

Asahi Group Holdings, Ltd.



FY2023 Q2 Consolidated Financial Results (IFRS)

NOTE:

All information has been prepared in accordance with International Financial Reporting Standards (IFRS). Amounts shown in this accounting report and in the attached materials have been rounded down to omit fractions less than one million yen. This document is a partial English translation of the Japanese Financial Statement which was filed at Stock Exchanges in Japan on August , 2023.

This translation was made for information only. The Company gives no warranty with respect to its correctness.

Summary Report of Financial Results (Fiscal 2023 Q2)

August 9, 2023

Asahi Group Holdings, Ltd.

Code number: 2502

Shares Listed: Prime Market of Tokyo Stock Exchange

Head Office: Tokyo

Contact: Osamu Ishizaka, Head of Corporate Communications, Executive Officer

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US GAAP: Not applicable

1. Overview of Performance (From January 1, 2023 to June 30, 2023)

(Figures are rounded down to the million)

(1) Business Performance

(Percentage figures represent the change from the previous year)

	Revenue		Core Operating Profit		Operating profit		Profit for the period	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2023 Q2 ended June 30, 2023	1,253,000	8.8	102,932	13.2	96,072	18.0	65,967	15.5
Fiscal 2022 Q2 ended June 30, 2022	1,151,340	11.4	90,963	1.9	81,406	(25.6)	57,092	(28.1)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2023 Q2 ended June 30, 2023	65,798	15.4	345,317	2.8	129.86	129.84
Fiscal 2022 Q2 ended June 30, 2022	57,007	(28.1)	335,784	55.7	112.50	112.49

(Reference)

- Profit before tax: FY2023 Q2 92,503 millions of yen (17.6%) FY2022 Q2 78,681 millions of yen (-24.3%)
- Adjusted profit attributable to owners of parent: FY2023 Q2 66,354 millions of yen (0.1%) FY2022 Q2 66,273 millions of yen (-16.4%)
- Constant Currency Basis (Figures calculated by converting foreign currency amounts for the year to yen using the exchange rate of the previous year)
FY2023 Q2 Revenue 5.8% YoY Core Operating Profit 9.0% YoY

*Core Operating Profit is the reference index for normalized business performance. Core Operating Profit = Revenue - (COGS + general administrative cost)
Core Operating Profit is not the index defined in IFRS. We think this index is useful for financial statements users so that we disclose it spontaneously.

*Adjusted profit attributable to owners of parent

= Profit attributable to owners of parent - One-off special factors including business portfolio restructuring and impairment loss

(2) Financial Condition

	Total assets	Total equity	Equity attributable to owners of parent	Equity ratio attributable to owners of parent
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
Fiscal 2023 Q2 ended June 30, 2023	5,265,467	2,378,826	2,375,417	45.1
Fiscal 2022 ended December 31, 2022	4,830,344	2,062,945	2,060,734	42.7

2. Dividends

	Cash dividend per share				
	Q1	Q2	Q3	Year-end	Total annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2022 ended December 31, 2022	—	55.00	—	58.00	113.00
Fiscal 2023 ended December 31, 2023	—	56.00			
Fiscal 2023 ending December 31, 2023(forecast)			—	59.00	115.00

Note: Changes to the latest dividend forecast announced: No

3. Forecast for Fiscal 2023 (From January 1, 2023 to December 31, 2023)

(Percentage figures represent the change from the previous year)

	Revenue		Core Operating Profit		Operating profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2023 ending December 31, 2023	2,690,000	7.1	254,000	4.2	234,500	8.0	161,000	6.1

	Profit attributable to owners of parent		Basic earnings per share (yen)
	(Millions of yen)	(%)	
Fiscal 2023 ending December 31, 2023	161,000	6.2	317.75

Note: Changes to the latest consolidated results forecast announced: Yes

(Reference)

- Profit before tax: FY2023 forecast 226,000 million yen (9.7%)
- Adjusted profit attributable to owners of parent: FY2023 forecast 161,500 million yen (-2.4%)
- Constant Currency Basis (Figures calculated by converting foreign currency amounts for the year to yen using the exchange rate of the previous year)
FY2023 (Forecast) Revenue 6.0% YoY Core Operating Profit 3.2% YoY

*Adjusted profit attributable to owners of parent

= Profit attributable to owners of parent - One-off special factors including business portfolio restructuring and impairment loss

Notes

(1) Changes in status of material subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No
New: - company (-), Excluded: - company (-)

(2) Changes in accounting policies, or changes in accounting estimates

- (1) Changes in accounting policies required by IFRS: Yes
- (2) Changes in accounting policies other than item (1) above: No
- (3) Changes in accounting estimates: No

(3) Number of shares (common stock):

(1) Issued share at period-end (including treasury shares):

Q2 ended June 30, 2023	507,003,362 shares
Year ended December 31, 2022	507,003,362 shares

(2) Treasury shares at period-end:

Q2 ended June 30, 2023	320,878 shares
Year ended December 31, 2022	322,338 shares

(3) Average number of outstanding shares during the period:

Q2 ended June 30, 2023	506,680,813 shares
Q2 ended June 30, 2022	506,720,884 shares

(Note) The treasury shares which are excluded from calculations of the number of treasury shares at the end of the fiscal period and the average number of shares during the period under review include the Company's shares held by Custody Bank of Japan, Ltd. as trust property of the performance-lined stock compensation system for the Directors.

(Q2 ended June 30, 2023: 132,505 shares, Year ended December 31, 2022: 135,468 shares, Q2 ended June 30, 2022: 135,468 shares)

*** This Consolidated Financial Results for the quarter is not subject to quarterly review procedures**

*** Forward-looking statements and other special instructions**

The forward-looking statements that reflect Asahi's forecasts for consolidated and unconsolidated results in this document are based on information available at the time of the release of these materials and reasonable assumptions made by Asahi.

Certain risks and uncertainties could cause the results of Asahi to differ materially from any projections presented herein.

4. Consolidated Financial Statements (Unaudited)

(1) Consolidated Statement of Financial Position (As of December 31, 2022 and June 30, 2023)

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
(Assets)		
Current assets		
Cash and cash equivalents	37,438	58,754
Trade and other receivables	415,676	425,703
Inventories	234,969	285,028
Income tax receivables	7,354	11,552
Other financial assets	10,028	10,647
Other current assets	32,062	40,942
Total current assets	737,529	832,629
Non-current assets		
Property, plant and equipment	834,721	873,024
Goodwill and intangible assets	3,027,929	3,302,727
Investments accounted for using equity method	6,722	10,387
Other financial assets	125,780	141,285
Deferred tax assets	54,888	63,011
Net defined benefit assets	24,004	23,237
Other non-current assets	18,767	19,162
Total non-current assets	4,092,815	4,432,837
Total assets	4,830,344	5,265,467
(Liabilities and Equity)		
(Liabilities)		
Current liabilities		
Trade and other payables	591,869	620,169
Bonds and borrowings	367,267	498,002
Income tax payables	30,906	28,504
Provisions	14,103	20,759
Other financial liabilities	135,983	105,541
Other current liabilities	125,816	137,169
Total current liabilities	1,265,946	1,410,146
Non-current liabilities		
Bonds and borrowings	1,130,042	1,073,115
Net defined benefit liabilities	20,349	19,248
Deferred tax liabilities	213,494	234,425
Other financial liabilities	131,792	143,087
Other non-current liabilities	5,774	6,617
Total non-current liabilities	1,501,452	1,476,494
Total liabilities	2,767,399	2,886,640
(Equity)		
Issued capital	220,044	220,044
Share premium	161,793	161,824
Retained earnings	1,165,542	1,202,127
Treasury shares	(1,178)	(1,173)
Other components of equity	514,532	792,593
Total equity attributable to owners of parent	2,060,734	2,375,417
Non-controlling interests	2,210	3,409
Total equity	2,062,945	2,378,826
Total liabilities and equity	4,830,344	5,265,467

(2) Consolidated Statement of Profit or Loss and Comprehensive Income

(From January 1 to June 30, 2022 and 2023)

<Consolidated Income Statements>

(Millions of yen)

	Previous year (From January 1 to June 30)	Current year (From January 1 to June 30)
Revenue	1,151,340	1,253,000
Cost of sales	(729,669)	(805,141)
Gross Profit	421,670	447,858
Selling, general and administrative expenses	(330,707)	(344,925)
Other operating income	11,235	2,583
Other operating expense	(20,792)	(9,443)
Operating Profit	81,406	96,072
Finance income	3,456	7,262
Finance costs	(6,403)	(11,099)
Share of profit (loss) of investments accounted for using equity method	220	267
Profit before tax	78,681	92,503
Income tax expense	(21,588)	(26,535)
Profit for the period	57,092	65,967
Attributable to:		
Owners of parent	57,007	65,798
Non-controlling interests	85	169
Total	57,092	65,967
Basic earnings per share (JPY)	112.50	129.86
Diluted earnings per share (JPY)	112.49	129.84

<Consolidated Statement of Comprehensive Income>

(Millions of yen)

	Previous year (From January 1 to June 30)	Current year (From January 1 to June 30)
Profit for the period	57,092	65,967
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of financial instruments measured at fair value through other comprehensive income	4,787	7,449
Items that might be reclassified to profit or loss		
Cash flow hedges	656	(4,221)
Costs of hedging	(362)	52
Translation difference on foreign operations	273,279	275,927
Share of other comprehensive income of entities accounted for using equity method	330	141
Total other comprehensive income	278,691	279,349
Total comprehensive income	335,784	345,317
Total comprehensive income attributable to:		
Owners of parent	335,631	344,903
Non-controlling interests	152	414

(3) Condensed Consolidated Statement of Changes in Equity

Current year (from January 1 to June 30, 2022)

(Millions of yen)

	Equity attributable to owners of parent					
	Issued capital	Share premium	Retained earnings	Treasury shares	Other components of equity	
					Changes in fair value of financial instruments measured at fair value through OCI	Cash flow hedges
Balance as of January 1, 2022	220,044	161,731	1,064,644	(923)	37,975	7,486
Comprehensive income						
Profit			57,007			
Other comprehensive income					4,787	667
Total comprehensive income	—	—	57,007	—	4,787	667
Transfer to non-financial assets						(963)
Transactions with owners						
Dividends			(27,870)			
Purchase of treasury shares				(252)		
Disposal of treasury shares		0		8		
Changes through business combinations						
Share-based payment transaction		34				
Transfer from other components of equity to retained earnings			598		(598)	
Other increase (decrease)						
Total contributions by owners and distribution to owners	—	34	(27,272)	(244)	(598)	—
Total transactions with owners	—	34	(27,272)	(244)	(598)	—
Balance as of June 30, 2022	220,044	161,765	1,094,378	(1,167)	42,165	7,189

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of parent		
	Costs of hedging	Translation difference on foreign operations	Total other components of equity			
Balance as of January 1, 2022	(601)	266,746	311,607	1,757,104	2,043	1,759,148
Comprehensive income						
Profit			—	57,007	85	57,092
Other comprehensive income	(362)	273,532	278,624	278,624	67	278,691
Total comprehensive income	(362)	273,532	278,624	335,631	152	335,784
Transfer to non-financial assets			(963)	(963)		(963)
Transactions with owners						
Dividends			—	(27,870)	(15)	(27,885)
Purchase of treasury shares			—	(252)		(252)
Disposal of treasury shares			—	8		8
Changes through business combinations			—	—		—
Share-based payment transaction			—	34		34
Transfer from other components of equity to retained earnings			(598)	—		—
Other increase (decrease)			—	—	4	4
Total contributions by owners and distribution to owners	—	—	(598)	(28,079)	(10)	(28,090)
Total transactions with owners	—	—	(598)	(28,079)	(10)	(28,090)
Balance as of June 30, 2022	(963)	540,278	588,670	2,063,692	2,186	2,065,878

Current year (from January 1 to June 30, 2023)

(Millions of yen)

	Equity attributable to owners of parent					
	Issued capital	Share premium	Retained earnings	Treasury shares	Other components of equity	
					Changes in fair value of financial instruments measured at fair value through OCI	Cash flow hedges
Balance as of January 1, 2023	220,044	161,793	1,165,542	(1,178)	35,667	2,577
Comprehensive income						
Profit			65,798			
Other comprehensive income					7,449	(4,204)
Total comprehensive income	—	—	65,798	—	7,449	(4,204)
Transfer to non-financial assets						(868)
Transactions with owners						
Dividends			(29,388)			
Purchase of treasury shares				(8)		
Disposal of treasury shares		0		13		
Changes through business combinations						
Share-based payment transaction		31				
Transfer from other components of equity to retained earnings			174		(174)	
Other increase (decrease)						
Total contributions by owners and distribution to owners	—	31	(29,213)	5	(174)	—
Total transactions with owners	—	31	(29,213)	5	(174)	—
Balance as of June 30, 2023	220,044	161,824	1,202,127	(1,173)	42,941	(2,495)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of parent		
	Costs of hedging	Translation difference on foreign operations	Total other components of equity			
Balance as of January 1, 2023	(478)	476,765	514,532	2,060,734	2,210	2,062,945
Comprehensive income						
Profit			—	65,798	169	65,967
Other comprehensive income	52	275,808	279,104	279,104	244	279,349
Total comprehensive income	52	275,808	279,104	344,903	414	345,317
Transfer to non-financial assets			(868)	(868)		(868)
Transactions with owners						
Dividends			—	(29,388)	(16)	(29,404)
Purchase of treasury shares			—	(8)		(8)
Disposal of treasury shares			—	13		13
Changes through business combinations			—	—	800	800
Share-based payment transaction			—	31		31
Transfer from other components of equity to retained earnings			(174)	—		—
Other increase (decrease)			—	—	0	0
Total contributions by owners and distribution to owners	—	—	(174)	(29,351)	784	(28,566)
Total transactions with owners	—	—	(174)	(29,351)	784	(28,566)
Balance as of June 30, 2023	(426)	752,573	792,593	2,375,417	3,409	2,378,826

(4) Notes to the Condensed Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

None