

Asahi Group Holdings, Ltd.
Q3 2023 Financial Results Briefing: Summary of Conference Call (2)

Date: Friday, November 10, 2023, 18:00-19:00

Presenter: Kaoru Sakita, Director EVP and CFO

◆ Results Highlights (Revenue/Core Operating Profit) (P3)

- Total revenue in the nine months through September 2023 rose 6.1% year on year to JPY 2.0230 trillion, with revenue increasing across all businesses as successful price revisions and our continued premiumization strategy led to an improvement in unit sales prices.
- Core operating profit expanded by 8.6% year on year to JPY 199.6 billion. While profit from Europe declined slightly, higher profits from our Japan and Other operations helped boost overall core operating profit.
- While we do not disclose specific quarterly earnings forecasts, core operating profit is tracking above our internal plan. While profit fell slightly short of plan in Europe, profit from Japan and the Other category, which includes South Korea with its typically strong “Asahi Super Dry” sales, both exceeded plan.
- If we include the currency translation impact, revenue expanded by 9.4% year on year and core operating profit rose 12.9% year on year. The foreign exchange impact on each business is detailed on the pages 12 and 13, so please take a look at those later.

◆ Operating Profit/Profit Attributable to Owners of Parent (P4)

- Our operating profit and other figures incorporate the foreign exchange impact. Operating profit increased by 15.8% year on year to JPY 189.4 billion, mainly due to the absence of any impairment losses associated with supply chain management (SCM) reorganization in Japan this year compared to the previous year when such losses were recorded.
- Profit attributable to owners of the parent expanded by 16.2% year on year mainly thanks to that increase in operating profit. Adjusted profit, excluding impairment loss and other items, increased 7.1% year on year. Both measures are tracking

above plan.

◆Japan(P5)

- Revenue in the nine-month period from January to September increased 3.8% year on year thanks primarily to the recovery in the on-premise market in the Alcohol Beverages Business as well as the impact of price revisions in each business. That overall result was slightly above plan.
- Core operating profit increased by 18.1% year on year as the higher revenue generated significant profit growth in the Alcohol Beverages Business and Non-Alcohol Beverages Business.
- Core operating profit progressed according to plan in the Food Business but came in above plan in the Alcohol Beverages Business and Non-Alcohol Beverages Business. As a result, overall core operating profit is tracking above plan.

◆Japan (Alcohol Beverages: Revenue/Sales Volume)(P6)

- In the nine-month period from January through September, the volume of beer-type beverages sales increased by a slightly higher-than-planned 0.8% year on year thanks to successful price revisions and a recovery in the on-premise market. That was despite a comparative decline in sales volumes in the off-premise market compared to the spike in demand in the previous year.
- In the other than beer-type beverage category, revenue rose across all categories, particularly whiskey and spirits, wine, and shochu, thanks primarily to the recovery in the on-premise market. As are result, total revenue is tracking slightly above plan.

◆Japan (Alcohol Beverages: Breakdown in Changes in Profit)(P7)

- Core operating profit rose 21.8% year on year. In terms of the main factors at play here, raw materials and other various costs increased and other expenses also increased. Meanwhile, revenue primarily from beer sales increased and the efficiency of advertising and sales promotion spend improved.
- Core operating profit is tracking slightly above plan. Individual costs performed roughly to plan, but the increase in revenue outweighed any increase in costs.

- While we need to be mindful of the impact of the October liquor tax revision and price revisions, we do not expect the broad recovery in the beer market to change anytime soon.
- In the fourth quarter from October to December, we will strengthen brand investment ahead of the upcoming business year with a particular focus on our “Asahi Super Dry” range (including “Dry Crystal”), while also seeking to steadily achieve our annual plans.

◆ Japan (Non-Alcohol Beverages: Revenue/Sales Volume) (P8)

- Despite reduced volumes of lactic acid drinks and coffee sales in the nine months through September, sales volumes in the carbonated drinks and other drinks categories increased, resulting in a 0.6% year-on-year increase in total sales volume for Non-Alcohol Beverages to 200.62 million cases.
- Revenue increased by 4.5% year on year (slightly above plan) as weather and other factors generated higher-than-expected volumes during peak periods and unit sales prices improved significantly.
- Revenue increased by 9.5% year on year if we exclude the impact of changes to the classification of vending machine business activities brought about by the business alliance formed with DyDo DRINCO, INC. in January this year.

◆ Japan (Non-Alcohol Beverages: Breakdown in Changes in Profit)(P9)

- Core operating profit increased by 13.2% year on year. While variable costs such as sugar, PET resin and other items increased significantly, revenue was boosted by higher sales volumes and successful price revisions.
- Core operating profit came in slightly above plan on the back of that larger-than-expected increase in revenue as well as restricted increases in variable costs, more efficient overall fixed costs and other factors.
- In the fourth quarter, we will strengthen investment to help fuel a recovery in sales momentum on our mainstay brands, while also aiming to surpass our planned performance for the year as a whole.

◆ Europe (P10)

- In the nine-month period from January to September, total sales volume declined by 3.9% year on year due to the impact of ongoing inflation and deteriorating weather conditions during peak times.
- Total revenue increased 8.6% year on year, with price revisions in each market and continued progress on our premiumization strategy helping to generate a 15.6% increase in unit sales prices.
- Core operating profit contracted by 0.2% year on year following an increase in variable costs as well as higher labor costs and marketing spend.
- In terms of consumption trends, while some areas have suffered the negative impacts of inflation, we have not noted any significant change in the consumption trend from the first half of the year. Furthermore, our competitive advantage is expanding, as illustrated by our steadily growing share of the off-premise market in countries such as the Czech Republic, Poland and Romania.
- We intend to expand branding investment, especially in the premium category, to help capture demand as consumer sentiment recovers going forward.

◆ Oceania (P11)

- In the nine-month period from January to September, overall revenue increased by 7.7% year on year thanks to sales volume growth centered around mainstay brands, successful price revisions and other factors.
- Core operating profit expanded by 0.5% year on year despite significant increases in variable costs, thanks to the higher revenue generated by improvements in our mix of products and outlet channels.
- Both revenue and core operating profit came in broadly in line with plan.
- Looking ahead, while we need to prepare for the risk of a slowdown in the beer and overall drinks market caused by a deteriorating macroeconomic environment, we will aim to achieve our annual plan by leveraging our competitive advantage to

enhance revenue growth management and pursuing reforms to create new earnings structures.