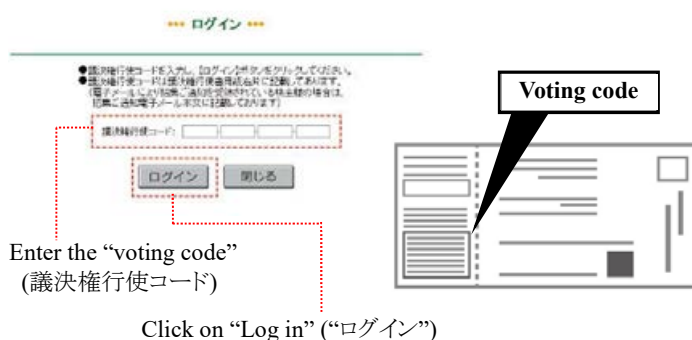
Note: If you need to make a correction to the content of your vote after you have exercised your voting rights, please access the website in accordance with “Method 2: Entering voting code and password” noted below, login by entering your voting code and password, and correct your vote.

Method 2: Entering voting code and password

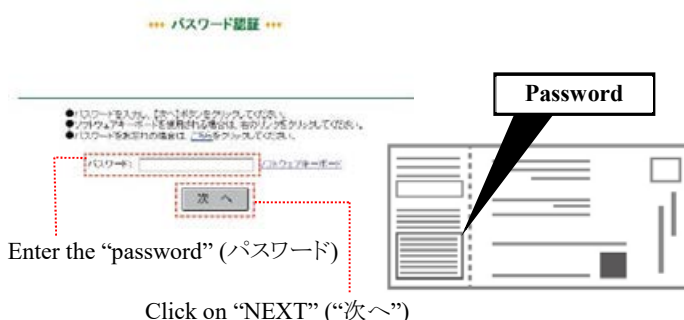
1. You can exercise your voting rights by accessing the online voting website <https://www.web54.net> from a computer, smartphone or cellular phone, and entering the voting code and password.



2. Enter the “voting code” (議決権行使コード) indicated on the voting form.



3. Enter the “password” (パスワード) indicated on the voting form.



* Please note that shareholders who received the Convocation Notice of the Annual General Meeting of Shareholders for this fiscal year by e-mail will not find the “password” on their voting form. Such shareholders are asked to enter the “password” that they specified when registering their e-mail addresses.

4. Indicate your consent/dissent concerning each item by following the instructions displayed on the screen.

* If you exercise your voting rights online more than once, only the most recent vote will be counted.

If you are unclear about the procedure for voting via the Internet using a PC, smartphone or mobile phone, please contact the following Help Desk for inquiries.

Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Web Support Phone No.
Toll-free (within Japan): 0120-652-031 (9:00 a.m. to 9:00 p.m.) (JST)

* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

To Receive the Notices by E-mail

Shareholders who wish to receive the convocation notices of Annual General Meetings of Shareholders by e-mail beginning with the next meeting may so register on the e-mail address registration website noted below. Please note that the site cannot be accessed via cellular phone.

E-mail address registration website: <https://www.web5106.net>

REFERENCE MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS

Agenda Items and Reference Information

Company Proposals

 (Items 1 to 7)

Item 1: Appropriation of Retained Earnings

The Company proposes the appropriation of retained earnings in the following manner:

Year-end dividends

Under the “Medium-Term Management Policy” formulated in 2016, Asahi Group Holdings, Ltd. (the “Company”), as a holding company of the Group (the Company and its subsidiaries are collectively or individually referred to as the “Group” or the “Asahi Group”), has been working toward the strengthening of “earnings power” by positioning the domestic profit base as the cornerstone of earnings and the overseas business as a growth engine, and has been using the generated free cash flows for investing in foundation for growth including M&A deals while seeking stronger financial conditions. Meanwhile, in terms of shareholder returns, efforts have been made to achieve a dividend payout ratio* of 30% (International Financial Reporting Standards (IFRS) basis) by fiscal year 2018.

Based on the aforementioned policy and taking into consideration a variety of factors, including the Company’s consolidated financial condition and achievement for this fiscal year, the Company proposes a year-end dividend of ¥54 per share, as follows. Since the Company previously paid out ¥45 per share as an interim-period dividend, the annual dividend for this fiscal year will amount to ¥99 per share, which is an increase of ¥24 per share from the previous fiscal year.

* Dividend payout ratio is calculated based on profit attributable to owners of parent less a one-time profit or loss on the restructuring of business portfolio (net of tax expenses).

(1) Type of dividend asset

Cash

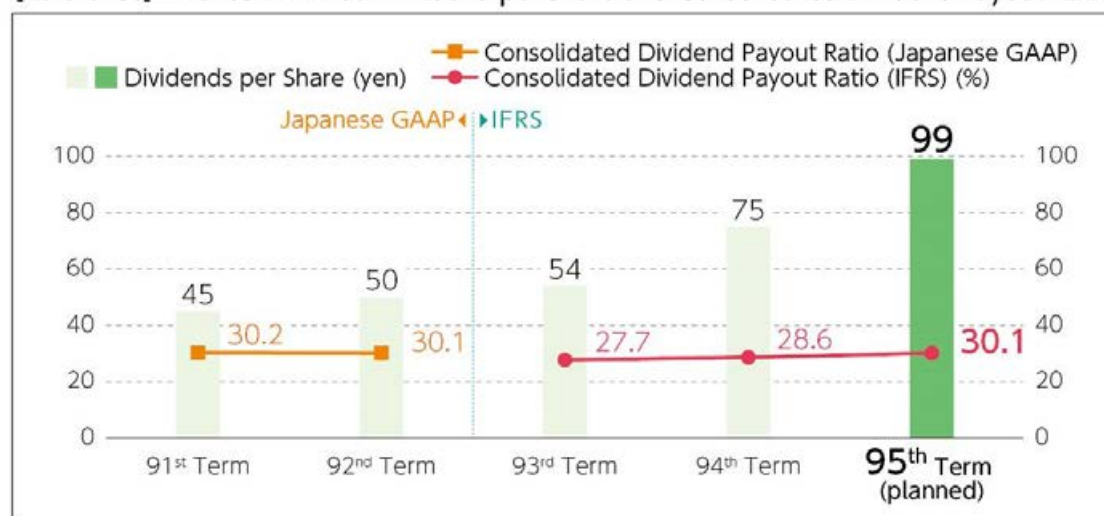
(2) Allocation of dividend assets to shareholders and total amount of allocation

¥54 per share of common stock Total amount of payout: ¥24,738,392,574

(3) Effective date of dividends of Retained Earnings

March 27, 2019

[Reference] Trends in Annual Dividend per Share and Consolidated Dividend Payout Ratio



Item 2: Partial Amendments to the Articles of Incorporation

The Company proposes to amend the Articles of Incorporation of the Company as follows:

1. Reason for the amendments

The Company will discontinue the system of Advisors to the Board in order to further increase the transparency of management from the perspective of strengthening the corporate governance system, and will delete the provision for Advisors to the Board in Article 21 (Representative Director, Executive Directors, and Advisors to Board) of the Company's Articles of Incorporation in addition to making any necessary amendments.

2. Substance of the amendments

The proposed amendments are as follows:

(Amended parts are indicated by underlining.)

Current Articles	Proposed Amendments
<p>Chapter 4. Directors and Board of Directors</p> <p>Article 21. Representative Director, Executive Directors, <u>and Advisors to Board</u></p> <p>1. The Board of Directors of the Company shall appoint Representative Directors by its resolution.</p> <p>2. The Representative Directors shall represent the Corporation and execute the business of the Company.</p> <p>3. The Board of Directors of the Company may appoint one Chairman of the Board, one President, and one or more Vice Chairman of the Board, Executive Vice Presidents, Senior Managing Directors and Managing Directors as Executive Directors by its resolution.</p> <p>4. <u>The Board of Directors of the Company may appoint one or more Advisors to the Board by its resolution.</u></p>	<p>Chapter 4. Directors and Board of Directors</p> <p>Article 21. Representative Director <u>and</u> Executive Directors</p> <p>1. The Board of Directors of the Company shall appoint Representative Directors by its resolution.</p> <p>2. The Representative Directors shall represent the Corporation and execute the business of the Company.</p> <p>3. The Board of Directors of the Company may appoint one Chairman of the Board, one President, and one or more Vice Chairman of the Board, Executive Vice Presidents, Senior Managing Directors and Managing Directors as Executive Directors by its resolution.</p> <p>(Deleted)</p>

Item 3: Election of nine (9) Directors

At the conclusion of this Annual General Meeting of Shareholders, the terms of office of all Directors will expire.

To ensure balance and diversity in terms of the knowledge, experience, and ability of the entire board deemed necessary for the sustainable growth and the increase of corporate value over the medium- to long-term of the Company, the Company has decided that the Board of Directors is to be composed of persons suitable as the Company's Directors who have a wealth of experience, excellent insight, and expertise required by the Company, with reference to the requirements for Directors and Audit & Supervisory Board Members, which are determined based on the Asahi Group Philosophy, the corporate philosophy of the Company, and management strategies. Furthermore, the Company aims for Outside Directors to be persons who meet the requirements of independent officers as defined by the Company such as corporate managers, experts, and others, and to be at least one-third of the Directors.

The Company therefore asks the shareholders to elect the following nine (9) candidates to fill the Director positions.

The nomination of the candidates for the positions of Director has been deliberated at the voluntary Nomination Committee, of which independent officers form a majority of the members and which is chaired by an Outside Director who is an independent officer.

Candidate Number	Name (Age)	Position and Responsibilities in the Company	Attended Board of Directors meetings
1	Naoki Izumiya (70) • Reappointment	Chairman and Representative Director Overall Management	13/13
2	Akiyoshi Koji (67) • Reappointment	President and Representative Director, CEO Overall Management	13/13
3	Atsushi Katsuki (59) • Reappointment	Managing Director and Managing Corporate Officer Overseas Business Strategy and Alliance Soft Drinks Business Overseas Non-Alcoholic Beverages Business	13/13
4	Tatsuro Kosaka (66) • Reappointment • Outside • Independent	Outside Director	13/13
5	Yasushi Shingai (63) • Reappointment • Outside • Independent	Outside Director	10/10
6	Yutaka Henmi (55) • New candidate	Corporate Officer Supply Chain Optimization	—
7	Taemin Park (55) • New candidate	Corporate Officer General Manager of Business Development Section	—
8	Keizo Tanimura (53) • New candidate	Corporate Officer Global and Local Talent Management	—
9	Christina L. Ahmadjian (60) • New candidate • Outside • Independent	—	—

Notes:


- The age, position and responsibilities are as of this Annual General Meeting of Shareholders.
- Attended Board of Directors meetings is the number of times the Director attended Board of Directors meetings held in FY2018.
- As candidate for Director Yasushi Shingai was newly elected at the 94th Annual General Meeting of Shareholders held on March 27, 2018, the above number of Board of Directors meetings held that he could attend is different from other Directors.

Reappointment: candidate for reappointment


New candidate: candidate for new appointment


Outside: candidate for Outside Director


Independent: candidate for independent director/auditor

	Candidate Number	Name	Note to Appointment
	1	Naoki Izumiya	Reappointment
	Date of Birth (Age)	August 9, 1948 (70 years old)	
	Owned Shares of the Company	52,200 shares	
	Tenure (at the conclusion of this Annual General Meeting of Shareholders)	16 years	
	Attended BOD* meetings (FY2018)	13/13	
Reasons for recommending Naoki Izumiya as a candidate for Director			
<p>Since being appointed a Director of the Company in 2003, Naoki Izumiya has served as President and Representative Director of the Company; President and Representative Director, CEO of the Company; Chairman and Representative Director, CEO of the Company; and since 2018, as Chairman and Representative Director of the Company. As Chairman of the Board of Directors he has taken a central role in improving the effectiveness of the Board of Director's functions through fair and open proceedings and reform of governance which strengthened the involvement of Outside Directors. In addition to having experience as a manager of the Company over many years, he possesses the "experience, insight, expertise, and ability" required as a Director of the Company. In particular, he possesses a high level of insight and expertise relating to the most important issues for the enhancement of corporate value over the medium- to long-term, such as corporate governance. Accordingly, we deem that Naoki Izumiya is a necessary human resource for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus we recommend his reappointment as a Director.</p>			
Position and Responsibilities			
<p>Position: Chairman and Representative Director Responsibilities: Overall Management</p>			
Career Summary			
<p>Apr. 1972 Joined the Company Mar. 2000 Corporate Officer, Senior General Manager of Group Management Strategy Headquarters Oct. 2000 Corporate Officer, Senior General Manager of Strategy Planning Headquarters Sep. 2001 Corporate Officer, Deputy General Manager of Tokyo Metropolitan Headquarters, General Manager of Tokyo Branch Mar. 2003 Director Mar. 2004 Managing Director Mar. 2006 Managing Director, Managing Corporate Officer, Senior General Manager of Sales & Marketing Headquarters for Alcoholic Beverages Mar. 2009 Senior Managing Director, Senior Managing Corporate Officer Mar. 2010 President and Representative Director Mar. 2014 President and Representative Director, CEO Mar. 2016 Chairman and Representative Director, CEO Mar. 2018 Chairman and Representative Director (to the present)</p>			
Significant Concurrent Positions			
<p>External Board Director of Recruit Holdings Co., Ltd., Outside Director of Obayashi Corporation</p>			
Candidate's special interests in the Company			
<p>There are no special interests between Naoki Izumiya and the Company.</p>			


*BOD stands for Board of Directors.

	Candidate Number	Name	Note to Appointment
	2	Akiyoshi Koji	Reappointment
	Date of Birth (Age)	November 8, 1951 (67 years old)	
	Owned Shares of the Company	15,900 shares	
	Tenure (at the conclusion of this Annual General Meeting of Shareholders)	12 years	
	Attended BOD meetings (FY2018)	13/13	
Reasons for recommending Akiyoshi Koji as a candidate for Director			
<p>Since being appointed a Director of the Company in 2007, Akiyoshi Koji has served as President and Representative Director of Asahi Breweries, Ltd., President and Representative Director, COO of the Company, and since 2018, President and Representative Director, CEO of the Company. He has a track record that includes leading efforts to achieve the quantitative and qualitative management targets of the medium-term management plan through constructing a new growth platform through the dramatic expansion of global business, revising the business portfolio, and other measures, and creating a framework for becoming a Glocal Value Creation Company, through the establishment of a new corporate philosophy. He possesses the “experience, insight, expertise, and ability” required as a Director of the Company, including experience as a manager of the Company over many years. In particular, he possesses a high level of ability required (foresight, decisiveness, and executive ability) for optimizing decision-making aimed at the Company’s sustainable growth. Accordingly, we deem that Akiyoshi Koji is a necessary human resource for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus we recommend his reappointment as a Director.</p>			
Position and Responsibilities			
<p>Position: President and Representative Director, CEO Responsibilities: Overall Management</p>			
Career Summary			
<p>Apr. 1975 Joined the Company Sep. 2001 Corporate Officer Mar. 2003 Managing Director, Senior General Manager of Planning Division of Asahi Soft Drinks Co., Ltd. Mar. 2006 Senior Managing Director, Senior General Manager of Planning Division of Asahi Soft Drinks Co., Ltd. Mar. 2007 Managing Director, Managing Corporate Officer of the Company Jul. 2011 Director of the Company President and Representative Director of Asahi Breweries, Ltd. Mar. 2016 President and Representative Director, COO of the Company Mar. 2018 President and Representative Director, CEO (to the present)</p>			
Candidate’s special interests in the Company			
There are no special interests between Akiyoshi Koji and the Company.			

	Candidate Number	Name	Note to Appointment
	3	Atsushi Katsuki	Reappointment
	Date of Birth (Age)	March 17, 1960 (59 years old)	
	Owned Shares of the Company	2,598 shares	
	Tenure (at the conclusion of this Annual General Meeting of Shareholders)	2 years	
	Attended BOD meetings (FY2018)	13/13	
Reasons for recommending Atsushi Katsuki as a candidate for Director			
<p>Atsushi Katsuki has been engaged, at the Asahi Group, in alliance and M&A operations, and CEO of an overseas operating company and a regional headquarters company, etc. He has extensive experience related to local management overseas, and possesses the corporate management experience, global knowledge and inter-cultural competency, and financial knowledge required as a Director of the Company. Furthermore, He was appointed a Director of the Company in 2017, and since 2018, he has a track record that includes being responsible for alliances and M&As, and Soft Drinks Business and Overseas Non-Alcoholic Beverages Business and promoting the restructuring of the business portfolio through selection and concentration, particularly the restructuring of the Southeast Asia business. Accordingly, we deem that the “experience, insight, expertise, and ability” possessed by Atsushi Katsuki, particularly his global management skills, are necessary for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus we recommend his reappointment as a Director.</p>			
Position and Responsibilities			
<p>Position: Managing Director and Managing Corporate Officer Responsibilities: Overseas Business Strategy and Alliance Soft Drinks Business, Overseas Non-Alcoholic Beverages Business</p>			
Career Summary			
<p>Apr. 1984 Joined The Nikka Whisky Distilling Co., Ltd Sep. 2002 Transferred to the Company Oct. 2011 Managing Director of Asahi Holdings (Australia) Pty Ltd Apr. 2014 Director, Group CEO of Asahi Holdings (Australia) Pty Ltd Mar. 2016 Corporate Officer of the Company Director, Group CEO of Asahi Holdings (Australia) Pty Ltd Mar. 2017 Director, Corporate Officer of the Company Mar. 2018 Managing Director, Managing Corporate Officer (to the present)</p>			
Candidate's special interests in the Company			
There are no special interests between Atsushi Katsuki and the Company.			

	Candidate Number	Name	Note to Appointment
	4	Tatsuro Kosaka	Reappointment Outside Independent
	Date of Birth (Age)	January 18, 1953 (66 years old)	
	Owned Shares of the Company	— shares	
	Tenure (at the conclusion of this Annual General Meeting of Shareholders)	3 years	
	Attended BOD meetings (FY2018)	13/13	
Reasons for recommending Tatsuro Kosaka as a candidate for Outside Director			
<p>Tatsuro Kosaka possesses the extensive experience and high level of insight as a corporate manager required as a Director of the Company, including having served as the CEO of a global corporation and being responsible for its overall management, and management and supervisory functions for global business at the corporation. Furthermore, as an Outside Director he has provided appropriate oversight for business execution through active opinions and recommendations on the Company's overall management in addition to contributing to the fair and transparent consideration of the succession plan for Directors of the Company as the chairperson of the Nomination Committee. Accordingly, we deem that the "experience, insight, expertise, and ability" possessed by Tatsuro Kosaka, as represented by his high level of corporate management skills, are necessary for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus we recommend his reappointment as an Outside Director.</p>			
Position			
Outside Director			
Career Summary			
Apr. 1976	Joined Chugai Pharmaceutical Co., Ltd.		
Oct. 2002	Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd.		
Oct. 2004	Senior Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd.		
Mar. 2005	Senior Vice President, Deputy Managing Director of Sales & Marketing Group of Chugai Pharmaceutical Co., Ltd.		
Jul. 2005	Senior Vice President, Head of Strategic & Marketing Unit of Chugai Pharmaceutical Co., Ltd.		
Mar. 2008	Senior Vice President, Head of Lifecycle Management & Marketing Unit of Chugai Pharmaceutical Co., Ltd.		
Mar. 2010	Director, Executive Vice President of Chugai Pharmaceutical Co., Ltd.		
Mar. 2012	Representative Director, President of Chugai Pharmaceutical Co., Ltd. (to the present)		
Mar. 2016	Director of the Company (to the present)		
Significant Concurrent Positions			
Representative Director, President of Chugai Pharmaceutical Co., Ltd.			
Views on independence			
<p>The Group maintains transactional relationships with neither Tatsuro Kosaka nor entities where he concurrently serves, and based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders. Moreover, as Tatsuro Kosaka meets the requirements for independent director/auditor as defined by the Tokyo Stock Exchange, we have registered him as an independent director/auditor as stipulated by the said Exchange.</p>			

Candidate's special interests in the Company
There are no special interests between Tatsuro Kosaka and the Company.
Regarding agreements limiting the liability
To enable him to contribute fully in his role as an Outside Director, the Company has entered into an agreement with Tatsuro Kosaka that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, his liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If his election is approved, the current agreement will be extended.


	Candidate Number	Name	Note to Appointment
	5	Yasushi Shingai	Reappointment Outside Independent
	Date of Birth (Age)	January 11, 1956 (63 years old)	
	Owned Shares of the Company	— shares	
	Tenure (at the conclusion of this Annual General Meeting of Shareholders)	1 year	
	Attended BOD meetings (FY2018)	10/10	
Reasons for recommending Yasushi Shingai as a candidate for Outside Director			
<p>Yasushi Shingai possesses the extensive experience and high level of insight as a corporate manager required as a Director of the Company, including having served as the Chief Financial Officer of a global corporation as well as directing acquisitions of, and integrations with, foreign companies. Furthermore, as an Outside Director he has provided appropriate oversight for business execution through active opinions and recommendations on the Company's overall management in addition to contributing to fair and transparent decisions on the remuneration for the Company's Directors as the chairperson of the Compensation Committee. Accordingly, we deem that the "experience, insight, expertise, and ability" possessed by Yasushi Shingai, as represented by his extensive experience and high level of insight related to global management, are necessary for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus we recommend his reappointment as an Outside Director.</p>			
Position			
Outside Director			
Career Summary			
Apr. 1980	Joined Japan Tobacco and Salt Public Corporation (current Japan Tobacco Inc.)		
Jul. 2001	Vice President of Financial Planning Division of Japan Tobacco Inc.		
Jun. 2004	Senior Vice President, Head of Finance Group of Japan Tobacco Inc.		
Jul. 2004	Senior Vice President, Chief Financial Officer of Japan Tobacco Inc.		
Jun. 2005	Member of the Board, Senior Vice President, and Chief Financial Officer of Japan Tobacco Inc.		
Jun. 2006	Member of the Board of Japan Tobacco Inc., Executive Vice President of JT International S.A.		
Jun. 2011	Executive Deputy President and Representative Director of Japan Tobacco Inc.		
Jan. 2018	Member of the Board of Japan Tobacco Inc.		
Mar. 2018	Director of the Company (to the present)		
Significant Concurrent Positions			
Outside Director of Mitsubishi UFJ Financial Group, Inc.			
Views on independence			
<p>Although the Group maintains transactional relationships with a group company of Japan Tobacco Inc., where Yasushi Shingai served as an Executive Director, the amounts involved in such transactions account for less than 1% of the consolidated revenue (or consolidated net sales) of the Company and the company. As such, based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders. Moreover, as Yasushi Shingai meets the requirements for independent director/auditor as defined by the Tokyo Stock Exchange, we have registered him as an independent director/auditor as stipulated by the said Exchange.</p>			


Candidate's special interests in the Company


There are no special interests between Yasushi Shingai and the Company.


Regarding agreements limiting the liability

To enable him to contribute fully in his role as an Outside Director, the Company has entered into an agreement with Yasushi Shingai that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, his liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If his election is approved, the current agreement will be extended.

	Candidate Number	Name	Note to Appointment
	6	Yutaka Henmi	New candidate
	Date of Birth (Age)	August 22, 1963 (55 years old)	
	Owned Shares of the Company	3,240 shares	
Reasons for recommending Yutaka Henmi as a candidate for Director			
<p>Yutaka Henmi has extensive experience in business execution in production sections in the Asahi Group, having been engaged in production operations, primarily related to engineering, and having served as President of a company supporting the production technology of the Asahi Group, including overseas operations. He possesses supply chain management skills and insight into ESG (environmental sector) required as a Director of the Company. Furthermore, since his appointment as Corporate Officer of the Company in 2017, he has a track record which includes constructing overseas local production systems in conjunction with global business expansion. Accordingly, we deem that the “experience, insight, expertise, and ability” possessed by Yutaka Henmi, particularly his global supply chain management ability, are necessary for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus we recommend his appointment as a new Director.</p>			
Position and Responsibilities			
<p>Position: Corporate Officer Responsibilities: Supply Chain Optimization</p>			
Career Summary			
<p>Apr. 1987 Joined the Company Apr. 2015 Senior Officer of the Company President of Asahi Group Engineering Co., Ltd. Mar. 2016 Senior Officer, General Manager of Production Section of the Company Mar. 2017 Corporate Officer, General Manager of Production Section Sep. 2018 Corporate Officer responsible for Supply Chain Optimization (to the present)</p>			
Candidate’s special interests in the Company			
<p>There are no special interests between Yutaka Henmi and the Company.</p>			

	Candidate Number	Name	Note to Appointment
	7	Taemin Park	New candidate
	Date of Birth (Age)		January 25, 1964 (55 years old)
	Owned Shares of the Company		61 shares
Reasons for recommending Taemin Park as a candidate for Director			
<p>Taemin Park has extensive experience in strategy formulation and execution of alliances in overseas business, having been engaged in alliance and M&A operations, including overseas, and as Director of an overseas regional headquarters company in the Asahi Group. He possesses alliance strategy formulation skills and insight on trends in the overseas alcoholic beverage and soft drink industry required as a Director of the Company. Furthermore, since his appointment as Corporate Officer of the Company in 2017, he has a track record which includes acquisitions in the alcoholic beverage business in Western Europe and Central and Eastern Europe and the sale of a business in Indonesia. Accordingly, we deem that the “experience, insight, expertise, and ability” possessed by Taemin Park, particularly his high level of insight regarding the Company’s overseas business and the industry, are necessary for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus we recommend his appointment as a new Director.</p>			
Position and Responsibilities			
<p>Position: Corporate Officer Responsibilities: General Manager of Business Development Section</p>			
Career Summary			
<p>Apr. 1991 Joined Hitachi, Ltd. Apr. 2003 Joined Renesas Technology Corp. (current Renesas Electronics Corporation) Jul. 2005 Joined the Company Apr. 2015 Senior Officer of the Company Director of Asahi Group Holdings Southeast Asia Pte. Ltd. Mar. 2016 Senior Officer, General Manager of Business Development Section of the Company Mar. 2017 Corporate Officer, General Manager of Business Development Section (to the present)</p>			
Candidate’s special interests in the Company			
<p>There are no special interests between Taemin Park and the Company.</p>			

	Candidate Number	Name	Note to Appointment
	8	Keizo Tanimura	New candidate
	Date of Birth (Age)	August 11, 1965 (53 years old)	
	Owned Shares of the Company	5,123 shares	
Reasons for recommending Keizo Tanimura as a candidate for Director			
<p>Keizo Tanimura has extensive experience in the business execution of administrative sections, primarily human resources, in the Asahi Group, having been engaged in human resource and general administration in several companies, including overseas, and as a Director at an overseas regional headquarters company. He possesses the global knowledge, inter-cultural competency, and insight related to human resources required as a Director of the Company. Furthermore, since his appointment as Corporate Officer of the Company in 2017, he has a track record which includes the establishment of an executive human resources and remuneration plan that is in line with corporate governance. Accordingly, we deem that the “experience, insight, expertise, and ability” possessed by Keizo Tanimura, particularly his insight regarding human resources from a global perspective and governance, are necessary for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus we recommend his appointment as a new Director.</p>			
Position and Responsibilities			
<p>Position: Corporate Officer Responsibilities: Global and Local Talent Management</p>			
Career Summary			
<p>Apr. 1989 Joined the Company Apr. 2016 Senior Officer, General Manager of Human Resources Section Mar. 2017 Corporate Officer, General Manager of Human Resources Section Sep. 2018 Corporate Officer responsible for Global and Local Talent Management (to the present)</p>			
Candidate’s special interests in the Company			
<p>There are no special interests between Keizo Tanimura and the Company.</p>			

	Candidate Number	Name	Note to Appointment
	9	Christina L. Ahmadjian	New candidate Outside Independent
	Date of Birth (Age)	March 5, 1959 (60 years old)	
	Owned Shares of the Company	— shares	

Reasons for recommending Christina L. Ahmadjian as a candidate for Outside Director

Christina L. Ahmadjian has not been involved in corporate management in the past except as an outside officer. However, as a university professor, through research that includes corporate governance, diversity, and international comparison of corporate governance, she possesses a high level of insight and expertise on organizational culture and corporate governance from the global perspective necessary as a Director of the Company. Accordingly, we deem that the “experience, insight, expertise, and ability” possessed by Christina L. Ahmadjian, as represented by high level of insight and expertise that enable her to evaluate corporate governance from a global perspective, are necessary for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus we recommend her appointment as a new Outside Director.

Career Summary

Jan. 1995 Assistant Professor, Columbia Business School
 Oct. 2001 Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
 Jan. 2004 Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
 Apr. 2010 Dean of Graduate School, Graduate School of International Corporate Strategy, Hitotsubashi University
 Apr. 2012 Professor, Graduate School of Commerce and Management, Hitotsubashi University
 Apr. 2018 Professor, Graduate School of Business Administration, Hitotsubashi University (to the present)

Significant Concurrent Positions

Professor of Graduate School of Business Administration, Hitotsubashi University
 Outside Director of Mitsubishi Heavy Industries, Ltd., Outside Director of Japan Exchange Group, Inc.,
 Outside Director of Sumitomo Electric Industries, Ltd.

Views on independence

The Group maintains transactional relationships with neither Christina L. Ahmadjian nor Hitotsubashi University, and based on the “Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members” which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that she maintains sufficient independence with no potential for conflict of interests with general shareholders. Moreover, as Christina L. Ahmadjian meets the requirements for independent director/auditor as defined by the Tokyo Stock Exchange, we have registered her as an independent director/auditor as stipulated by the said Exchange.

Candidate’s special interests in the Company

There are no special interests between Christina L. Ahmadjian and the Company.

Regarding agreements limiting the liability

If election of Christina L. Ahmadjian is approved, the Company plans to newly enter into an agreement with her that limits her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act in order to enable her to contribute fully in her role as an Outside Director. Under the terms of this agreement, such liability will be limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher.

Item 4: Election of two (2) Audit & Supervisory Board Members


At the conclusion of this Annual General Meeting of Shareholders, the terms of office of Audit & Supervisory Board Members Akira Muto and Yumiko Waseda will expire.

To ensure balance and diversity in terms of the knowledge, experience, and ability for the entire board deemed necessary for sustainable growth and the increase of corporate value of the Company over the medium- to long-term, the Company has decided that the Audit & Supervisory Board is to be composed of suitable persons reflecting the requirements of Directors and Audit & Supervisory Board Members derived from the “Asahi Group Philosophy,” the corporate philosophy of the Company, and management strategy, and that the Audit & Supervisory Board will include at least one Audit & Supervisory Board Member with an appropriate knowledge of finance/accounting and at least one Audit & Supervisory Board Member with an appropriate knowledge of legal affairs. Furthermore, three of the Audit & Supervisory Board Members will be Outside Audit & Supervisory Board Members who meet the requirements for independent officers which have been established by the Company, and be elected from among accounting experts, lawyers and corporate managers who possess abundant experience and comprehensive knowledge in relevant fields.

The Company therefore asks the shareholders to elect the following two (2) candidates to fill the Audit & Supervisory Board Member positions.

The nomination of the candidates for the position of Audit & Supervisory Board Members has been deliberated at the voluntary “Nomination Committee,” of which independent directors/auditors form a majority of the members and which is chaired by an outside director who is an independent officer.

This proposal is submitted with the prior consent of the Audit & Supervisory Board.

	Candidate Number	Name	Note to Appointment
	1	Yumiko Waseda	Reappointment Outside Independent
	Date of Birth (Age)		January 29, 1960 (59 years old)
	Owned Shares of the Company		— shares
	Tenure (at the conclusion of this Annual General Meeting of Shareholders)		4 years
	Attended BOD meetings (FY2018)		13/13
	Attended ASB* meetings (FY2018)		12/12
Reasons for recommending Yumiko Waseda as a candidate for Outside Audit & Supervisory Board Member			
<p>Yumiko Waseda has not been involved in corporate management in the past except as an Outside Officer. However, through her many years of practice as an attorney she possesses expert knowledge on corporate law and a high level of insight that enable her to audit management from the perspective of laws and regulations required as an Audit & Supervisory Board Member of the Company. Furthermore, through active opinions and recommendations as an Outside Audit & Supervisory Board Member, she has provided appropriate auditing of the duties of the Directors of the Company in addition to contributing to fair and transparent decision-making on the remuneration for the Company's Directors as a member of the Compensation Committee. Accordingly, we deem that Yumiko Waseda is a necessary human resource for strengthening the functions of the Company's Audit & Supervisory Board in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus we recommend her reappointment as an Outside Audit & Supervisory Board Member.</p>			
Position			
Outside Audit & Supervisory Board Member			
Career Summary			
<p>Apr. 1985 Completed courses at the Legal Training and Research Institute of the Supreme Court Registered as an Attorney at Law Joined Matsuda Masayuki Law & Patent Office (current Mori Hamada & Matsumoto)</p> <p>Apr. 2013 Joined Tokyo Roppongi Law & Patent Offices</p> <p>Jan. 2014 Partner of Tokyo Roppongi Law & Patent Offices (to the present)</p> <p>Mar. 2015 Audit & Supervisory Board Member of the Company (to the present)</p>			
Significant Concurrent Positions			
Partner and Attorney at Law of Tokyo Roppongi Law & Patent Offices			
Views on independence			
<p>The Group maintains transactional relationships with neither Yumiko Waseda nor entities where she concurrently serves, and based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that she maintains sufficient independence with no potential for conflict of interests with general shareholders. Moreover, as Yumiko Waseda meets the requirements for independent director/auditor as defined by the Tokyo Stock Exchange, we have registered her as an independent director/auditor as stipulated by the said Exchange.</p>			


Candidate's special interests in the Company

There are no special interests between Yumiko Waseda and the Company.

Regarding agreements limiting the liability

To enable her to contribute fully in her role as an Outside Audit & Supervisory Board Member, the Company has entered into an agreement with Yumiko Waseda that limits her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, her liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If her election is approved, the current agreement will be extended.

*ASB stands for Audit & Supervisory Board.

	Candidate Number	Name	Note to Appointment
	2	Yoshihide Okuda	New candidate
	Date of Birth (Age)	January 3, 1956 (63 years old)	
	Owned Shares of the Company	6,300 shares	

Reasons for recommending Yoshihide Okuda as a candidate for Audit & Supervisory Board Member

Yoshihide Okuda has primarily been involved in finance and accounting at the Asahi Group, including serving as Corporate Officer, General Manager of Finance Department. Since being appointed as a Director of the Company in 2013, after first working as the Chief Financial Officer, he has been responsible for management sections, including General & Legal Affairs Management, Human Resources, IT, and Audit, as well as the Alcoholic Beverage Business. From this experience, he possesses a high level of expertise on finance and accounting, a high level of insight on compliance, risk management and internal auditing, and an extensive knowledge of the Company's business, particularly the Alcoholic Beverage Business, required as an Audit & Supervisory Board Member of the Company. Accordingly, we deem that Yoshihide Okuda is a necessary human resource for strengthening the functions of the Company's Audit & Supervisory Board in the aim for sustainable growth and enhancement of corporate value over the medium- to long-term, and thus we recommend his appointment as a new Audit & Supervisory Board Member.

Career Summary

Apr. 1978 Joined Konishiroku Photo Industry Co., Ltd. (current Konica Minolta, Inc.)
 Sep. 1988 Joined the Company
 Mar. 2010 Corporate Officer, General Manager of Finance Department
 Mar. 2011 Corporate Officer, General Manager of Finance Department of the Company
 Senior Managing Director of Asahi Management Services Co., Ltd. (current Asahi Professional Management Co., Ltd.)
 Jul. 2011 Corporate Officer, General Manager of Finance Section of the Company
 Senior Managing Director of Asahi Management Services Co., Ltd.
 Sep. 2012 Corporate Officer responsible for promoting efficiency (administrative sections overall) of the Company
 Senior Managing Director of Asahi Professional Management Co., Ltd.
 Mar. 2013 Director, Corporate Officer of the Company
 President and Representative Director of Asahi Professional Management Co., Ltd.
 Mar. 2015 Managing Director, Managing Corporate Officer of the Company
 President and Representative Director of Asahi Professional Management Co., Ltd.
 Mar. 2017 Senior Managing Director, Senior Managing Corporate Officer of the Company
 (to the present)

Candidate's special interests in the Company

There are no special interests between Yoshihide Okuda and the Company.

Notes:

1. The age and position are as of this Annual General Meeting of Shareholders.
2. Candidate for Audit & Supervisory Board Member Yoshihide Okuda will retire from the position of Senior Managing Director and Senior Managing Corporate Officer of the Company at the conclusion of this Annual General Meeting of Shareholders.

[Reference] Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members

The Company has established standards as set forth below for objectively assessing the independence of its Outside Directors and Outside Audit & Supervisory Board Members (herein this section the “Outside Directors/Audit & Supervisory Board Members”) and accordingly deems that an Outside Director/Audit & Supervisory Board Member lacks sufficient independence for the Company if any of the following apply, such that he or she is:

1. A party who serves as an executive^{*1} of the Company or a subsidiary of the Company (herein this section collectively referred to as the “Group”) or has served as an executive of the Group in the past;
2. A party for whom the Group is a major business partner^{*2} (or if the business partner is an incorporated entity, an executive thereof);
3. A party who is a major business partner of the Group^{*3} (or if the business partner is an incorporated entity, an executive thereof);
4. A consultant, certified public accountant or other accounting professional, or an attorney at law or other legal professional who has been paid substantial amounts of money or other financial benefits^{*4} other than Directors’ and Audit & Supervisory Board Members’ remuneration paid by the Group (or if the party receiving such financial benefits is an incorporated entity, association or other organization, then persons belonging to such organization);
5. A certified public accountant who belongs to the auditing firm which serves as the Independent Accounting Auditor of the Group;
6. A major shareholder^{*5} of the Group (or if the major shareholder is an incorporated entity, an executive thereof);
7. An executive of an incorporated entity that is a major shareholder of the Group;
8. An executive of a company which has a relationship involving cross-assumption of office of Outside Directors/Audit & Supervisory Board Members^{*6};
9. A party who receives substantial donations^{*7} from the Group (or if the party receiving such donations is an incorporated entity, association or other organization, then an executive thereof);
10. A close relative^{*9} of a party who falls under any of the above items from 1 to 9 (limited to important persons^{*8}, with the exception of item 1);
11. A party who has fallen under any of the above items from 2 to 10 during the past five (5) years;
12. A party who has exceeded the tenure of Outside Directors/Audit & Supervisory Board Members stipulated by the Company^{*10}; or
13. Notwithstanding the provisions of the respective items above, a party with respect to whom there are special grounds for deeming there to be potential for conflict of interests with general shareholders.

*1. “Executive” refers to an executive as defined in Item 6, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act, and includes both executive directors and employees, but does not include Audit & Supervisory Board Members.

*2. “Party for whom the Group is a major business partner” refers to a party whose transactions in the most recent fiscal year amount to 2% or more of the consolidated net sales of the business partner’s group.

*3. “Party who is a major business partner of the Group” refers either to a party whose transactions in the most recent fiscal year amount to 2% or more of the Company’s consolidated revenue, or a party who loans to the Group an amount equivalent to 2% or more of the Company’s consolidated total assets as of the end of the most recent fiscal year.

*4. “Substantial amounts of money or other financial benefits” refers to money and other financial benefits amounting to 10 million yen or more annually, excluding Directors’ and Audit & Supervisory Board Members’ remuneration, for the most recent fiscal year (if such financial benefits are obtained by an incorporated entity, association or other organization, it refers to money or other financial benefits amounting to 2% or more of

- such organization's total revenues for the most recent fiscal year).
- *5. "Major shareholder" refers to a person or incorporated entity that directly or indirectly holds 10% or more of the Company's total voting rights.
 - *6. "Relationship involving cross-assumption of office of Outside Directors/Audit & Supervisory Board Members" refers to a relationship where an executive of the Group serves as an outside director/audit & supervisory board member of another company, and an executive of that company serves as an Outside Director/Audit & Supervisory Board Member of the Company.
 - *7. "Substantial donations" refers to annual donations of 10 million yen or more made during the most recent fiscal year.
 - *8. "Important person" refers to Directors (excluding Outside Directors), executive officers, Corporate Officers, and other executives in positions of General Manager or above; certified public accountants belonging to auditing firms or accounting offices; attorneys at law belonging to legal professional corporations or law firms; councilors, directors or other officers belonging to incorporated foundations, incorporated associations, educational institutions and other incorporated entities; and other persons objectively and reasonably deemed to be in positions of similar importance.
 - *9. "Close relative" refers to a spouse or persons within the second degree of consanguinity.
 - *10. "Tenure of Outside Directors/Audit & Supervisory Board Members stipulated by the Company" means ten (10) years with respect to Directors and twelve (12) years with respect to Audit & Supervisory Board Members.

Item 5: Revision of Amount of Remuneration, etc. for Directors

The total amount of remuneration, etc. for the Directors of the Company was approved at the 83rd Annual General Meeting of Shareholders held on March 27, 2007 as an annual amount of up to ¥760 million (includes ¥50 million for Outside Directors) comprised of basic remuneration and bonus and has continued at this amount up to the present. Separately from this, it was resolved at the 92nd Annual General Meeting of Shareholders held on March 24, 2016, that the Company would make cash contributions of not more than ¥220 million during the period of the trust (3 years), and pay performance-linked stock compensation to Directors (excluding Outside Directors) appointed during the period of the trust.

It has been more than ten years since the previous revision of the total amount of remuneration, etc. During this period, the Company has further increased its “earnings power” through the consolidation of domestic business in addition to achieving non-continuous growth due to the expansion of the growth platform through the acquisition of European business, and the structure of the business foundation has changed dramatically.

Being aware of these changes, the Company established the “Asahi Group Philosophy,” which is its new corporate philosophy, this year, in addition to updating the “Medium-Term Management Policy” and deciding to continue promoting concrete challenges aimed at becoming a “Glocal Value Creation Company.”

Based on the aforementioned circumstances, the Company proposes to newly set up a “Medium-Term Bonus Plan (Cash-Based)” to further reinforce the motivation to achieve medium-term performance objectives, and to revise the total amount of remuneration, etc. for the Directors to an annual amount of up to ¥1,500 million (this includes ¥100 million for the Outside Directors, but does not include the employee portion of the salaries and bonuses of those employees serving concurrently as Director). This is aimed at further strengthening the incentive to strive for enhancement of the Company’s corporate value and sustainable growth over the medium- to long-term, and to continue securing outstanding human resources with diverse skills in a global management environment that is changing rapidly and is difficult to predict. It is proposed that the total amount shall be the total amount of basic remuneration and bonuses (annual, medium-term), and that stock compensation for Directors shall be provided for under a framework separate to this total amount, and determined by a resolution of a meeting of shareholders. Accordingly, Item 7 “Revision of Stock Compensation Plan for Directors,” has been submitted separately to this Annual General Meeting of Shareholders.

The level of the total amount of remuneration, etc. being proposed was established based on a comprehensive consideration of such factors as the record of past payments, the forecast payments if targets are achieved based on future management plans, and the number of Directors, with the premise that the remuneration for the Company’s Directors will be highly performance-based being linked to management strategy in line with the strategy for the remuneration of the Directors formulated this year. Specifically, this level takes into account the expectation that payments under the Medium-Term Bonus Plan set up to further reinforce the motivation to achieve performance objectives over the medium term (3 years), and to strengthen the link between remuneration and performance, will be made all together in the year following the end of the performance evaluation period (3 years), and payments will be made within the limits of the total amount of remuneration, etc. proposed here.

In addition, although there are currently ten (10) Directors (three (3) of whom are Outside Directors), if Item 3 “Election of nine (9) Directors” is approved as originally proposed, the number of Directors will be nine (9) (three (3) of whom are Outside Directors).

In addition to confirming that the newly formulated strategy for the remuneration of the Directors is a system of remuneration for the Directors that appropriately follows the Company’s corporate philosophy and management strategy, it is positioned as a statement that explains this approach inside and outside the Company. The strategy was reviewed by the Compensation Committee, of which independent officers form a majority of the members and where an Outside Director who is an independent officer serves as the Chairman, and resolved by the Board of Directors.

The Company’s strategy for the remuneration of the Directors is composed of (i) Basic Policy; (ii) Structure of Remuneration; (iii) Level of Remuneration; (iv) Fixed Remuneration; (v) Variable Remuneration; and (vi) Method for Determining Remuneration, and an outline of each part is as follows.

(i) Basic concepts

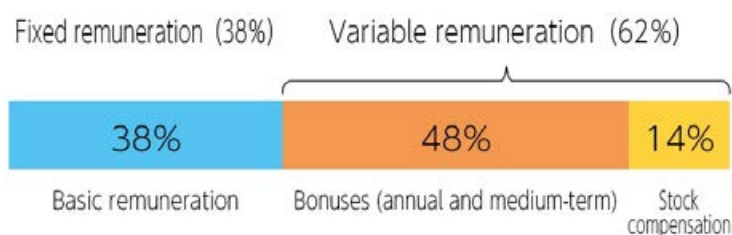
The remuneration, etc. for the Directors of the Company is designed and operated in line with the following basic concepts.

- To further strengthen the incentive to strive for the Company’s sustainable growth and enhancement of corporate value over the medium- to long-term
- Remuneration with a content and level that is effective in continuing to ensure outstanding human resources with diverse skills
- To base on the role and magnitude of responsibilities of the Directors and their contribution to performance
- Remuneration highly variable based on performance linked to management strategy
- Remuneration in which benefits and risks are shared with shareholders and which provides an incentive to management from a standpoint as shareholders
- Remuneration determined with reference to external data based on transparent and fair processes

(ii) Composition of remuneration

The remuneration, etc. for the Directors of the Company comprises basic remuneration, bonuses (annual and medium-term), and stock compensation for Directors (excluding the Outside Directors. Hereinafter referred to as the “Inside Directors” in this Item 5) and basic remuneration only for Outside Directors. With the principle that the remuneration, etc. of Inside Directors will be highly linked to performance, the percentage of variable remuneration (bonus and stock compensation) in the annual income for the President and Representative Director will be more than 60%, and the percentage of stock compensation, which is remuneration that shares benefits and risks with the shareholders, will be around 15%. With respect to the other Inside Directors, the percentage of variable remuneration is at least 40%, by a design based on positions and roles.

Structure of Remuneration for the President and Representative Director (Remuneration Model when 2019 Performance Targets have been achieved)



(iii) Remuneration level

The remuneration, etc. for the Company’s Directors is set at a level of remuneration aimed at 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 using Japanese companies with business operations that are the same in scale as those of the Company (sales, market capitalization, etc.) as the main group of benchmark companies.

(iv) Fixed remuneration

The only fixed remuneration for the Company’s Directors is the basic remuneration paid in a fixed monthly amount. The basic remuneration is determined by adding the actual expenses paid by the Directors, such as health checkup expenses to the fixed amount based on their positions. Revisions of basic remuneration are determined based on changes in position or role, taking into account such factors as changes in business operations and the status of remuneration levels (the timing of any revisions is, in principle, each April but there is no requirement for an annual revision).

(v) Variable remuneration

As one of the basic concepts 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 design for remuneration, etc. for the Company’s Directors has been implemented based on the following main points, with consideration given to increasing variable remuneration (incentive) as a percentage of annual income as well as contributing to the Company’s sustainable growth (short-term, medium-term, and long-term) and enhancement of corporate

value (in terms of both financial value and social value) through an incentive system as a whole.

- Establish a new “Medium-Term Bonus Plan (Cash-Based)” to form a strong incentive for achieving medium-term performance
- Change to a method of evaluation for the annual bonus that combines comparison with the previous fiscal year and the current fiscal year’s target achievement for a strong incentive to strive for both sustainable enhancement in financial value and achievement of plans
- Introduce social value indicators in addition to financial indicators as performance indicators for the Medium-Term Bonus Plan
- Establish the optimal performance indicators for each incentive plan so as to lead to comprehensive enhancement of financial value
- Introduce mechanisms to reflect individual evaluations in the annual bonus and the Medium-Term Bonus Plan in order to reward the individual contributions of Directors
- Focus the objective of stock compensation on “increasing the incentive for Directors and Audit & Supervisory Board Members to strive for continually enhancing corporate value over the long term and sharing benefits and risks with shareholders”

Comparison of Various Incentive Plans for the Directors

	Annual Bonus	Medium-Term Bonus	Stock Compensation
Period	Single fiscal year	3 years	3 years
Payment method	Cash	Cash	Stock
Payment timing	March every year	March of the year following completion of medium-term plan	On retirement
Performance indicators (weighting)	Consolidated core operating profit (50%) Profit attributable to owners of parent (50%)	Financial value indicators (60%) Social value indicators (40%)	(No)
Individual evaluation	Yes	Yes	(No)
Clawback (repayment of remuneration) provision	(No)	(No)	Yes

(vi) Method for determining remuneration

Remuneration, etc. for the Company’s Directors is determined through transparent and fair processes based on approval or report at the Board of Directors following consideration at the Compensation Committee, of which independent officers form a majority of the members and where an Outside Director who is an independent officer serves as the Chairman. Furthermore, the Compensation Committee uses objective, external data as necessary in order to ensure fair decisions.

In addition, the Compensation Committee discusses the disclosure of remuneration, etc. for the Company’s Directors from such perspectives as social conformity and accountability to shareholders, and reports to the Board of Directors as necessary.

Item 6: Revision of Amount of Remuneration, etc. for Audit & Supervisory Board Members

The total amount of remuneration, etc. for the Audit & Supervisory Board Members of the Company was approved by resolution at the 83rd Annual General Meeting of Shareholders held on March 27, 2007 as an annual amount of up to ¥120 million (includes ¥40 million for Outside Audit & Supervisory Board Members) comprised of basic remuneration and has continued at this amount up to the present.

It has been more than ten years since the previous revision of the total amount of remuneration, etc. and the content of the duties of Audit & Supervisory Board Members, who audit the execution of duties by the Directors, has expanded alongside the dramatic change in the structure of the Company's business base due to full-scale globalization, which includes the acquisition of European business. Furthermore, when the Company strengthens corporate governance, the roles required of the Audit & Supervisory Board Members become greater and more important, including the flexible and active exercise of authority, submission of appropriate opinions to the Board of Directors and the management team, and the performance of oversight in collaboration with Board of Directors by the Audit & Supervisory Board Members.

Based on this, the Company would like to revise the total amount of remuneration, etc. (only basic remuneration) for the Audit & Supervisory Board Members to an annual amount of up to ¥140 million (includes ¥50 million for Outside Audit & Supervisory Board Members).

Currently there are five (5) Audit & Supervisory Board Members (three (3) of whom are Outside Audit & Supervisory Board Members). If the shareholders approve Item 4 "Election of two (2) Audit & Supervisory Board Members" as originally proposed, the Audit & Supervisory Board Members will be five (5) (three (3) of whom are Outside Audit & Supervisory Board Members). This proposal is submitted with the prior consent of the Audit & Supervisory Board.

Item 7: Revision of Stock Compensation Plan for Directors

1. Reason for the proposal and reasons justifying such revision of the compensation plan

In 2016, the Company introduced a “Performance-Linked Stock Compensation Plan” (hereinafter referred to as the “Current Plan”) in order to increase the motivation of the Company’s Directors (excluding the Outside Directors. Hereinafter referred to as the “Directors” in this Item 7) to strive for sustainable growth and the enhancement of corporate value over the medium- to long-term. As medium- to long-term variable remuneration, the objective of the plan was to increase the motivation to strive for sustainable growth over the medium- to long-term by having Directors share in the benefits and risks of stock price fluctuations with the shareholders because stock price movements will significantly impact the actual amount of remuneration received in addition to linking remuneration to the Company’s three-year performance.

Meanwhile, the Company decided to review the incentive plans for Directors in 2018 in view of the changes in the Asahi Group, given the expansion of the growth platform due to the acquisition of European business, and the future direction and vision for the Group. The review led the Company to take such actions as newly establishing the “Medium-Term Bonus Plan” as a new incentive plan linked to medium-term management policy, and making revisions to the “Annual Bonus Plan” to realize strengthened incentives for performance on a single fiscal year basis.

Based on the aforementioned background, in conjunction with the updating of the Current Plan, the Company decided to revise the details of the Stock Compensation Plan for the Company’s Directors based on the review of its Director incentive plans and strengthen the function played by the overall compensation plan as an incentive for the Directors. Specifically, the motivation for achieving medium-term performance, which is a function of the Current Plan, will be shifted to the newly established Medium-Term Bonus Plan and strengthened (the Medium-Term Bonus Plan sets financial value indicators and social value indicators linked to the objectives of medium-term management policy as performance indicators), while the post-revision Stock Compensation Plan (hereinafter referred to as the “New Plan”) will focus on “providing incentives to the Directors to continually enhance corporate value over the long term” and “sharing benefits and risks with shareholders” in which the Directors enjoy or bear the benefits and risks of stock price fluctuations due to the impact of performance, the external economic environment, and other factors from the same standpoint as shareholders. Given the above, the Company believes that the introduction of the New Plan is appropriate.

Regarding the amount and contents of the remuneration under the New Plan, the Company would like to grant stock compensation to the eligible Directors separate from the remuneration proposed in Item 5 “Revision of Amount of Remuneration, etc. for Directors.”

Currently there are seven (7) Directors who are eligible to receive the payment of compensation under the New Plan. If the shareholders approve Item 3 “Election of nine (9) Directors” as originally proposed, the Directors eligible to receive the payment of compensation under the New Plan will be six (6).

2. Amount and contents of compensation under the New Plan

(1) Overview of the New Plan

The New Plan is a long-term stock compensation plan for the Directors of the Company whereby the Company will grant points every year according to the executive rank and roles of the Directors and, at the time of their retirement, will distribute to them such number of shares of the Company as would be equivalent to the cumulative number of points theretofore granted to them. Under the New Plan, in the same way as in the Current Plan, the Company will adopt a Stock Distribution Trust for Officers structure where the Company will create a trust (hereinafter referred to as the “Trust”) by contributing cash, the Trust will acquire shares of the Company, and then distribute these shares to eligible Directors. In principle, the timing for distributing shares of the Company to the eligible Directors will be the time of retirement.

(2) Method of calculating points to be granted to each Director

Pursuant to the Stock Distribution Regulations prescribed by its Board of Directors, on the date of the meeting of the Board of Directors convened for the purpose of approving financial results for each fiscal year during the period of the Trust, the Company will grant to each Director a certain number of points according to his/her executive rank and role; provided, however, that the aggregate number of points to be granted by the Company to the eligible Directors shall be up to a limit of twenty five thousand (25,000) points for each fiscal year.

(3) Upper limit on the amount of Trust Money to be contributed to the Trust as a source of funds with which to acquire shares of the Company

Under the New Plan, the Company shall make additional cash contributions to the Trust already set up on December 28, 2016, of not more than ¥300 million during the three-year period running from the fiscal year ending on December 31, 2019 to the fiscal year ending December 31, 2021 (hereinafter referred to as the “Target Period”), as funds to acquire the shares of the Company required for distribution of shares of the Company to Directors, and shall continue the Trust with the Directors that meet certain requirements as its beneficiaries. The Trust shall use the additional cash payments to the Trust by the Company (together with any cash remaining in the Trust before the additional payments were made) as a source of funds to acquire shares of the Company in the stock market, or to acquire shares by undertaking the disposal of the Company’s treasury shares. Furthermore, by a resolution of the Board of Directors of the Company, the Target Period may be extended for a period of three years each, along with the Trust Period (this includes an effective extension of the Trust Period by means of transferring the assets of the Trust to a trust set up by the Company for the same purpose), so as to continue the Plan. In that event, the Company will make additional cash contributions to the Trust, during the extended period of the Target Period, up to a limit of ¥300 million, as additional funds to acquire shares of the Company required for distribution to Directors under the New Plan. Furthermore, in such a case of extension, the Company will continue to grant the points set forth in (2) above and distribute shares of the Company as prescribed in (4) below within the extended period of the Trust.

However, even where the Company does not continue to grant the points as above, if, at the time of expiration of the period of the Trust, there are Directors who are granted points but are not yet retired, the Company may decide to extend the period of the Trust until such time as they are retired and distribution of shares of the Company is completed.

- (*) The actual amount of additional cash to be left in the Trust by the Company will be equal to the sum of the abovementioned funds for acquisition of the shares of the Company, and an estimated amount of the associated necessary expenses including trust fees and fees for the Trust Administrator.

(4) Distribution of shares of the Company to each Director

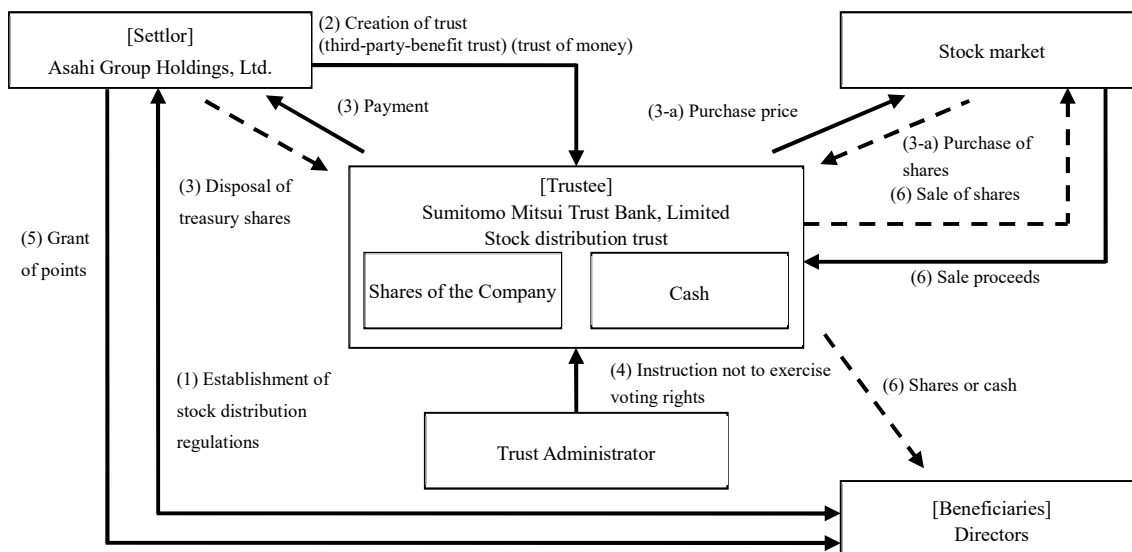
The number of shares of the Company to be distributed to each Director will be the number of points granted to him/her multiplied by one (1); provided, however, that if any share split, reverse share split or any other event for which it would be considered reasonable to adjust the number of shares occurs with respect to the shares of the Company, then the Company will make reasonable adjustments depending on the ratio of such stock split, reverse stock split and so on.

Shares of the Company will be distributed from the Trust to each eligible Director after he/she performs the established beneficiary determination procedures at the time of his/her retirement. In addition, individuals who have undistributed shares of the Company equivalent to the number of points granted under the Current Plan shall be distributed, by the Trust, in addition to shares of the Company equivalent to the points granted under the New Plan. Also, under certain circumstances corresponding to situations prescribed in the Stock Distribution Regulations and in the Trust Agreement, including cases where the Company is required to deduct at source in order to withhold assets for the withholding tax, etc., part of the shares of the Company that should be distributed shall be sold for cash, which shall be distributed in place of the shares of the Company.

(5) Overview of the Trust

- (i) Name: Stock Distribution Trust for Officers
- (ii) Settlor: Asahi Group Holdings, Ltd.
- (iii) Trustee: Sumitomo Mitsui Trust Bank, Limited
- (iv) Beneficiaries: Eligible Directors fulfilling the requirements of the Beneficiaries
- (v) Trust Administrator: The Company selects a third party who does not have any interest in the Company, the Company's subsidiaries, or any Directors, Outside Directors, Audit & Supervisory Board Members, or Corporate Officers belonging thereto
- (vi) Trust type: Trust of money other than money trust (third-party-benefit trust)
- (vii) Date on which additional cash will be entrusted: May 2019 (scheduled)
- (viii) Trust period: From December 2016 to June 2022 (scheduled)

A. Structure of the Trust



(Note) Dotted lines denote the movements of shares.

1. The Board of Directors of the Company will establish Stock Distribution Regulations intended for its Directors (excluding Outside Directors) (On this occasion, the intention is to amend existing regulations that formed the basis the previous plan.).
2. With regard to the Trust set up with Directors as beneficiaries on December 28, 2016, after extending the Trust Period, the Company shall make additional contributions (additional payments to the Trust) equivalent to the funds needed to acquire shares to the Trustee (however, this shall be within the monetary limits approved by a General Meeting of Shareholders).
3. The Trustee shall use the funds within the Trust (including, as described in 2. above, any cash remaining in the Trust before the additional payments were made, in addition to those payments), to acquire, in one lump, shares of the Company equivalent to the number expected to be distributed going forward (depending on whether this is achieved by disposal of treasury shares, or by purchases in the stock market).
4. Throughout the period of the Trust, the Company will appoint a Trust Administrator (to be limited to be a party independent of the Company, the Company's subsidiaries, or any Directors, Outside Directors, Audit & Supervisory Board Members, or Corporate Officers belonging thereto) who is responsible for protecting the interests of the Beneficiaries who are covered by the Stock Distribution Regulations and supervising the Trustee. Throughout the period of the Trust, the Trust Administrator will give instructions not to exercise any voting

rights associated with the shares of the Company kept within the Trust.

5. Pursuant to the Stock Distribution Regulations, the Company will grant points to the eligible Directors.
6. The Directors fulfilling requirements prescribed in the Stock Distribution Regulations and the Trust Agreement will receive, as Beneficiaries of the Trust, a distribution of shares of the Company equivalent to the cumulative number of points from the Trustee. In certain specific cases set forth in advance in the Stock Distribution Regulations and the Trust Agreement, the Company will sell part of the distributable shares kept within the Trust in the stock market and distribute cash.

B. Additional payments to the Trust

Subject to approval of the proposed introduction of the Plan being given by this Annual General Meeting of Shareholders, the Company will create the Trust by making additional contributions of the funds necessary for the Trust to acquire, in advance and for a certain specific period of time, the number of shares of the Company that can reasonably be expected to be required for distribution as described in (4) above. As discussed in Item D below, the Trust will acquire, in one lump, shares of the Company by applying the funds contributed by the Company (together with any cash remaining in the Trust before the additional payments were made), as a source of its funds.

C. Period of the Trust

The period of the Trust was set up to run from December 28, 2016, to the end of June 2019, but it is scheduled to be extended to the end of June 2022. However, as described in (3) above, the period of the Trust may be extended.

D. Method of Acquisition by the Trust of Shares of the Company

The Company plans to have the Trust acquire shares of the Company through the stock market or by disposing of treasury shares held by the Company.

If, during the period of the Trust, due to an increase in the number of Directors or any other cause, the number of shares of the Company kept within the Trust becomes short of that corresponding to the number of points to be granted to the eligible Directors during the period of the Trust, the Company may have the Trust acquire additional shares by leaving additional cash in trust within the scope of the upper limit on the trust money approved by this Annual General Meeting of Shareholders as stated in (3) above.

E. Exercise of the Voting Rights

Pursuant to the instructions of the Trust Administrator who will be independent of the Company and its Directors, Outside Directors, and Audit & Supervisory Board Members, the voting rights associated with the shares kept within the Trust will not be exercised without exception, which will assure the neutrality of the Company's management in relation to exercise of the voting rights of such shares.

F. Handling of Dividends

Dividends on the shares of the Company kept within the Trust will be received by the Trust, and will be applied towards payment for acquisition of the shares of the Company, trust fees for the Trustee associated with the Trust, etc.

G. Handling of Trust Property at the Time of Termination of the Trust

Of the residual property left within the Trust at the time of termination of the Trust, the Company plans to acquire all of the residual shares of the Company without charge and cancel them by a resolution of the Board of Directors. Of the residual property left within the Trust at the time of termination of the Trust, pursuant to the provisions of the Stock Distribution Regulations and the Trust Agreement, the Company plans to donate a certain amount of residual cash to specified

public-service promotion corporations who does not have any interest in the Company, the Company's subsidiaries, any Directors, Outside Directors, Audit & Supervisory Board Members, or Corporate Officers belonging thereto.

Shareholder Proposal (Item 8)

Item 8 is proposed by one shareholder. The total number of voting rights held by the shareholder proposing the item is 364.

Item 8: Election of one (1) Audit & Supervisory Board Member

Kazuo Hashimoto shall be elected as an Audit & Supervisory Board Member.

Reason

At the Company, “*amakudari*” (former senior members of the public service) engages willfully in illegal acts. This will destroy the Company if it continues

<The Company’s Note>

The above description and reason for proposal are stated according to the original proposal submitted from the shareholder. The reason for not stating the career summary, etc. of the candidate is because the proposing shareholder has not submitted it.

Opinion of the Board of Directors

The Board of Directors objects to this proposal.

The aforementioned reason for the proposal is groundless as there are no so-called “*amakudari*” at the Company, and it is untrue that “*amakudari* engages wilfully in illegal acts.” Moreover, with regard to the appointment of Audit & Supervisory Board Members, the Company has decided that the Audit & Supervisory Board is to be composed of suitable persons reflecting the requirements of Directors and Audit & Supervisory Board Members derived from the “Asahi Group Philosophy,” the corporate philosophy of the Company, and management strategy, and that the Audit & Supervisory Board will include at least one Audit & Supervisory Board Member with an appropriate knowledge of finance/accounting, and at least one Audit & Supervisory Board Member with an appropriate knowledge of legal affairs to ensure balance and diversity in terms of the knowledge, experience, and ability for the Audit & Supervisory Board overall, as required for the Company’s sustainable growth and enhancement of corporate value over the medium- to-long term. Furthermore, three of the Audit & Supervisory Board Members will be Outside Audit & Supervisory Board Members who meet the requirements for independent directors/auditors which have been established by the Company, and experts in accounting, attorneys at law, and corporate managers who possess extensive experience and broad insight in their fields will be appointed as Audit & Supervisory Board Members. Accordingly, the Board of Directors deems that the structure of the Audit & Supervisory Board based on Item 4 “Election of two (2) Audit & Supervisory Board Members” is the optimum structure and it is not necessary to appoint Kazuo Hashimoto as an Audit & Supervisory Board Member.

The opinion of the Audit & Supervisory Board and the opinion of the Board of Directors are the same in objection to this proposal.

End

(Attached Materials)

BUSINESS REPORT

From January 1, 2018 to December 31, 2018

1. Overview of Operations of the Asahi Group

(1) Business Progress and Results

During this fiscal year, despite the heightened uncertainty over future prospects due to trade friction and other factors, an overall mild recovery in the global economy continued, driven by solid economic growth in the US with increases in the number of employees and consumer spending, in addition to a gradual improvement in European and Asian economies. The Japanese economy recovered at a moderate pace with an uptick in consumer spending on the back of the improved employment/income environment, in addition to improved corporate earnings.

Under these circumstances, the Asahi Group worked toward the further development of ongoing efforts for the “Management for Corporate Value Enhancement” under the “Medium-Term Management Policy” established in 2016 by setting three key priorities: i) strengthening of earnings power, ii) asset and capital efficiency improvement, and iii) reinforcement of ESG initiatives.

Particularly for “strengthening of earnings power,” the Group worked in Japan to position a profit base as the cornerstone of earnings with high value addition and differentiation as key areas of focus while in overseas markets promoting the creation of synergies utilizing leading premium brands and extensive sales networks centered on its operations in Europe.

As a result, the Asahi Group posted revenue of ¥2,120,291 million, a year-on-year increase of 1.7%. Core operating profit* increased by 12.7% year-on-year to ¥221,383 million, and operating profit rose by 15.6% to ¥211,772 million. Profit attributable to owners of parent totaled ¥151,077 million, an increase of 7.1% year-on-year compared with the previous year.

* Core operating profit is the Company’s original indicator of profit, which measures the ordinary business earnings calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

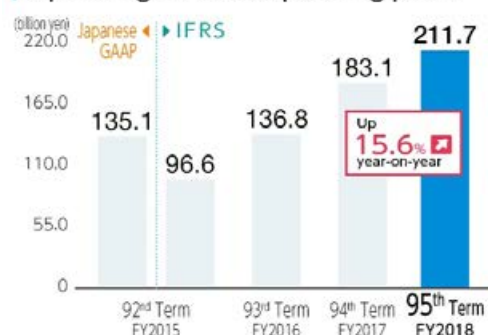
Net sales / Revenue



Core operating profit



Operating income/Operating profit



Profit/Profit attributable to owners of parent



Note: Starting from the 93rd term (FY2016), the Asahi Group has adopted International Financial Reporting Standards (IFRS). For reference, two sets of figures are presented alongside one another for the 92nd term (FY2015): one conforming to IFRS and one conforming to Japanese GAAP.

■ Financial and Profit/Loss Indicators of the Asahi Group

	92 nd term FY2015		93 rd term FY2016	94 th term FY2017	95 th term FY2018 (current year)
	Japanese GAAP	IFRS			
Net sales/ Revenue	1,857,418	1,689,527	1,706,901	2,084,877	(million yen) 2,120,291
Core operating profit* ¹	–	140,691	148,486	196,368	(million yen) 221,383
Operating income/ Operating profit	135,119	96,626	136,889	183,192	(million yen) 211,772
Ordinary income	145,946	–	–	–	(million yen) –
Profit/ Profit attributable to owners of parent	76,427	75,770	89,221	141,003	(million yen) 151,077
Operating margin/ Operating profit ratio	7.3	5.7	8.0	8.8	(%) 10.0
EBITDA* ²	197,993	197,287	205,803	285,394	(million yen) 318,463
Earnings per share/ Basic earnings per share* ³	166.25	164.82	194.75	307.78	(yen) 329.80
Total assets/ Total assets* ⁴	1,901,554	1,804,673	2,094,332	3,346,822	(million yen) 3,079,315
Net assets/ Total equity	891,829	803,682	846,105	1,152,748	(million yen) 1,149,647
Net assets per share/ Equity attributable to owners of parent per share* ⁵	1,916.69	1,723.97	1,825.57	2,499.62	(yen) 2,502.67
ROE (Return On Equity/ Profit ratio to equity attributable to owners of parent)	8.8	9.7	11.0	14.2	(%) 13.2
Adjusted profit attributable to owners of parent* ⁶	–	–	89,221	120,133	(million yen) 150,688
Adjusted earnings per share* ⁷	–	–	194.75	262.23	(yen) 328.95
Adjusted ROE (Adjusted profit ratio to equity attributable to owners of parent)* ⁸	–	–	11.2	13.7	(%) 15.2

Note: Categories with “ / ” indicate “Japanese GAAP / IFRS.”

- *1. Core operating profit is the Company’s original indicator of profit, which measures the ordinary business earnings calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
- *2. EBITDA is equal to the sum of operating income before amortization of goodwill, etc., and depreciation under Japanese GAAP, and the sum of core operating profit and amortization and depreciation on the IFRS basis.
- *3. Earnings per share/ Basic earnings per share is calculated based on the average total number of shares outstanding during the term. The total number of shares outstanding is exclusive of treasury shares. The shares of the Company held by Japan Trustee Services Bank, Ltd. as trust property for performance-linked stock compensation are included in the treasury shares to be deducted in the calculation for the 95th term (FY2018).
- *4. As acquisition cost allocation was revised following the finalization of the provisional accounting treatment relating to a business combination carried out in the 93rd term (FY2016), this has been reflected in total assets of the 93rd term (FY2016).
- *5. Net assets per share/Equity attributable to owners of parent per share is calculated based on the total number of shares outstanding at the end of the fiscal year. The total number of shares outstanding is exclusive of treasury shares. The shares of the Company held by Japan Trustee Services Bank, Ltd. as trust property for performance-linked stock compensation are included in the treasury shares to be deducted in the calculation for the 95th term (FY2018).
- *6. Adjusted profit attributable to owners of parent is profit attributable to owners of parent less a one-time profit or loss on the restructuring of business portfolio (net of tax expenses), etc.
- *7. Adjusted earnings per share is calculated based on adjusted profit attributable to owners of parent.

- *8. Adjusted ROE is calculated based on adjusted profit attributable to owners of parent divided by total equity attributable to owners of parent (net of exchange differences on translation of foreign operations, and changes of fair value of investment in financial assets measured at fair value through other comprehensive income).

■ Overview by Business Segment for 95th Term

Asahi Group Revenue by Segment

Segment	94 th term FY2017 (million yen)	95 th term FY2018 (current year) (million yen)	Change in amount (million yen)	Change in percentage (%)
Alcoholic Beverages ^{*1}	958,380	919,410	(38,969)	(4.1)
Soft Drinks	374,517	368,754	(5,763)	(1.5)
Foods	113,785	115,973	2,187	1.9
International Operations ^{*1}	636,982	713,261	76,278	12.0
Other Businesses	106,141	109,467	3,326	3.1
Adjustment ^{*2}	(104,929)	(106,575)	(1,645)	–
Total	2,084,877	2,120,291	35,414	1.7

*1. In line with the reorganization in the 95th term (FY2018), the Company changed classification for certain companies from the alcoholic beverages segment to the international operations segment. The changes have been reflected in the revenue by segment for the 94th term (FY2017).

*2. The adjustment is the elimination amount of intersegment revenue and revenue of the corporate portion not attributable to any segment.



In the alcoholic beverages segment, the Group made efforts to create new demand centered on the beer market, and to enhance cost competitiveness, under the slogan of “Innovate to create new value and further elevate industry-leading strategies.”

In the beer-type beverages sector, we strived to propose new value for beer products with the launch of “Asahi Super Dry SHUNREI KARAKUCHI,” a new beer product with supreme aftertaste and refreshing coolness, and the deployment of brand products in Europe business. In addition, initiatives have been made to capture expanding beer-consumption opportunities in restaurants and bars, such as by offering “Asahi Breweries, LTD Original Olympic And Paralympic Games Tokyo 2020 550ml Beer Mug”^{*2} with the Tokyo 2020 Olympic and Paralympic Games emblem. As for new genres, we worked to further enhance our brand strength with the renewal of “Clear Asahi Prime Rich,” which has heightened full-bodied-ness, rich taste with fragrant aroma and other aspects.

In the sectors of alcoholic beverages other than beer-type beverages, we launched “Asahi Zeitaku Shibori,” a product that contains the juice of more than half a fruit per a can^{*3}, and expanded the product lineup of “WILKINSON HARD” series, aiming to improve our presence in the RTD market. For whisky and other spirits, we endeavored to enhance the brand value of our mainstay brands through the proactive expansion of “Black Nikka Clear High-ball Keg” and other aspects.

In the alcohol-taste beverages sector, we renewed the beer-taste beverage “Asahi DRY ZERO” with “improved refreshing aftertaste” and launched the plastic-bottled “Asahi DRY ZERO Spark” for a limited time, as a new product value proposition.

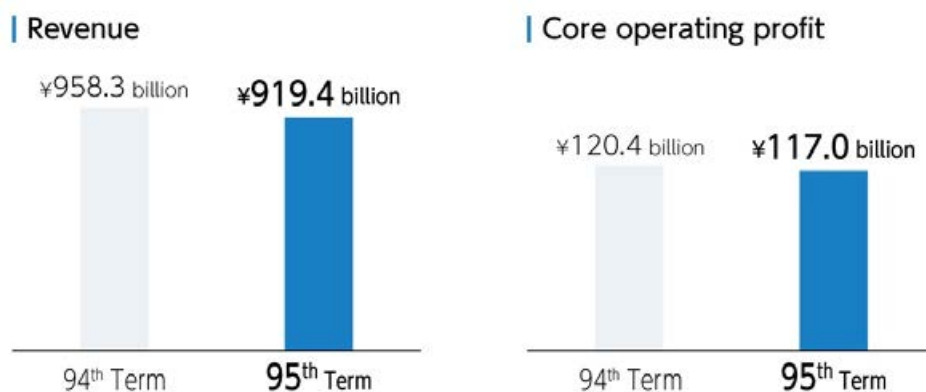
As a result of these efforts, despite stronger-than-previous-year sales of alcoholic beverages other than beer-type beverages and of alcohol-taste beverages, revenue from the alcoholic beverages segment decreased by 4.1% from the previous year to ¥919,410 million due to a decrease in sales volume of beer-type beverages, reflecting the overall market contraction, and other factors.

Despite efforts to streamline fixed costs in general, core operating profit decreased by 2.8% year-on-year to ¥117,070 million due to the decline in revenue. (Operating profit stood at ¥107,359 million, representing a year-on-year decrease of 4.9%.)

*1. RTD stands for “Ready To Drink,” which refers to a type of beverage sold in a prepared form and ready for consumption, such as canned chuhai.

*2. Asahi Breweries, Ltd. is a Gold Partner for the Tokyo 2020 Olympic and Paralympic Games for beer and wine.

*3. A can of the product contains juice equivalent to more than half a fruit, less skins and seeds by weight, calculated using the STANDARD TABLES OF FOOD COMPOSITION IN JAPAN - 2015 - (Seventh Revised Edition).





Main products: Carbonated drinks, Milk-based beverages, Coffee, Tea, Mineral water, Fruit drinks

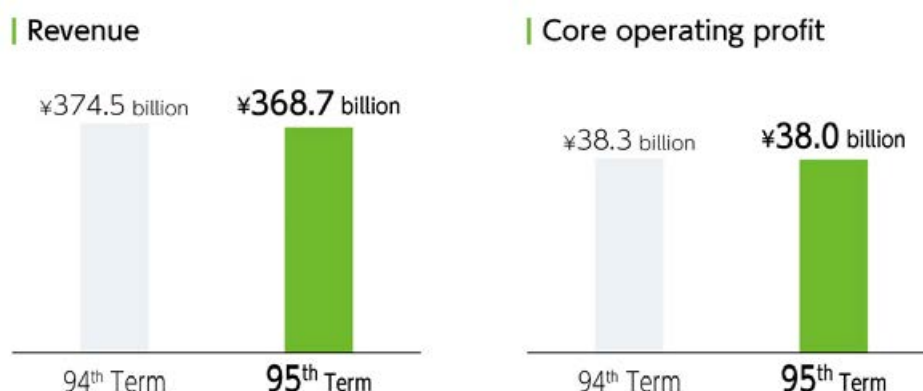
In the soft drinks segment, we worked for growth through improved product strength and further reformation of our profit structure by focusing management assets on core brands and high-value-added product offerings in the health function domain.

For the mainstay brands, we strived to cement our position in the carbonated water market with an enhanced “WILKINSON” product lineup. As for the “CALPIS” brand, initiatives for enhancing brand strength have been made through boosting sales of the mainstay “CALPIS” and aggressive placement of other products utilizing its brand assets. In addition, we promoted the rollout of “Tokusan MITSUYA,” a “MITSUYA” brand product series that uses the juice of designated fruit varieties and producing areas in Japan, in cooperation with local governments of those areas, while striving to improve “WONDA” brand value through the renewal of the “WONDA Kiwami” series and new product releases.

For the field of health function domain, the Group strived to strengthen its market presence with the launch of high-value-added products leveraging our brand strength including “WILKINSON TANSAN EXTRA” and “Asahi Karada Juroku-Cha,” both of which are Foods with Functional Claims.

Accordingly, despite stronger-than-previous-year sales volume of carbonated drinks and milk-based beverages, etc., revenue from the soft drinks segment decreased by 1.5% from the previous year to ¥368,754 million due to the disposal of the chilled soft drinks business in the previous year.

Core operating profit also decreased by 0.6% year-on-year to ¥38,099 million due mainly to the same reason as the revenue, despite efforts to reduce manufacturing costs through an optimized production structure. (Operating profit stood at ¥34,520 million, representing a year-on-year decrease of 22.3%).



Foods Segment



Main products: Confectionery, Nutritional snacks, Supplements, Baby foods, Infant formula, Freeze-dried foods, Foods aimed at senior citizens

In the foods segment, the Group worked to nurture a sustainable platform for growth by establishing an optimized production and logistics system through business integrations while focusing managerial resources on our mainstay brands and developing our offerings of high-value-added products utilizing our proprietary materials and technologies.

For the tablet-type confectionery “MINTIA,” the Group strived to strengthen its brand strength by launching products with new flavor and a limited-time offer, in addition to aggressive marketing activity linked with advertisement and promotional initiatives.

In the category of dietary supplements, the Group enhanced the “Dear-Natura” brand coverage by entering a new market with the launch of the protein powder “Dear-Natura Active.”

In the baby foods sector, the Group enriched the product lineup for “Goo-Goo Kitchen,” in an effort to improve its brand strength. For senior products, we worked to improve our presence in the market by consolidating existing brands into “Balance Kondate” and launching new products.

In the freeze-dried foods sector, the Group made efforts for improving the value of the mainstay brands “Itsumono Omisoshiru” and “The Umami” mainly by releasing products with new ingredients.

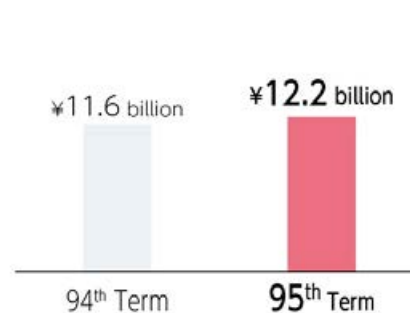
As a result of the above, revenue from the foods segment increased by 1.9% year-on-year to ¥115,973 million, reflecting strong performances in the core brands.

Core operating profit increased by 4.9% year-on-year to ¥12,200 million as a result of increased sales and reduction in manufacturing costs. (Operating profit stood at ¥11,762 million, representing a year-on-year increase of 8.0%.)

Revenue



Core operating profit





International Operations Segment



Main products: Beer, Low-alcohol beverages, Carbonated drinks, Mineral water, Sport drinks, Condensed milk, Fruit drinks, Coffee

In the international operations segment, the Group worked hard to expand the foundation for growth, aiming at becoming a global player with strong competitiveness through the augmentation of each business portfolio, promoting premiumization, and creating synergies by cross-regional offerings of its mainstay products.

In the Europe business segment, in Western Europe, the Group reinforced offering of high-value-added products within national markets, such as “Peroni” in Italy and “Grolsch” in the Netherlands, and developed markets in other countries with these products, promoting premiumization. In Central and Eastern Europe, as an effort to further enhance its brand strength and profitability, the Group worked to promote premiumization mainly with mainstay products in each country, including the Czech “Pilsner Urquell” and Polish “Tyskie,” to strengthen sales promotion efforts, and to streamline fixed costs. Furthermore, initiatives aimed at creating synergies for “Asahi Super Dry,” for which production within the Asahi Group in Europe started in January this term, have been made through the sales of the product in the countries in Western, Central and Eastern Europe, re-defining it as a super premium beer product.

In the Oceania business segment, as to the soft drinks sector, the Group put efforts into enhancing its presence in the market through intensive sales promotion efforts focused on mainstay carbonated drink category. As for the alcoholic beverages sector, the Group strived to create a synergy effect, enhancing its manufacturing and sales platforms. These initiatives included efforts to boost marketing activities for its premium beer brands “Asahi Super Dry” and “Peroni Nastro Azzurro,” and the commencement of local manufacturing of “Peroni Nastro Azzurro” in barrels.

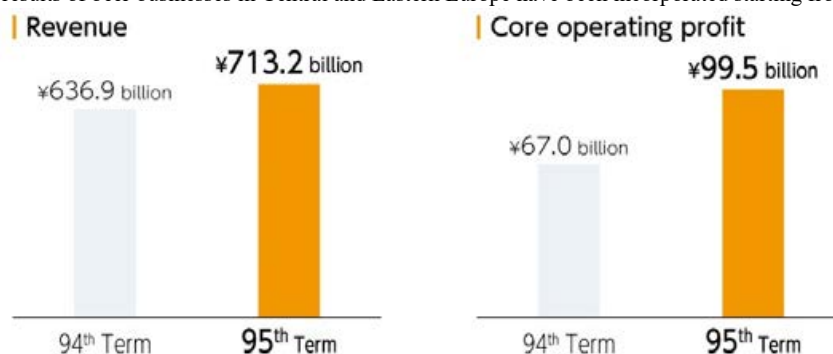
In the Southeast Asia business segment, the Group extended the product lineup and sales campaigns focusing on the Asahi Group’s brands, such as “WONDA,” “CALPIS” and “Goodday” in Malaysia and “Blue Mountain” in Myanmar, in an effort to improve its brand value in each market.

In the China business segment, the Group worked toward improved presence in the premium beer market by starting to offer “Peroni Nastro Azzurro” and “Pilsner Urquell” in addition to its mainstay “Asahi Super Dry.”

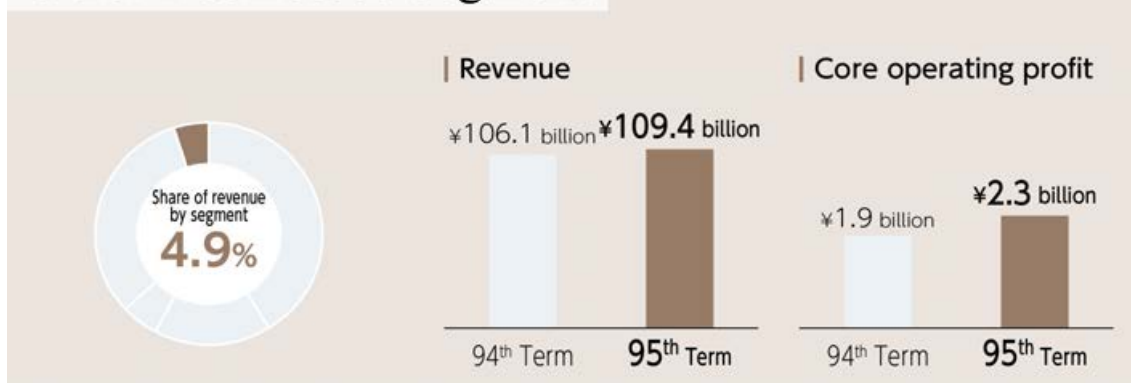
As a result of the above, the international operations segment posted revenue of ¥713,261 million, increased by 12.0% year-on-year, as the Europe business has been robust overall along with contributions from newly consolidated beer businesses in Central and Eastern Europe*.

Core operating profit increased by 48.5% year-on-year to ¥99,588 million due mainly to increased revenue from the Europe business. (Operating profit stood at ¥76,347 million, representing a year-on-year increase of 114.8%.)

* The business results of beer businesses in Central and Eastern Europe have been incorporated starting from April 2017.



Other Businesses Segment



Main businesses: Cargo transportation, Production and Distribution of health foods and feedstuffs

In the other businesses segment, revenue increased by 3.1% year-on-year to ¥109,467 million mainly due to expansion of outsourcing in the cargo transportation business and an increase in sales of health foods.

Core operating profit increased 19.7% year-on-year to ¥2,384 million due to increased revenue of health foods. (Operating profit stood at ¥2,315 million representing a year-on-year increase of 17.0%.)

(2) Status of Capital Expenditures

Consolidated capital expenditures in this year totaled ¥83,616 million, the segment breakdown of which is as follows. A large portion of the capital expenditures represented investments made for the purpose of enhancing efficiency and production capacity.

Business segment	Amount of capital expenditure (million yen)
Alcoholic Beverages	25,386
Soft Drinks	14,724
Foods	3,138
International Operations	36,964
Other Businesses	650
Company-wide (common)	2,752
Total	83,616

(3) Financing Activities

The Company financed the capital requirements including capital expenditures detailed in item (2) above through loans from financial institutions and the issuance of commercial papers.

Funds required for companies' businesses of the Asahi Group are primarily sourced by the Company.

(4) Status of Principal Lenders

(As of December 31, 2018)

Lender	Outstanding balance (million yen)
Sumitomo Mitsui Banking Corporation	136,096
Mizuho Bank, Ltd.	48,377
Sumitomo Mitsui Trust Bank, Limited	40,099
The Norinchukin Bank	39,900
MUFG Bank, Ltd.	39,344

(5) Status of Major Establishments and Principal Subsidiaries

(As of December 31, 2018)

1) Asahi Group Holdings, Ltd.

(Head office)

23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

(Laboratory)

Research & Development Center (Moriya City, Ibaraki)

2) Subsidiaries

Company name	Location of head office	Issued capital (million yen)	Shareholdings (%)	Main operations
Asahi Breweries, Ltd.	Sumida-ku, Tokyo	20,000	100.0	Production and marketing of alcoholic beverages
Asahi Soft Drinks Co., Ltd.	Sumida-ku, Tokyo	11,081	100.0	Production and marketing of soft drinks
Asahi Group Foods, Ltd.	Shibuya-ku, Tokyo	5,000	100.0	Production and marketing of foods
Asahi Europe Ltd	Surrey, the United Kingdom	290,994 (EUR 2,431,546 thousand)	100.0	Overseeing alcoholic beverages operations in Western Europe
Asahi Breweries Europe Ltd	Surrey, the United Kingdom	904,609 (EUR 7,405,000 thousand)	100.0	Overseeing alcoholic beverages operations in Central and Eastern Europe
Asahi Holdings (Australia) Pty Ltd	Victoria, Australia	198,519 (AUD 2,623,514 thousand)	100.0	Overseeing soft drinks and alcoholic beverages operations in Oceania
Asahi Beer (China) Investment Co., Ltd.	Shanghai, China	9,996 (CNY 737,487 thousand)	100.0	Overseeing alcoholic beverages operations, and marketing of alcoholic beverages in China
Asahi Professional Management Co., Ltd.	Sumida-ku, Tokyo	50	100.0	Contracting of clerical work

Notes:

- There were 142 consolidated subsidiaries of the Company as of the end of this year, including those listed above. There were 24 companies accounted for using equity method.
- There were no wholly owned specified subsidiaries of the Company as of the end of this year.

(6) Significant Developments such as Corporate Reorganization

- The Company transferred all the issued shares of Tsingtao Brewery Company Limited held by the Company on March 19, 2018.
- The Company transferred all the issued shares of PT Asahi Indofood Beverage Makmur and PT Indofood Asahi Sukses Beverage held by the Company through Asahi Group Holdings Southeast Asia Pte. Ltd. on March 29, 2018.

(7) Employees

(As of December 31, 2018)

Business segment	Number of employees	Increase (decrease) from the end of the previous term
Alcoholic Beverages	5,960	63
Soft Drinks	3,417	36
Foods	1,303	9
International Operations	14,363	(3,072)
Other Businesses	2,365	125
Company-wide (common)	647	30
Total	28,055	(2,809)

(8) Management Perspectives

Management Basic Policy

The Asahi Group, under the command of Asahi Group Holdings, Ltd., a pure holding company, conducts business activities globally in the Alcoholic Beverages, Soft Drinks and Foods segments.

Establishing a new group philosophy, the “Asahi Group Philosophy (AGP)” in 2019, the Group aims to achieve sustainable growth and enhance its corporate value over the medium- to long-term. The AGP consists of four elements: Mission, Vision, Values and Principles. It articulates the Group’s mission and vision for the future, reaffirms values cherished and handed down over the years, and serves as a code of conduct for our stakeholders and the Group’s commitments to them. By generating and implementing strategies based on the AGP, domestic and overseas operating companies of the Group will work together to further improve its corporate value.

Medium-Term Management Policy

While providing Key Performance Indicator guidelines and financial and cash flow policies for the coming three years or so, the Medium-Term Management Policy, revised based on the AGP, sets the following three key priorities. Under this policy, the Group enhances “Glocal Value Creation Management.”

- A Strengthening earning power driven by high added value enhancement and earning structure reform
- B Sophisticating management resources aimed at expansion of the new foundation for growth
- C Reinforcing ESG initiatives supporting sustainable value creation process

Going forward, the Company will deepen dialogue with our stakeholders and aim to achieve sustainable growth and enhance its corporate value over the medium- to long-term by positioning these three key priorities as a stakeholder engagement agenda.

Policy for 96th Term (FY 2019)

In the fiscal year 2019, based on the Medium-Term Management Policy, the Asahi Group will work to “strengthen its earning power” through the development of high-value-added brands in and outside Japan, the introduction of zero-based budgeting (ZBB) and other measures. Furthermore, the Group strives to “sophisticating management resources” by investing in intangible assets including research and development and human resource capabilities to realize innovation, and to “reinforce ESG initiatives” leveraging its unique strengths to enhance “Glocal Value Creation Management” aimed at realizing the AGP.

With these efforts, the Group projects revenue to be ¥2,153,000 million, core operating profit to be ¥230,000 million, operating profit to be ¥217,000 million, profit attributable to owners of parent to be ¥152,000 million, and adjusted profit attributable to owners of parent to be ¥152,000 million, for the 96th fiscal year.

The Group cordially requests shareholders’ continuing encouragement and support.



Asahi Group Philosophy

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 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

Medium-Term Management Policy

Enhancing “Glocal Value Creation Management” based on Asahi Group Philosophy

Key Performance Indicator (KPI) Guidelines

	FY2017 results	Guidelines for next 3 years out
Revenue	¥2,084.9 billion	• Stable growth from existing businesses – Business restructuring + New M&As
Core Operating Profit	¥196.4 billion	• CAGR (Compound annual growth rate): mid to high single digit
EPS (adjusted *)	¥262.2	• CAGR (Compound annual growth rate): mid to high single digit
ROE (adjusted*)	13.7%	• Maintain 13% or above

* “After adjustment” refers to figures that exclude one-time extraordinary factors such as restructuring of business portfolio and exchange rate fluctuations.

Financial and Cash Flow Guidelines

Guidelines for FY2019 onward	
Cash Flow	• Free cash flows: above ¥170.0 billion (annual average)
Investment for Growth	• Prioritize M&As for expansion of foundations for growth and promote debt reduction for enhancing investment capacity
Debt Reduction	• Net debt/EBITDA* ¹ : below 2 times by the end of FY2021
Shareholder Returns	• Stable dividend increases with the aim of a dividend payout ratio* ² of 35% (- FY2021) (Aimed at a dividend payout ratio of 40% in the future)

*1. Net debt / EBITDA (EBITDA net debt equity ratio) = (interest-bearing debt - cash) / EBITDA

*2. Dividend payout ratio is calculated as profit attributable to owners of parent less a one-time profit or loss on the restructuring of business portfolio (net of tax expenses), etc.

(Reference) ESG initiatives of the Asahi Group

New Key Areas and Major Themes for the Asahi Group

In view of the establishment of its new group philosophy, the “Asahi Group Philosophy,” the Asahi Group renewed the contents of its “Medium-Term Management Policy” from 2016, to achieve further growth to a new stage.

Through the acquisition of new Europe business, the Group has laid the groundwork to develop businesses globally. However, these challenges mean that the Group now faces risks that it has never been exposed to before. Furthermore, the Group recognizes the need to reconsider the initiatives that it has thus far pursued to improve its social value from the viewpoint of its own strength and competitiveness.

Against this background, the Asahi Group revised its major themes, and started its initiatives for promoting sustainability under the newly set four “Key Areas” and 18 “Major Themes” in January 2019.

	Key Areas	Major Themes	Initiatives from 2019
Eliminating the negative impact of our business	Environment	<ul style="list-style-type: none"> Addressing climate change Stable procurement of raw materials Promoting sustainable water resources Recycling and preventing pollution Providing environmentally and socially conscious products 	As a group that operates a business that benefits from the blessings of nature, such as water and agricultural crops, the Asahi Group has formulated the “Asahi Group Environmental Vision 2050,” and works to realize this Vision. The Group will take on challenges to grow its business and achieve a sustainable society by not only reducing environmental impacts but also creating the value that provides environmental benefits.
	Human rights and human resources management	<ul style="list-style-type: none"> Human resource development Enhancing diversity Respecting human rights 	Human resources are an indispensable factor for sustainable business activity. With the increasing need for respect of the human rights of all stakeholders involved in business activities, the Asahi Group will establish a human rights policy as a Group to enhance its initiatives. In addition, the Group will build a global system for human resources development that facilitates employees’ growth and translates it to the Group’s growth.
	Responsible business activities	<ul style="list-style-type: none"> Supply chain management Securing food safety and reliability Promoting responsible drinking Pursuing social responsibility through products and services Reducing food loss 	Securing food safety and reliability is the most significant issue that the Asahi Group, a food-related company, pursues as a corporate responsibility. Furthermore, the Group promotes food and health education for improved quality of life through foods in mature society as well as efforts to address social issues, such as alcohol-related problems and food loss.
Increasing the positive impact of our business	Creation of environmental value that leverages Asahi strengths	<ul style="list-style-type: none"> Resolving social issues through the creation of new drinking opportunities Providing products utilizing yeast, lactic acid bacteria, and intestinal flora Providing products with less added sugar Expanding businesses focusing on health and contributing to a recycling-based society Resolving social issues in the agricultural field through agricultural materials utilizing yeast cell walls 	There are many food-related issues worldwide, including food shortages arising from a growing global population and issues related to nutrition and health. The Asahi Group will focus on creating new values aimed at resolving social issues, utilizing its proprietary strengths, including yeast, lactic acid bacteria, and other microorganisms and fermentation techniques, all cultivated through the Group’s business activities.

Concrete Initiatives

(1) Eliminating the negative impact of our business

- Promote an appropriate response to the various changes in the external environment on a global scale as part of our efforts in extensive risk management —

Establishing the “Asahi Group Environmental Vision 2050”

Aiming to contribute to a sustainable society, the Asahi Group formulated the “Asahi Group Environmental Vision 2050.” The goal of the Group is to achieve a zero environmental impacts throughout its business activities by 2050.

To attain this goal, the Group will aim to achieve zero CO₂ emissions in 2050 by promoting further energy-saving efforts, and actively utilizing green electricity and other renewable energy. Furthermore, the Group will work to achieve the full utilization of sustainable resources in the areas of agricultural raw materials, containers and packaging material, and of sustainable water resources, including attaining water neutrality* at domestic breweries.

Moving forward, as a corporate group that operates a business that benefits from the blessings of nature such as water and crops, it will aim to pass on the blessings to the next generation.

* Water neutrality refers to returning the same amount of water as used amount by combining reduction of water use and water replenishment through conservation of water resources.

(2) Increasing the Positive Impact of Our Business

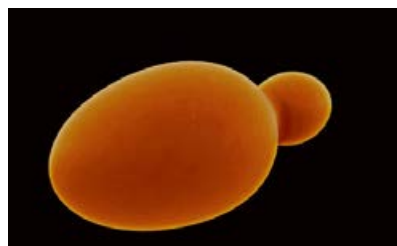
- Creating Corporate Value Centered On Social Issues —

Expanding the Global Potential of Beer Yeast Cell Walls

The Asahi Group has been engaged in an agricultural material business through its group company, Asahi Bio Cycle Co., Ltd., that harnesses the ability of beer yeast cell walls, a by-product of the beer brewing process.

This agricultural material helps reduce the use of agricultural chemicals and chemical fertilizers, and is safe and reliable due to its food-based origin. It also provides various other benefits, including augmenting plants’ resistance to disease, by boosting their immunity, increasing crop yields, and enhancing crop quality by improving soil conditions, while contributing to sustainable agriculture with the reduction of greenhouse gas emissions per harvested volume of crops.

By leveraging this agricultural material, which makes use of the beer yeast cell walls with such advantages, the Group will contribute to the realization of a safe and secure food supply and the promotion of environmentally friendly agriculture in not only Japan but also Southeast Asia, North America, and other overseas regions.





2. Corporate Governance System

1 Basic Concept

With the belief that “growth-oriented governance” by which to make transparent, fair, swift and bold decisions is indispensable for striving to achieve sustainable growth and increase corporate value over the medium- to long-term, the Company has established its Corporate Governance Guidelines, and makes efforts primarily in the following areas:

WEB Corporate Governance Guidelines

https://www.asahigroup-holdings.com/en/csr/gov/internal/pdf/180601_guidelines_en.pdf

1 Ensuring rights of and equality among shareholders

Recognizing that “a shareholder is equal in accordance with his/her equity interest,” the Company strives to ensure substantial equality of shareholders and conduct appropriate information disclosure by posting various information for shareholders and/or individual investors with updates, as needed, on its website. Information disclosure is also ensured for overseas investors using the English website, as well as the preparation of the English-version Convocation Notice of the General Meeting of Shareholders in view of the convenience of exercising of shareholders’ rights by foreign shareholders. Furthermore, the Company has streamlined a system that allows for employees assigned to assist the Audit & Supervisory Board, who are not subject to directives or orders from Directors or employees, under the control of the Audit & Supervisory Board, so that Audit & Supervisory Board Members can handle claims from any minority shareholders against the Company or any Director and Audit & Supervisory Board Member, independently from the Board of Directors and management to substantially ensure the rights of minority shareholders.

2 Appropriate Collaboration with Stakeholders

The Company has identified corporate value not only as financial value, but also as a summation of financial value and social value that is closely related to each other, and has set the following as its action guidelines for enhancing corporate value, by working with its customers, employees, society, partners, shareholders, and all other stakeholders, in its group philosophy, the Asahi Group Philosophy.

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 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

3 Ensuring Proper Information Disclosure and Transparency Thereof

The Company formulated the “Disclosure Policy” and proactively addresses the voluntary disclosure of information. The Company strives to provide well-balanced information disclosure between financial information, such as accounting, and non-financial information, such as management strategies, risks and governance, by preparing the Integrated Report, in addition to the statutory disclosure, timely disclosure and other information disclosures on the website.

4 Responsibilities of the Board of Directors

The Company’s Board of Directors appropriately fulfills their roles and responsibilities to ensure the sustainable growth and the increase of corporate value over the medium- to long-term of the

Company, as well as to promote the improvement of earning capacity and capital efficiency by taking into account their fiduciary responsibility and accountability to shareholders. Such initiatives include determining the Medium-Term Management Policies and promoting their execution, while also properly supporting management's risk taking by streamlining the internal control system and risk management system.

The Board of Directors, in deliberating management strategies etc., mainly prepared by management, takes care to plan the meetings as a venue for constructive discussion by avoiding ritual discussion with measures such as sharing information with Outside Directors and a preliminary explanation of agenda items thereto in the review process or receiving reports on the results of discussion from the Audit & Supervisory Board, thereby aiming for the sustainable growth and the increase of corporate value over the medium- to long-term of the Company.

5 Dialogues with Shareholders

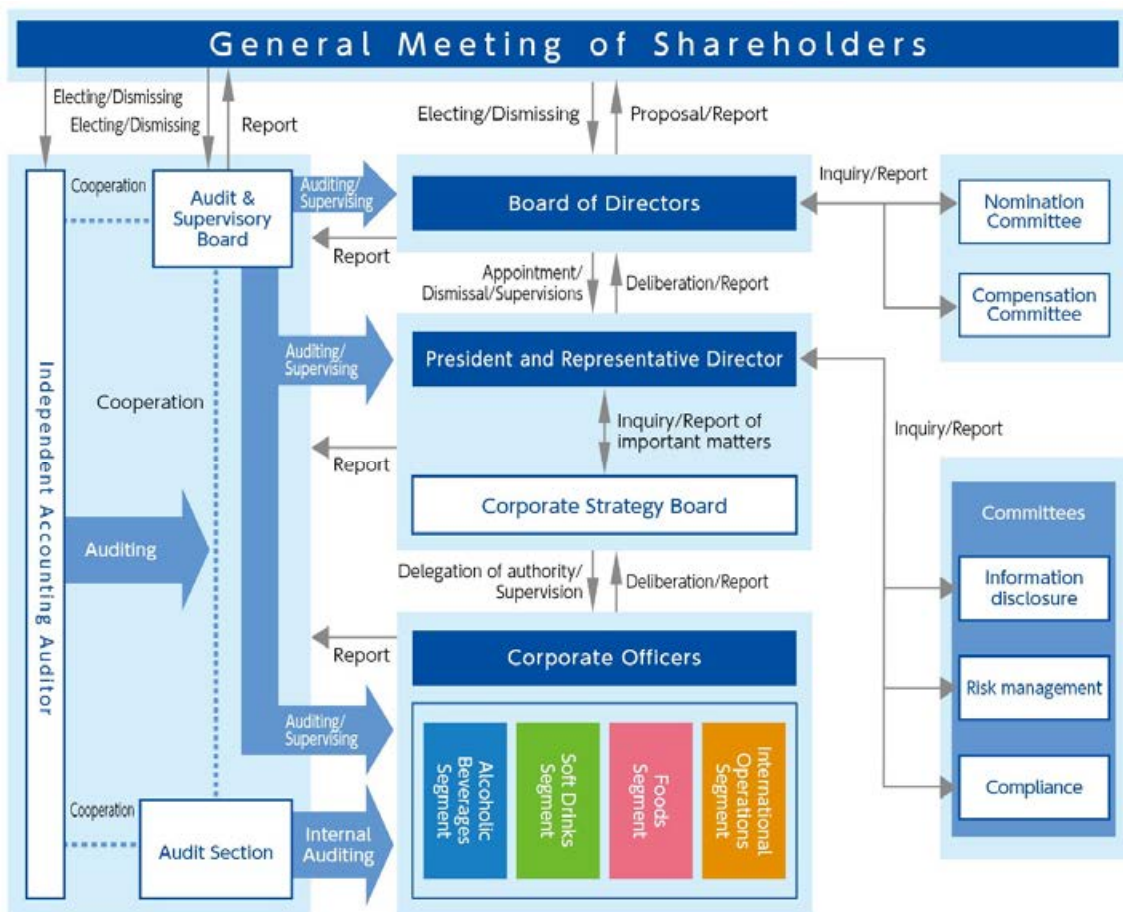
For promoting constructive dialogues with shareholders, the Company shall appoint an officer as a responsible executive in charge of dialogues with shareholders and ensure well-organized collaboration among the auxiliary departments by providing the information for the dialogues. In addition, the Company shall endeavor to understand the shareholder structure and conduct various explanatory meetings by Representative Directors of the Company, visits to domestic/overseas institutional investors and/or factory tours for shareholders.

Measures for Enhancing Corporate Governance

2000	<ul style="list-style-type: none"> • Number of Directors was reduced from 40 to 10. • Nomination Committee and Compensation Committee were established. • Corporate Strategy Board was established. • Corporate Officer System was introduced. • Number of Outside Directors was increased from one to three.
2006	<ul style="list-style-type: none"> • Risk Management Committee was established.
2007	<ul style="list-style-type: none"> • Terms of Directors were shortened to one year. • Retirement bonus system for Directors and Audit & Supervisory Board Members was abolished.
2011	<ul style="list-style-type: none"> • The Company transitioned to a pure holding company structure.
2013	<ul style="list-style-type: none"> • Takeover defense measures were abolished.
2015	<ul style="list-style-type: none"> • Corporate Governance Guidelines were formulated. • Evaluations of the effectiveness of the Board of Directors were commenced.
2016	<ul style="list-style-type: none"> • Performance-linked stock compensation was introduced for internal Directors.
2018	<ul style="list-style-type: none"> • Title of CEO was transferred from Chairman and Representative Director to President and Representative Director to improve the effectiveness of management supervision from operational execution. • Outside Directors/Audit & Supervisory Board Members account for the majority of the members of the Nomination Committee and the Compensation Committee. Both committees are chaired by Outside Directors. • Evaluations of the effectiveness of the Audit & Supervisory Board were commenced.

2 Characteristics of Current Systems

As a company with an Audit & Supervisory Board, the Company audits the execution of duties by the Directors utilizing the Audit & Supervisory Board, of which a majority of the board members are independent Outside Audit & Supervisory Board Members, while taking advantage of the audit & supervisory board members system with its independence, and in which the power of final decision making is given to each person and which has Standing Audit & Supervisory Board Members. In addition, the Nomination Committee and the Compensation Committee have been established to act as advisory bodies to the Board of Directors, of which a majority of the members of each committee are independent Outside Directors/Audit & Supervisory Board Members. Under the system of these discretionary bodies, the Company has created a structure that allows independent Outside Directors/Audit & Supervisory Board Members to monitor the management of the Company with high effectiveness.



3 Structure of the Board of Directors

In order to ensure balance and diversity in terms of the knowledge, experience and ability of the entire board necessary for the sustainable growth and the increase of corporate value of the Company over the medium- to long-term, the Company shall make the Board of Directors composed of persons suitably qualified to be Directors of the Company who possess a wealth experience, extensive knowledge and high-level expertise required by the Company, and who reflect the requirements for officers that were introduced from the corporate philosophy of the Asahi Group, “Asahi Group Philosophy,” the action guidelines, and the management strategies. In addition, the Company aims for the Outside Directors be persons such as corporate managers and/or experts who meet the Company’s requirements for independent director/auditor and for them to make up at least one third of the number of Directors in the Board of Directors.

4 Structure of the Audit & Supervisory Board

In order to ensure balance and diversity in terms of the knowledge, experience and ability of the entire board necessary to contribute to the sustainable growth and the increase of corporate value of the Company over the medium- to long-term, the Company shall make the Audit & Supervisory Board composed of persons suitably qualified who reflect the requirements of officers that were introduced from the corporate philosophy of the Asahi Group, “Asahi Group Philosophy,” the action guidelines, and the management strategies. The Company shall ensure that among the Audit & Supervisory Board, there exists at least one person has appropriate insight in finance and accounting and at least one person with appropriate insight in law. In addition, the Company shall ensure that at least three of the Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members who meet the Company’s requirements for independent director/auditor and select for those positions, accounting experts, attorneys at law and corporate managers who possess a wealth experience and broad knowledge in their relevant fields.

5 Roles and compositions of the advisory bodies

The roles and compositions of the advisory committees and deliberative bodies are as described below:

1 Nomination Committee

Nomination Committee provides reports on its findings and views about candidates, etc. for Directors, Audit & Supervisory Board Members and Corporate Officers in response to the inquiries referred from the Board of Directors.

The Committee consists of two Outside Directors, one Outside Audit & Supervisory Board Member, and two internal Directors, and an Outside Director is co-operatively appointed as its chairperson. The Committee held eleven meetings during fiscal 2018, and provided reports on its findings and views primarily about personnel affairs of officers and representatives of principal subsidiaries.

2 Compensation Committee

Compensation Committee provides reports on its findings and views about the remuneration system and amount of remuneration for Directors and Corporate Officers in response to the inquiries referred from the Board of Directors.

The Committee consists of two Outside Directors, one Outside Audit & Supervisory Board Member, and two internal Directors, and an Outside Director is co-operatively appointed as its chairperson. The Committee held a total of twelve meetings during fiscal 2018, and provided reports on its findings and views primarily about the revision of the officers’ remuneration plan.

		Nomination Committee	Compensation Committee
Outside	Director	Naoki Tanaka ◎ Tatsuro Kosaka	◎ Naoki Tanaka Yasushi Shingai
	Audit & Supervisory Board Member	Katsutoshi Saito	Yumiko Waseda
Internal	Director	Naoki Izumiya Akiyoshi Koji	Katsutoshi Takahashi Yoshihide Okuda

Note: ◎ denotes committee chairpersons

3 Information Disclosure Committee

Information Disclosure Committee is responsible for centrally managing and controlling corporate information disclosure, and provides reports on its findings and views in response to the inquiries referred from the President and Representative Director from the perspective of fair, expeditious and wide-ranging information disclosure. The Committee consists of executive directors and Corporate Officers excluding the Chairman and Representative Director and the President and Representative Director, and the Director in charge of public relations serves as its chairperson. The Committee held a total of seven meetings during fiscal 2018, analyzed the contents of relevant information, and provided reports on its findings and views about the need or otherwise, contents, methods, etc. of information disclosure in light of the Timely Disclosure Rules, etc. of the Tokyo Stock Exchange.

4 Risk Management Committee

Risk Management Committee provides reports on its findings and views about policies on overall risk management activities and the measures against main risks in response to the inquiries referred from the President and Representative Director. Risk Management Committee consists of internal Directors and external attorneys at law and the Director in charge of general and legal affairs serves as its chairperson. In addition, Standing Audit & Supervisory Board Members attend this Committee's meetings and state opinions as necessary. The Committee held a total of four meetings during fiscal 2018, and provided reports on its findings and views about the findings of periodic risk surveys, the status operation of whistle blowing system.

Although the previous scope of Risk Management Committee included corporate ethics and compliance, in order to secure a structure for risk management that supports the realization of business goals and medium- to long-term corporate value enhancement, Compliance Committee was separately established on January 1, 2019 and the operational structure of risk management was changed.

5 Compliance Committee

Compliance Committee was established on January 1, 2019 as a body that provides reports on its findings and views on the promotion and supervision of corporate ethics and compliance for the overall Asahi Group in response to inquiries referred from the President and Representative Director. The Committee consists of the President and Representative Director and other executive directors, as well as executive officers who are appointed by the committee chairperson, and the President and Representative Director serves as its chairperson. Standing Audit & Supervisory Board Members also attend this Committee's meetings.

6 Corporate Strategy Board

Corporate Strategy Board provides reports on its findings and views about evaluation of the legality, objectivity and reasonableness and of substantial matters concerning business execution in response to the inquiries referred from the President and Representative Director. The Board consists of the President and Representative Director and other executive directors, Corporate Officers and Standing Audit & Supervisory Board Members, and the President and Representative

Director serves as its chairperson. The Board held a total of forty-nine meetings during fiscal 2018, and provided reports on its findings and views primarily about development of corporate strategies and status of business executions by Group companies.

6 Evaluation of Effectiveness of Board of Directors and Audit & Supervisory Board

To contribute to the creation of corporate value over the medium- to long-term, the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors on an annual basis, and discloses the summary of the evaluation results.

The English-version summary of the evaluation is posted on the following Company website:

WEB <https://www.asahigroup-holdings.com/en/whoweare/governance/policy.html>

As a company with an Audit & Supervisory Board, to contribute to the creation of corporate value over the medium- to long-term, the Audit & Supervisory Board Members and the Audit & Supervisory Board shall analyze and evaluate the effectiveness of the Audit & Supervisory Board, and disclose the summary of the evaluation results, starting from fiscal 2019.

7 Succession Plan and Training

Pursuant to the requirements demanded of its Directors, the Company has identified the matters of succession (cultivation of successors) and pipeline (personal resources of successors) of its Directors and Corporate Officers as the highest priorities, and has developed a succession plan for the CEO, etc. The Board of Directors properly supervises the succession plan.

For the Directors and Audit & Supervisory Board Members, the Company provides training required for their roles and responsibilities on a regular basis and sets the requirements for each of them according to his/her executive stage, and conducts training that contributes to enhancement in their overall performance in accordance with such requirements. On the occasions of their appointments, the Company provides Outside Directors/Audit & Supervisory Board Members with information relating to the overview of the Asahi Group including its businesses, financial affairs and organizations, and implements measures, such as office visits, to facilitate their understanding of the Group as needed.

8 Criteria for judgment of independence of Outside Directors/Audit & Supervisory Board Members

The criteria for judgment of independence of Outside Directors/Audit & Supervisory Board Members are as described on pages 25 and 26.

3. Systems to Ensure Appropriate Execution of Directors' Duties in Conformity With Laws and Regulations and the Articles of Incorporation, and Other Systems to Ensure Appropriate Business Operations

Overview of the resolution regarding systems to ensure appropriate business operations

The Board of Directors passed the following resolution with respect to the above-mentioned systems. To “deliver on our great taste promise and bring more fun to life” as stipulated in its group philosophy, the “Asahi Group Philosophy,” the Company shall:

- establish, in accordance with the Companies Act and the Enforcement Regulations of the Companies Act, the following basic policies (the “Basic Policies”) to improve systems designed to ensure the appropriate execution of Directors’ duties in conformity with laws and regulations and the Articles of Incorporation of the Company and its subsidiaries (herein this section the “Group Companies”) and ensure the appropriate business operations of the Group Companies (herein this section the “Internal Control System”);
- recognize that it is the Representative Director(s) who shall assume the ultimate responsibility for the improvement of the Internal Control System in accordance with this resolution and demand the Representative Director(s) to cause the Directors and Corporate Officers, through the respective departments and organizations they are in charge of, to develop and fully enforce individual internal regulations that will be applied to the Company and the entire Asahi Group and are required based on the Basic Policies; and
- take steps to maintain and enhance the effectiveness of the Internal Control System by reviewing the Basic Policies and relevant internal regulations that will be applied to the Company or the entire Asahi Group in a timely and appropriate manner in accordance with changes in conditions and circumstances.

(1) System to ensure execution of duties by Directors and employees of the Company and the Group Companies in conformity with laws and regulations and the Articles of Incorporation of the Company and the Group Companies

- 1) In order to promote “building value together with all our stakeholders” as stipulated in the “Asahi Group Philosophy,” the Company shall establish “The Asahi Group Code of Conduct” and ensure its Directors, Audit & Supervisory Board Members and employees abide by these regulations.
- 2) The Company shall establish a “Compliance Committee” to oversee compliance of the Asahi Group based on the “The Asahi Group Ethics/Compliance Policies.”
- 3) An officer of the Company in charge shall have authority over compliance within the Asahi Group. The sections in charge of general and legal affairs shall handle day-to-day compliance and risk management tasks.
- 4) The Company shall assign responsible persons in charge of compliance in the Company and the Group Companies. The responsible person shall make efforts to prioritize compliance in all aspects of business activities at each Group Company.
- 5) The Company shall establish a “Clean Line System” and other systems for employees in Japan and overseas, enabling them to blow the whistle on illicit behavior of others.
- 6) The Company shall establish “Asahi Group Procurement Regulations” addressing mutual cooperation for fair and equitable deals and social responsibilities between each Group Company and suppliers and a system that enables suppliers to blow a whistle on breaches of the Policy as necessary. The Company shall inform and spell out these measures to its suppliers to enable the Company to develop an Internal Control System in cooperation with its suppliers.
- 7) To ensure antisocial forces do not exert any undue influence on the Group, all relevant information shall be shared within the Asahi Group and the Company shall establish an internal system on the measures. The Company shall also cooperate closely with industry bodies, local communities, the police and other external specialist organizations in this field.

- 8) The operational details of the aforementioned agencies and systems shall be spelled out under a separately prepared set of internal regulations that will be applied to the Company or the entire Asahi Group.

(2) System to ensure the preservation and management of information related to execution of duties by Directors

- 1) Information related to execution of duties by Directors shall be properly preserved and managed in accordance with “Document-Management Regulations” and other related internal regulations that will be applied to the Company or the entire Asahi Group.
- 2) The aforementioned information shall be preserved and managed in a way accessible by Directors and Audit & Supervisory Board Members for inspection at any time.
- 3) Control over the clerical tasks related to preservation and management of the aforementioned information shall be determined in accordance with internal regulations that will be applied to the Company or the entire Asahi Group.

(3) Regulations and other organizational structures of the Asahi Group to manage risk of loss

- 1) The Company shall position risk management as a core element of its corporate management in “The Asahi Group Risk Management Policies,” and implement it in a continuous manner.
- 2) In addition to having the appropriate sections manage risk in their respective areas, the Company shall establish a “Risk Management Committee” to identify and evaluate cross-sectional material risk for the entire Asahi Group, and design countermeasures accordingly.
- 3) With regard to the risk of failing to maintain product quality, as a food and drink manufacturing group, the Asahi Group strongly recognizes their social responsibility to consumers to ensure the safety and security of their products and shall establish sufficient control systems.
- 4) In the event of any major accident, disaster or scandal, etc., the Company shall establish an “Emergencies Response Headquarters” chaired by the President and Representative Director.

(4) System to ensure efficient execution of duties by Directors of the Company and the Group Companies

- 1) To ensure efficient performance of duties by Directors, the Board of Directors shall divide duties in a reasonable way to be delegated to respective Directors and shall appoint appropriate persons as Corporate Officers in charge of respective sections.
- 2) The Company shall establish “Regulation of Authority” and “Asahi Group’s Regulation of Authority” stipulating rules of delegation of power and for a mutual checks-and-balances mechanism among sections and among Group Companies.
- 3) The Company shall ensure the effective utilization of the “Corporate Strategy Board,” consisting of the Company’s internal Directors, Corporate Officers, and Standing Audit & Supervisory Board Members by formulating the Asahi Group’s corporate strategy and implementing progress management, etc.
- 4) To maximize operational efficiency, the Company shall utilize indices that provide an objective and rational way of measuring its management and control of operations; and it shall employ a unified system of follow-up and evaluation.
- 5) To use funds efficiently, a global cash management system among the Company and the Group Companies is introduced.

(5) System to ensure appropriate operations of the Asahi Group

- 1) All systems required for the Internal Control, including those for risk management, compliance and crisis management system, shall apply comprehensively across the entire Asahi Group. As the holding company, the Company shall manage the said systems of the Group Companies while respecting their autonomy, and supporting the development and operation of the Internal Control System, in accordance with the conditions and circumstances with which individual companies are facing.

- 2) While cooperating with the internal auditing organs established within the Asahi Group, the section in charge of internal auditing in the Company shall get a grasp of and evaluate the Internal Control System and discipline in day-to-day tasks within the Asahi Group by directly and indirectly auditing the Group Companies, and this section shall also conduct the evaluation of internal control related to financial reporting of the Group Companies and submit the relevant reports.
- 3) Decision-making authority related to business activities of the Group Companies shall be subject to the document entitled “Asahi Group’s Regulation of Authority.”
- 4) Each of the Group Companies will provide reports at the “Corporate Strategy Board” one or more times each quarter on performance of its operations including risk-related information.

(6) Securement of employees in the event that Audit & Supervisory Board Members request staff to assist in their auditing duties

The “Audit & Supervisory Board” shall appoint staff to serve the Audit & Supervisory Board, for assistance in the activities of the Audit & Supervisory Board Members.

(7) Independence of employees assigned to assist the Audit & Supervisory Board Members from the Directors and ensuring the effectiveness of instructions given to relevant staff

- 1) When a member of the staff who serves the Audit & Supervisory Board, as stipulated in the previous paragraph, receives an order from an Audit & Supervisory Board Member in relation to auditing duties, he/she shall not be subject to directives or orders from Directors or other employees regarding that order.
- 2) Any issuance of orders to, personnel transfers of, merit evaluations of, or reprimands of a member of the staff who serves the Audit & Supervisory Board shall require the prior concurrence of Audit & Supervisory Board Members.

(8) System for Directors’ and employees’ reporting to Audit & Supervisory Board Members

- 1) Directors and employees shall report regularly to Audit & Supervisory Board Members on matters related to the Internal Control System, and shall report on an as-needed basis when a significant event occurs. When necessary, the Audit & Supervisory Board Members shall be entitled to request reports from the Directors and employees (including from Directors and employees of the Group Companies).
- 2) Directors shall ensure that Audit & Supervisory Board Members have every opportunity to participate in discussions of important bodies, etc. such as the Board of Directors meetings, the “Corporate Strategy Board” meetings and the “Risk Management Committee” meetings. Directors shall provide details of the agenda items of such meetings beforehand for Audit & Supervisory Board Members.
- 3) Audit & Supervisory Board Members shall at all times have the right to review the minutes of important meetings, documents of approval, etc.

(9) System for reporting, by the Group Companies’ Directors, Corporate Auditors, employees or persons receiving reports, to the Company’s Audit & Supervisory Board Members

- 1) The Group Companies’ Directors, Corporate Auditors, employees or persons receiving reports from them shall report regularly to the Company’s Audit & Supervisory Board Members on matters related to the Internal Control System and, shall report on an as-needed basis when a significant event occurs. When necessary, the Audit & Supervisory Board Members shall be entitled to request reports from the Directors and employees of the Group Companies.
- 2) The Company’s or the Group Companies’ sections in charge of internal auditing shall report the results of the Group Companies’ internal audits to the Audit & Supervisory Board Member of the Company without delay.

- 3) The whistle blowing contacts under the Clean Line System shall be the Company's Audit & Supervisory Board Members, section in charge of general and legal affairs, or external attorneys at law designated by the Company ("external attorneys at law"), and the information reported to the Company's section in charge of general and legal affairs or the external attorneys at law shall be reported to the Company's Audit & Supervisory Board Members.
- 4) The Company prohibits any party from treating the whistle blower prescribed in the preceding item and this item in any manner disadvantageous to him/her on the ground of the whistle blow.

(10) Policy on procedures for advance or reimburse expenses incurred in association with Audit & Supervisory Board Members' execution of their duties, and treatment of other expenses or debts incurred in association with the execution of their duties

To defray expenses incurred in association with the Audit & Supervisory Board Members' execution of their duties, the Company shall secure a certain specific amount of budget and shall, in response to the request of the Audit & Supervisory Board or the Standing Audit & Supervisory Board Members concerned, advance or reimburse expenses or otherwise treat debts incurred in association with the Audit & Supervisory Board Members' execution of their duties.

(11) Other systems ensuring effective auditing by Audit & Supervisory Board Members

To ensure the effectiveness of auditing activities, Directors shall ensure opportunities for Audit & Supervisory Board Members to exchange information and opinions regularly with members of the section in charge of internal auditing of the Company and with the Independent Accounting Auditor.

Overview of operation of systems to ensure appropriate business operations

(1) Overall Internal Control System

- 1) In order to develop and operate the Internal Control Systems of the Company and the Group Companies and effectively achieve the objectives of internal control, the section of the Company in charge of internal auditing cooperates with the internal auditing organs established within the Asahi Group in conducting audits to determine whether business operations are executed properly and efficiently in accordance with annual audit plans. During fiscal 2018, the Company and a total of 40 Group Companies were audited.
- 2) With respect to internal control over financial reporting, the section in charge of internal auditing in the Company performs evaluation of the Group Companies' internal control activities pursuant to the "Basic Regulations for the Evaluation and Reporting of Internal Control for Financial Reporting."

(2) Compliance System

- 1) The Company established "The Asahi Group Code of Conduct," and tries hard to keep its employees informed about it.
- 2) The Company promotes awareness of compliance by putting managers responsible for compliance and crisis management in place in the Company and the Group Companies and conducting education and training by job class.
- 3) The Company conducts multifaceted and multilayered surveys of compliance awareness and behavior by conducting a "Compliance Questionnaire" to the employees, etc. of the Company and the Group Companies. In fiscal 2018, the questionnaire results continued to reveal that: "Compliance awareness remained at a high level."
- 4) By keeping in place the "Clean Line System," the Company detects and resolves risk problems early, and effectively prevents risk problems themselves from occurring.

(3) Risk Management System

- 1) The Company conducts cross-sectional risk management for the entire Asahi Group through the “Risk Management Committee.” During fiscal 2018, the Committee met for a total of four times to conduct cross-sectional analyses and evaluations under the themes of “quality,” “compliance,” “governance,” “personnel/labor affairs,” “IT,” “finance/accounting,” etc. on the basis of the findings of periodic risk surveys conducted by sections concerned.
- 2) The Company has a system in place to deal with any major accident, disaster, scandal, etc. by setting up an “Emergency Response Headquarters” under the management of the President and Representative Director.

(4) Business Management of Group Companies

- 1) With respect to the Group Companies’ business management, the Company has put in place a system whereby, pursuant to the “Asahi Group’s Regulation of Authority,” the Group Companies’ business executions are subject to resolutions of the Company’s Board of Directors or decisions of an individual Director or the responsible persons of the responsible sections of the Company, depending on the degree of their importance.
- 2) Once a month, the “Corporate Strategy Board” receives reports from main Group Companies on the status of their business executions.

(5) Execution of Directors’ Duties

In order to ascertain the efficiency of Directors’ duties, the Board of Directors conducts rational assignment sharing of services to be performed by Directors and Corporate Officers, and has each Director and Corporate Officer report on the status of his/her business execution once every three months.

(6) Execution of Audit & Supervisory Board Members’ Duties

- 1) Audit & Supervisory Board Members attend meetings of the Board of Directors, the “Corporate Strategy Board,” the “Risk Management Committee” and other important organs, and receive reports from Directors, employees, etc., thereby confirming the status of development and operation of the Internal Control System.
- 2) Audit & Supervisory Board Members work to enhance the effectiveness of auditing by finding opportunities regularly or as needed for exchanging information and views with the section in charge of internal auditing, the Independent Accounting Auditor, etc. During fiscal 2018, Audit & Supervisory Board Members had opportunities to exchange information and views with the section in charge of internal auditing for a total of six times, with the Independent Accounting Auditor for a total of twelve times. Audit & Supervisory Board Members also find opportunities to exchange information and views with Audit & Supervisory Board Members of the main Group Companies once every three months.
- 3) The Company ensures that Audit & Supervisory Board Members will be able to smoothly perform their duties by posting three dedicated employees to the Audit & Supervisory Board.

4. Basic Policy Concerning the Persons Who Control Decisions on the Company's Financial and Business Policy

(1) Basic policy

According to the Company's view, the persons who control decisions on its financial and business policy must properly grasp various matters concerning its business, including the initiatives to "create appealing products," to "care about quality and craftsmanship" and to "convey the sense of joy to customers," which form the source of the corporate value of the Asahi Group, and other tangible and intangible management resources thereof, potential effects of forward-looking measures and other items that constitute the corporate value, and must enable the Company to maintain and increase the Asahi Group's corporate value as well as the common interests of shareholders continuously and sustainably.

Upon facing a proposal of large-scale share purchases, the Company is not always in a position to automatically object to the purchases even if it is a so-called hostile takeover, which is pursued without approval from the Board of Directors, provided that such takeover contributes to the increase of the corporate value and the common interests of shareholders of the Company. Also, the Company recognizes that the final decision as to whether to accept a proposal for an acquisition of shares in the Company that would lead to a transfer of control of the Company should be made based on the will of the shareholders as a whole.

It shall be noted, however, that there are not a few cases of large-scale share purchases that would not contribute to the increase of the corporate value and the common interests of shareholders of a company, including ones that would, in light of their purposes, etc., cause obvious damage to the corporate value and the common interests of shareholders or could effectively coerce shareholders to sell their shares, ones that the purchaser does not provide information and/or time reasonably necessary for the target company's board of directors and shareholders to review and examine details of the proposed purchase or for the target company's board of directors to make an alternative proposal, and ones where the target company's board of directors would have to conduct negotiation with the purchaser so as to seek more favorable terms than those initially proposed by the purchaser.

The person who intends to conduct a large-scale purchase of shares in the Company must have an understanding of the source of the Asahi Group's corporate value and have the capability to maintain and enhance it in the medium- and long-term; otherwise, the Asahi Group's corporate value and the common interests of shareholders would be damaged.

The Company thus believes that it is necessary to protect the Asahi Group's corporate value, and in turn, the common interests of shareholders, from such large scale share purchases.

(2) Framework that contributes to realization of the basic policy

1) Special Measures Contributing to Realization of the Basic Policy

In 2019, the Company will establish a group philosophy, the "Asahi Group Philosophy," which articulates the Group's mission and vision for the future, reaffirms values cherished and handed down over the years, and serves as a code of conduct for our stakeholders and the Group's commitments to them. At the same time, the Company will establish a "Medium-Term Management Policy" for the realization of the "Asahi Group Philosophy" and put group-wide efforts in line with them. The details of the "Asahi Group Philosophy" and the "Medium-Term Management Policy" are as described on pages 48 and 49.

The Company believes that it will be able to assure the flexibility of its corporate strategy by setting and carrying out such management policy and will be able to increase its sustained corporate value and ultimately secure common interests of its shareholders by setting such a policy as "Engagement Agenda" (agenda for constructive dialogs) and making dialogs with the stakeholders even more firm, and is striving to further strengthen its corporate governance. Please refer to pages 52 - 57 for an overview.

2) Efforts to prevent decisions on the Company's financial and business policy from being controlled by any person who is inappropriate according to the basic policy

The Company will take appropriate measures against any person who attempts to make a large-scale purchase in accordance with the Financial Instruments and Exchange Act, the Companies Act and other related laws and regulations such as requesting provision of necessary and sufficient information for shareholders to properly determine whether to approve or disapprove the large-scale purchase, disclosing the opinions, etc. of the Board of Directors of the Company and endeavoring to secure enough time for shareholders to contemplate the large-scale purchase.

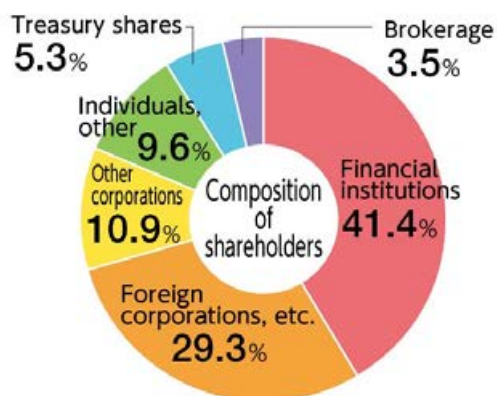
(3) Judgment of the Company's Board of Directors regarding the specific measures and reasons therefor

The measures described above in 1) of (2) conform to the basic policy of the Company as described above (1), are fully compatible with the corporate value and the common interests of shareholders of the Asahi Group including the Company, and are never implemented for the purpose of maintaining the status of Directors and Audit & Supervisory Board Members of the Company.

5. Overview of the Company

(1) Shares Outstanding (As of December 31, 2018)

- | | |
|--------------------------------------|--|
| 1) Total number of authorized shares | 972,305,309
(common stock) |
| 2) Total number of issued shares | 483,585,862
(including 25,467,481 treasury shares) |
| 3) Total number of shareholders | 110,585
(Increased by 12,486 from the end of the previous term) |



Shareholder classification	Number of shares held (in hundreds)	Number of shareholders
Financial institutions	2,002,198	172
Foreign corporations, etc.	1,416,802	886
Other corporations	529,117	1,919
Individuals, other	461,882	107,558
Treasury shares	254,674	1
Brokerage	171,172	48
Government and local public bodies	10	1

4) Major shareholders

Name of shareholder	Number of shares held (in hundreds)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	453,422	9.9
Japan Trustee Services Bank, Ltd. (Trust Account)	241,997	5.3
The Dai-ichi Life Insurance Company, Limited	160,000	3.5
Fukoku Mutual Life Insurance Company	127,500	2.8
Asahi Kasei Corporation	117,853	2.6
Sumitomo Mitsui Banking Corporation	90,280	2.0
Japan Trustee Services Bank, Ltd. (Trust Account 5)	82,485	1.8
Sumitomo Mitsui Trust Bank, Limited	71,260	1.6
STATE STREET BANK WEST CLIENT – TREATY 505234	68,452	1.5
JP MORGAN CHASE BANK 380055	65,409	1.4
Total	1,478,659	32.3

Notes:

- The Company holds treasury shares numbering 254,674 hundred shares. However, the Company is excluded from the above list of major shareholders. The shares of the Company held by Japan Trustee Services Bank, Ltd. as trust property for performance-linked stock compensation (387 hundred shares) are excluded from the treasury shares (254,674 hundred shares).
- Shareholding percentages are calculated based on the total number of issued shares less the number of treasury shares.

(2) Directors and Audit & Supervisory Board Members of the Company

1) Directors and Audit & Supervisory Board Members

(As of December 31, 2018)

Name	Position	Areas of responsibility and significant concurrent positions
Naoki Izumiya	Chairman and Representative Director	Overall Management External Board Director of Recruit Holdings Co., Ltd. Outside Director of Obayashi Corporation
Akiyoshi Koji	President and Representative Director CEO	Overall Management
Katsutoshi Takahashi	Senior Managing Director Senior Managing Corporate Officer	Supply Chain
Yoshihide Okuda	Senior Managing Director Senior Managing Corporate Officer	Administrative/Governance Alcoholic Beverages Business
Atsushi Katsuki	Managing Director Managing Corporate Officer	Overseas Business Strategy and Alliance Soft Drinks Business Overseas Non-Alcoholic Beverages Business
Noboru Kagami	Director Corporate Officer	Research & Development, ESG/CSV Foods Business
Kenji Hamada	Director Corporate Officer (CFO)	Corporate Strategy, CFO
Naoki Tanaka	Outside Director	President of Center for International Public Policy Studies
Tatsuro Kosaka	Outside Director	Representative Director, President of Chugai Pharmaceutical Co., Ltd.
Yasushi Shingai	Outside Director	Outside Director of Mitsubishi UFJ Financial Group, Inc.
Akira Muto	Standing Audit & Supervisory Board Member	
Tetsuo Tsunoda	Standing Audit & Supervisory Board Member	
Katsutoshi Saito	Outside Audit & Supervisory Board Member	Advisor of The Dai-ichi Life Insurance Company, Limited Outside Director of Imperial Hotel, Ltd. Outside Corporate Auditor of Tokyu Corporation
Yumiko Waseda	Outside Audit & Supervisory Board Member	Partner and Attorney at Law of Tokyo Roppongi Law & Patent Offices
Yutaka Kawakami	Outside Audit & Supervisory Board Member	Supervisory Director of Nippon Building Fund Inc.

Notes:

1. Directors Naoki Tanaka, Tatsuro Kosaka, and Yasushi Shingai are Outside Directors as defined in Item 15, Article 2 of the Companies Act.
2. Audit & Supervisory Board Members Katsutoshi Saito, Yumiko Waseda and Yutaka Kawakami are Outside Audit & Supervisory Board Members as defined in Item 16, Article 2 of the Companies Act.
3. The Company designated Outside Directors Naoki Tanaka, Tatsuro Kosaka, and Yasushi Shingai and Outside Audit & Supervisory Board Members Katsutoshi Saito, Yumiko Waseda and Yutaka Kawakami as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and reported to the said exchange.
4. Although the Company has business transactions with The Dai-ichi Life Insurance Company, Limited, Imperial Hotel, Ltd. and Tokyu Corporation, as the transaction value for each is minimal, less than 1% of consolidated revenue (or consolidated net sales) for the Company and the respective companies, there is no special business

relationship that could have impact on the Company's management.

5. There is no special relationship or significant transactions between the Company and entities where its Outside Directors or Outside Audit & Supervisory Board Members hold significant concurrent positions.
6. Audit & Supervisory Board Member Akira Muto was formerly General Manager of Finance Department of the Group and has considerable expertise in finance and accounting.
7. Audit & Supervisory Board Member Yutaka Kawakami has long experience as a certified public accountant; he has considerable expertise in finance and accounting.
8. Director Mariko Bando retired upon the expiry of her term of office at the conclusion of the 94th Annual General Meeting of Shareholders held on March 27, 2018. Also, Yasushi Shingai was newly elected as a Director, and assumed his office at the same meeting.
9. In addition to the above, the retirement from significant concurrent positions by Directors or Audit & Supervisory Board Members during this year are detailed below.

Name	Position	Significant concurrent positions upon retirement	Date of retirement
Yasushi Shingai	Outside Director	Member of the Board of Japan Tobacco Inc.	March 27, 2018
		External Board Director of Recruit Holdings Co., Ltd.	June 19, 2018
Yumiko Waseda	Outside Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member of Kao Corporation	March 23, 2018

2) Policies concerning the setting of remunerations paid to Directors and Audit & Supervisory Board Members

It is the basic policy for Directors' and Audit & Supervisory Board Members' remunerations of the Company to ensure that its remunerations are conducive to acquiring superior human resources, suitable for the magnitude of their roles and the scope of their responsibilities for each executive position, motivational for the Company's corporate value enhancement and sustainable growth; and that transparency and objectivity will be assured with respect to the remuneration-setting procedures.

Based on the foregoing policy, Directors' remunerations are set in line with a resolution at a meeting of the Board of Directors, and Audit & Supervisory Board Members' remunerations are set by discussion by the Audit & Supervisory Board Members within the total amount of remunerations resolved in advance at a General Meeting of Shareholders. When remuneration-related resolutions are being made by the Board of Directors, the Compensation Committee, having Outside Directors/Audit & Supervisory Board Members making up a majority of its membership and Outside Director being appointed as its chairperson, acts as an advisory body to the Board of Directors, evaluating the content of said resolutions in the interests of greater transparency and objectivity.

A Directors' remunerations

Remunerations for a Director consist of basic remuneration (monthly and fixed), bonuses (annual and short-term and medium-term performance-linked) and performance-linked stock compensation (long-term performance-linked), forming a scheme giving consideration to motivation for sustained enhancement of corporate performance and value. The level of each item is set according to his/her job responsibilities and status distinction between internal and outside and by drawing on outside expert organs' survey data.

Basic remuneration is determined on the basis of one's position and magnitude of one's role. Short-term performance-linked bonuses are determined using core operating profit and profit attributable to owners of parent as performance benchmarks in proportion to the level of achievement of targets, which are set at the beginning of each fiscal year, and other factors. Mid-term performance-linked bonuses are determined using financial and social value indicators set in line with the goals of the "Medium-Term Management Policy" as performance benchmarks in proportion to the level of achievement of targets, which are set at the beginning of each fiscal year. For performance-linked stock compensation, points are granted according to the level of achievement of targets in terms of "basic earnings per share," one of the performance benchmarks set in the "Medium-Term Management Policy," and the Company shares in the number equivalent to the cumulative number of these points will be delivered at the time of their retirement for the purpose of offering appropriate incentives.

The bonuses and performance-linked stock compensation shall only be paid to internal Directors.

B Audit & Supervisory Board Members' remunerations

Remunerations for an Audit & Supervisory Board Member consist only of basic remuneration (monthly and fixed), and the level of such basic remunerations is set subject to a mutual consultation of Audit & Supervisory Board Members according to his/her job responsibilities and status distinction between internal and outside and by drawing on outside expert organs' survey data.

3) Remunerations paid to Directors and Audit & Supervisory Board Members

Category	Fixed remuneration		Variable remuneration				Total amount (million yen)
	Basic remuneration		Bonus		Stock compensation		
	Number of persons	Total amount (million yen)	Number of persons	Total amount (million yen)	Number of persons	Total amount (million yen)	
Directors [of which, Outside Directors]	11 [4]	393 [47]	7 [-]	328 [-]	7 [-]	62 [-]	784 [47]
Audit & Supervisory Board Members [of which, Outside Audit & Supervisory Board Members]	5 [3]	109 [38]	- [-]	- [-]	- [-]	- [-]	109 [38]

Notes:

- The figures above include Director Mariko Bando who retired upon the expiry of her term of office at the conclusion of the 94th Annual General Meeting of Shareholders held on March 27, 2018.
- A resolution authorizing payments associated with the termination of the retirement bonus system to be paid at the time of retirement was passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007. As of the end of this fiscal year, the anticipated total amount of future payments was as follows:
¥19 million to one Director
- The maximum amount of Directors' remunerations (basic remuneration and bonus) is ¥760 million (including ¥50 million for Outside Directors) per year. (The resolution passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007) Other than those listed above, the Company has passed the resolution, at the 92nd Annual General Meeting of Shareholders held on March 24, 2016, to pay performance-linked stock compensation to Directors (excluding Outside Directors) who were elected during the period of the Trust and took office and for whom the Company contributed up to ¥220 million during the period of the Trust (3 years). The Company may grant up to a total of 21,000 shares of the Company per fiscal year to all eligible Directors.
- The amount of remuneration stated as stock compensation is the amount that was recorded as cost in accordance with the stock compensation plan that was resolved at the 92nd Annual General Meeting of Shareholders held on March 24, 2016.
- The maximum amount of Audit & Supervisory Board Members' remunerations is ¥120 million (including ¥40 million for Outside Audit & Supervisory Board Members) per year. (The resolution passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007)

4) Major activities of Outside Directors and Outside Audit & Supervisory Board Members

Category	Name	Attended Board of Directors meetings	Attended Audit & Supervisory Board meetings	Form of participation
Outside Directors	Naoki Tanaka	12/13	–	Naoki Tanaka participated in discussions primarily from the perspective of his wealth of experience as an expert in economic policy.
	Tatsuro Kosaka	13/13	–	Tatsuro Kosaka participated in discussions primarily from the perspective of his wealth of experience as a manager.
	Yasushi Shingai	10/10	–	Yasushi Shingai participated in discussions primarily from the perspective of his wealth of experience as a manager.
Outside Audit & Supervisory Board Members	Katsutoshi Saito	12/13	12/12	Katsutoshi Saito participated in discussions primarily from the perspective of his wealth of experience as a manager.
	Yumiko Waseda	13/13	12/12	Yumiko Waseda participated in discussions primarily from her expert perspective as an attorney at law.
	Yutaka Kawakami	13/13	12/12	Yutaka Kawakami participated in discussions primarily from his expert perspective as a certified public accountant.

Note: As Director Yasushi Shingai was newly elected at the 94th Annual General Meeting of Shareholders held on March 27, 2018, the above number of Board of Directors meetings held that he could attend is different from other Directors/Audit & Supervisory Board Members.

5) Summary of agreements limiting liability

The Company has entered into an agreement with its Outside Directors and Outside Audit & Supervisory Board Members limiting his/her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act, to either ¥20,000,000 or the minimum amount stipulated by applicable laws and regulations, whichever is higher.

(3) Independent Accounting Auditor

1) Name of the Independent Accounting Auditor

KPMG AZSA LLC

2) Remunerations paid to the Independent Accounting Auditor for this fiscal year

Category	Amount payable
Remunerations paid for this fiscal year	¥222 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Accounting Auditor	¥358 million

Notes:

1. In its agreement with the Independent Accounting Auditor, the Company makes no distinction between the remunerations that it pays for auditing services governed by the Companies Act and for auditing services governed by the Financial Instruments and Exchange Act. Consequently, the amount ¥222 million shown above is a sum of these two amounts.
2. Having performed the necessary verifications on the contents of the Independent Accounting Auditor's audit plan, evaluation and analysis of the audits actually conducted during the previous fiscal year, status of execution of accounting audit duties, and reasonableness of the basis for calculation of remuneration, the Audit & Supervisory Board has consented to the amount of remunerations for the Independent Accounting Auditor.

3) Nature of non-audit professional services provided by the Independent Accounting Auditor

Not applicable.

4) Company Policy regarding dismissal of or decision not to reappoint the Independent Accounting Auditor

If the Independent Accounting Auditor is found to correspond to any of the items prescribed in Paragraph 1, Article 340 of the Companies Act, the Audit & Supervisory Board shall be entitled to dismiss the Independent Accounting Auditor subject to the consent of all Audit & Supervisory Board Members, in which case the Audit & Supervisory Board Member appointed by the Audit & Supervisory Board reports on the fact that said Independent Accounting Auditor has been dismissed and the reason for dismissal, at the first General Meeting of Shareholders held after such dismissal. When it is reasonably recognized that the Independent Accounting Auditor is no longer able to execute its duties in an appropriate manner, the Audit & Supervisory Board shall determine the contents of a proposal for dismissing or not re-appointing said Independent Accounting Auditor to be submitted to the General Meeting of Shareholders. On the basis of this determination by the Audit & Supervisory Board, the Board of Directors shall offer to the General Meeting of Shareholders a resolution to dismiss or not to reappoint the Independent Accounting Auditor.

Note: The stated amounts in the Business Report are the figures after truncating fractions less than the representative unit, and the stated percentages are the figures after rounding off fractions to the representative unit.

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(million yen)

	As of December 31, 2018	As of December 31, 2017 [Reference]
ASSETS		
Current assets:		
Cash and cash equivalents	57,317	58,054
Trade and other receivables	427,279	433,436
Inventories	160,319	155,938
Income tax receivables	37,308	12,354
Other financial assets	7,025	6,896
Other current assets	25,324	27,104
Subtotal	714,576	693,785
Assets held for sale	–	118,641
Total current assets	714,576	812,426
Non-current assets:		
Property, plant and equipment	689,985	717,914
Goodwill and intangible assets	1,428,543	1,538,679
Investments accounted for using equity method	8,668	4,846
Other financial assets	184,533	219,142
Deferred tax assets	16,300	11,388
Net defined benefit assets	19,282	26,055
Other non-current assets	17,424	16,368
Total non-current assets	2,364,738	2,534,396
Total assets	3,079,315	3,346,822

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(million yen)

	As of December 31, 2018	As of December 31, 2017 [Reference]
LIABILITIES and EQUITY		
LIABILITIES		
Current liabilities:		
Trade and other payables	416,842	433,582
Bonds and borrowings	262,620	359,722
Income tax payables	39,624	51,856
Provisions	17,655	15,451
Other financial liabilities	62,027	29,224
Other current liabilities	140,821	144,355
Subtotal	939,591	1,034,191
Liabilities directly related to assets held for sale	–	17,965
Total current liabilities	939,591	1,052,157
Non-current liabilities:		
Bonds and borrowings	764,768	902,203
Net defined benefit liabilities	25,517	25,488
Deferred tax liabilities	137,277	156,780
Other financial liabilities	59,776	52,997
Other non-current liabilities	2,736	4,446
Total non-current liabilities	990,076	1,141,917
Total liabilities	1,929,668	2,194,074
EQUITY		
Issued capital	182,531	182,531
Share premium	119,128	119,051
Retained earnings	821,120	713,146
Treasury shares	(76,997)	(76,747)
Other components of equity	100,637	210,592
Other components of equity related to disposal groups held for sale	–	(3,440)
Total equity attributable to owners of parent	1,146,420	1,145,135
Non-controlling interests	3,227	7,612
Total equity	1,149,647	1,152,748
Total liabilities and equity	3,079,315	3,346,822

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(million yen)

	For the year ended December 31, 2018	For the year ended December 31, 2017 [Reference]
Revenue	2,120,291	2,084,877
Cost of sales	(1,303,246)	(1,295,399)
Gross profit	817,044	789,477
Selling, general and administrative expenses	(595,661)	(593,108)
Other operating income	4,369	12,530
Other operating expense	(13,980)	(25,706)
Operating profit	211,772	183,192
Finance income	8,282	5,206
Finance costs	(12,731)	(10,368)
Share of profit (loss) of entities accounted for using equity method	887	1,055
Gain (loss) on sales of investments accounted for using equity method	(901)	17,898
Profit before tax	207,308	196,984
Income tax expense	(56,370)	(58,135)
Profit	150,938	138,848
Profit attributable to:		
Owners of parent	151,077	141,003
Non-controlling interests	(139)	(2,155)
Total	150,938	138,848

[Reference] CONSOLIDATED STATEMENT OF CASH FLOWS (Summary)

(million yen)

	For the year ended December 31, 2018	For the year ended December 31, 2017
Cash flows from (used in) operating activities:		
Profit before tax	207,308	196,984
Depreciation and amortization expenses	109,206	101,813
Loss (gain) on sales of investments accounted for using equity method	901	(17,898)
Decrease (increase) in trade receivables	(2,759)	(11,536)
Decrease (increase) in inventories	(8,966)	(4,752)
Increase (decrease) in trade payables	(3,397)	7,490
Increase (decrease) in accrued alcohol tax	(3,799)	(3,834)
Increase (decrease) in net defined benefit assets and liabilities	655	1,358
Other	59,513	40,055
Subtotal	358,664	309,680
Interest and dividends received	3,662	5,839
Interest paid	(6,831)	(5,601)
Income taxes paid	(103,053)	(78,205)
Net cash flows from (used in) operating activities	252,441	231,712
Cash flows from (used in) investing activities:		
Purchase of fixed assets	(87,888)	(87,883)
Purchase of investment securities	(986)	(1,430)
Proceeds from sales of investment securities	10,591	11,939
Proceeds from sales of investment in an entity accounted for using equity method	101,646	68,972
Purchase of shares of subsidiaries and others resulting in change in scope of consolidation	-	(891,555)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	989	15,318
Other	(1,846)	(1,184)
Net cash flows from (used in) investing activities	22,505	(885,823)
Cash flows from (used in) financing activities:		
Increase (decrease) in financial liabilities	(228,623)	690,607
Purchase of treasury shares	(250)	(38)
Dividends paid	(41,229)	(26,571)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(39)
Other	(460)	(2,075)
Net cash flows from (used in) financing activities	(270,564)	661,882
Effect of exchange rate changes on cash and cash equivalents	(4,416)	2,111
Net increase (decrease) in cash and cash equivalents	(33)	9,883
Cash and cash equivalents at beginning of period	58,054	48,459
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(703)	-
Cash and cash equivalents transferred to assets held for sale	-	(288)
Cash and cash equivalents at end of period	57,317	58,054

NON-CONSOLIDATED FINANCIAL STATEMENTS (Japanese GAAP)

NON-CONSOLIDATED BALANCE SHEET

(million yen)

	As of December 31, 2018	As of December 31, 2017 [Reference]
ASSETS		
Current assets:		
Cash and deposits	26,938	21,212
Short-term loans receivable	213,309	210,421
Prepaid expenses	1,067	1,362
Deferred tax assets	809	808
Income tax receivables	35,362	9,697
Other	14,200	12,211
Allowance for doubtful accounts	(1,795)	(1,740)
Total current assets	289,893	253,973
Non-current assets:		
Property, plant and equipment:		
Buildings	15,306	15,466
Structures	421	423
Machinery and equipment	283	323
Vehicles	0	0
Tools, furniture and fixtures	1,025	1,026
Land	15,037	15,037
Leased assets	588	540
Construction in progress	33	89
Total property, plant and equipment	32,696	32,907
Intangible assets:		
Right of using facilities	39	39
Trademarks	9,927	10,893
Software	9,153	10,321
Leased assets	164	167
Other	6	6
Total intangible assets	19,291	21,428
Investments and other assets:		
Investment securities	13,923	22,048
Shares of subsidiaries and associates	1,522,395	1,595,648
Investments in capital of subsidiaries and associates	4,519	4,519
Long-term loans receivable from subsidiaries and associates	550	1,114
Deferred tax assets	9,212	19,695
Other	2,258	2,137
Allowance for doubtful accounts	(182)	(181)
Total investments and other assets	1,552,677	1,644,982
Total non-current assets	1,604,664	1,699,318
Total assets	1,894,557	1,953,291

NON-CONSOLIDATED BALANCE SHEET

(million yen)

	As of December 31, 2018	As of December 31, 2017 [Reference]
LIABILITIES		
Current liabilities:		
Short term loans payable	233,923	228,075
Commercial papers	60,000	143,000
Current portion of bonds	35,000	20,000
Lease obligations	272	284
Accounts payable - other	765	767
Accrued expenses	3,858	5,500
Deposits received	36,304	90,835
Provision for bonuses	237	197
Provision for directors' bonuses	310	293
Other	583	303
Total current liabilities	371,256	489,257
Non-current liabilities:		
Bonds payable	481,604	516,604
Long term loans payable	286,800	380,282
Lease obligations	542	479
Other	1,174	1,206
Total non-current liabilities	770,121	898,572
Total liabilities	1,141,377	1,387,830
NET ASSETS		
Shareholders' equity:		
Issued capital	182,531	182,531
Capital surplus	151,683	151,683
Legal capital surplus	50,292	130,292
Other capital surplus	101,390	21,390
Retained earnings	490,449	301,450
Other retained earnings	490,449	301,450
General reserve	195,000	195,000
Retained earnings brought forward	295,449	106,450
Treasury shares	(76,997)	(76,747)
Total shareholders' equity	747,666	558,917
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	4,502	7,175
Deferred gains or losses on hedges	1,011	(631)
Total valuation and translation adjustments	5,513	6,543
Total net assets	753,180	565,460
Total liabilities and net assets	1,894,557	1,953,291

NON-CONSOLIDATED STATEMENT OF INCOME

(million yen)

	For the year ended December 31, 2018	For the year ended December 31, 2017 [Reference]
Operating revenue	244,201	136,389
Operating income of the Group	33,073	33,318
Rent income of real estate	1,520	1,529
Dividends from subsidiaries and associates	209,606	101,541
Operating expenses	30,304	31,682
Operating profit	213,897	104,706
Non-operating income	1,173	1,417
Interest and dividend income	926	1,177
Foreign exchange gains	62	–
Reversal of allowance for doubtful accounts	–	130
Other	185	109
Non-operating expenses	4,033	5,693
Interest expenses	3,747	3,528
Provision of allowance for doubtful accounts	55	–
Bond issuance cost	–	1,902
Other	229	262
Ordinary profit	211,037	100,430
Extraordinary income	32,051	13,477
Gain on sales of fixed assets	39	0
Gain on sales of investment securities	1,699	5,003
Gain on sales of shares of subsidiaries and associates	30,311	8,473
Extraordinary losses	1,151	47,761
Loss on sales and disposals of fixed assets	329	1,228
Loss on sales of investment securities	185	136
Loss on sales of shares of subsidiaries and associates	–	94
Loss on valuation of shares of subsidiaries and associates	–	46,105
Other	636	195
Profit before income taxes	241,937	66,146
Income taxes - current	869	9,465
Income taxes - deferred	10,837	(9,295)
Profit	230,230	65,975

AUDIT REPORTS

Independent accounting auditor's report on consolidated financial statements

Independent Auditor's Report

February 8, 2019

The Board of Directors
Asahi Group Holdings, Ltd.

KPMG AZSA LLC

Hiroyuki Takanami (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroto Yamane (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kei Sakayori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the related notes of Asahi Group Holdings, Ltd. as at December 31, 2018, and for the year from January 1, 2018 to December 31, 2018 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Rules of Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness

of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Asahi Group Holdings, Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with the latter part of Article 120-1 of the Rules of Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent accounting auditor's report on non-consolidated financial statements

Independent Auditor's Report

February 8, 2019

The Board of Directors
Asahi Group Holdings, Ltd.

KPMG AZSA LLC

Hiroyuki Takanami (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroto Yamane (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kei Sakayori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of Asahi Group Holdings, Ltd. as at December 31, 2018 and for the year from January 1, 2018 to December 31, 2018 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the non-consolidated Financial Statements and Others

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and

the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the non-consolidated financial position and the results of operations of Asahi Group Holdings, Ltd. for the period, for which the non-consolidated financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

REPORT OF THE AUDIT & SUPERVISORY BOARD

Audit Report

The Audit & Supervisory Board has prepared the following report based on the audit reports prepared by individual Audit & Supervisory Board Members related to the Directors' execution of their duties during the 95th fiscal year, the period from January 1, 2018 to December 31, 2018, after due discussions and consultations among the Audit & Supervisory Board Members.

1. Methods used in audits by the individual Audit & Supervisory Board Members and by the Audit & Supervisory Board and content of audits

- (1) The Audit & Supervisory Board determined the audit policies and division of duties, and received reports from each Audit & Supervisory Board Member regarding the status and results of the audits, as well as reports from the Directors and Independent Accounting Auditor on the execution of their duties, and requested explanations of those reports when necessary.
- (2) Each Audit & Supervisory Board Member, in accordance with the audit policies, division of duties, etc. based on the audit standards established by the Audit & Supervisory Board, sought to achieve mutual understanding with the Directors, the section in charge of internal audit and other employees, strove to collect information and create an audit environment, attended meetings of the Board of Directors and other important meetings, received reports from Directors, other employees, etc. regarding the execution of their duties and requested explanations when necessary, reviewed documents related to important decisions, and inspected the operations and property of the head office and other locations. With respect to “systems to ensure appropriate execution of Directors’ duties in conformity with laws and regulations and the Articles of Incorporation and other systems to ensure appropriate business operations, which is included in the Business Report (internal control systems)” (Item 6, Paragraph 4, Article 362 of the Companies Act and Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act), the Audit & Supervisory Board received reports regularly from Directors and other employees regarding the status of the establishment and implementation of the systems, sought additional explanations as necessary, and expressed opinions thereon. The Audit & Supervisory Board Members discussed the contents of the “basic policy concerning the persons who control decisions on the Company’s financial and business policies” (Item 3, Article 118 of the Ordinance for Enforcement of the Companies Act) included in the Business Report, based on discussions of the Board of Directors and other parties. With respect to subsidiaries, the Audit & Supervisory Board Members took steps to facilitate communications and exchange information with the Directors and Corporate Auditors of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses. Using the foregoing methods, the Audit & Supervisory Board Members reviewed the Business Report and the supplementary schedules for this fiscal year.
- (3) The Audit & Supervisory Board oversaw and verified that the Independent Accounting Auditor maintained its independence and carried out appropriate audits, moreover, and received reports from the Independent Accounting Auditor regarding the execution of its duties and requested explanations when necessary. The Audit & Supervisory Board also received notifications from the Independent Accounting Auditor to the effect that “a system for the maintenance of appropriate execution of duties” (included in Article 131 of the Rules of Corporate Accounting) in accordance with the “standards for quality control of audits” (Business Accounting Council; October 28, 2005), etc., and requested explanations when necessary. Based on the above activities, the Audit & Supervisory Board examined the non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements), the supplementary schedules, and the consolidated financial statements (Consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to the consolidated financial statements) for this fiscal year.

2. Results of the Audit

(1) Results of audit of the Business Report, etc.

- In our opinion, the Business Report and the supplementary schedules present the situation of the Company fairly, in compliance with the provisions of applicable laws and regulations and the Articles of Incorporation.
- In our opinion, there are no wrongful acts or material violations of applicable laws and regulations or the Articles of Incorporation in the execution of their duties by the Directors.
- In our opinion, the content of the resolution by the Board of Directors regarding internal control systems is appropriate, and, furthermore, content of the Business Report regarding the internal control systems and the execution by the Directors have been appropriate.
- In our opinion, the Company's basic policy concerning the persons who control decisions on the Company's financial and business policies in the Business Report is appropriate. We acknowledge that the measures implemented to achieve this basic policy are consistent with the basic policy, will not harm the common interest of the Company's shareholders, and will not serve the purpose of maintaining the positions of the Company's Directors and Audit & Supervisory Board Members.

(2) Results of the audit of non-consolidated financial statements and the supplementary schedules

In our opinion, the auditing methods used by KPMG AZSA LLC, the Independent Accounting Auditor, and the results of its audit are appropriate.

(3) Results of the audit of consolidated financial statements

In our opinion, the auditing methods used by KPMG AZSA LLC, the Independent Accounting Auditor, and the results of its audit are appropriate.

February 12, 2019

Audit & Supervisory Board
Asahi Group Holdings, Ltd.

Akira Muto (Seal)
Standing Audit & Supervisory Board Member

Tetsuo Tsunoda (Seal)
Standing Audit & Supervisory Board Member

Katsutoshi Saito (Seal)
Outside Audit & Supervisory Board Member

Yumiko Waseda (Seal)
Outside Audit & Supervisory Board Member

Yutaka Kawakami (Seal)
Outside Audit & Supervisory Board Member

Asahi