

Marketing Strategy for Japan (Alcohol Beverages Business) Overview for 2022 and Future Directions



March 14, 2023

① **Summary of Results of Marketing Efforts in 2022**

- ✓ Beer Category (*Asahi Super Dry Full Renewal, Asahi Nama Beer Maru F*)
- ✓ Marketing Transformation Update

② **Marketing Strategy for 2023 and Beyond**

Summary of Results of Marketing Efforts in 2022

First full renewal
in 36 years since
launch



Summary of Asahi Super Dry's Full Renewal



2016-2020 Brand Challenges

- ✓ **Downtrend that never stops**
(Sales volume of canned SD: **CAGR -3%**)
 - ➔ **Direct factors of volume decrease**
= **Decrease in number of consumers (CAGR -4%)**
 - ➔ **Factors contributing to the decrease in the number of consumers**
= **Decline in brand strength**

2021 Shift in Strategy

- ✓ ***Nama Jokki Can* halts the downtrend**
➔ **Growth even after the launch of *Maru F***

2022 Results

- ✓ **Sales volume = +13% YoY (Of which Canned +5% YoY)**
- ✓ **Achieve a re-growth trajectory by enhancing brand strength, leading to revitalization of the overall beer market**
- ✓ **The success of a major revamp of a mega-brand is rare in the world**

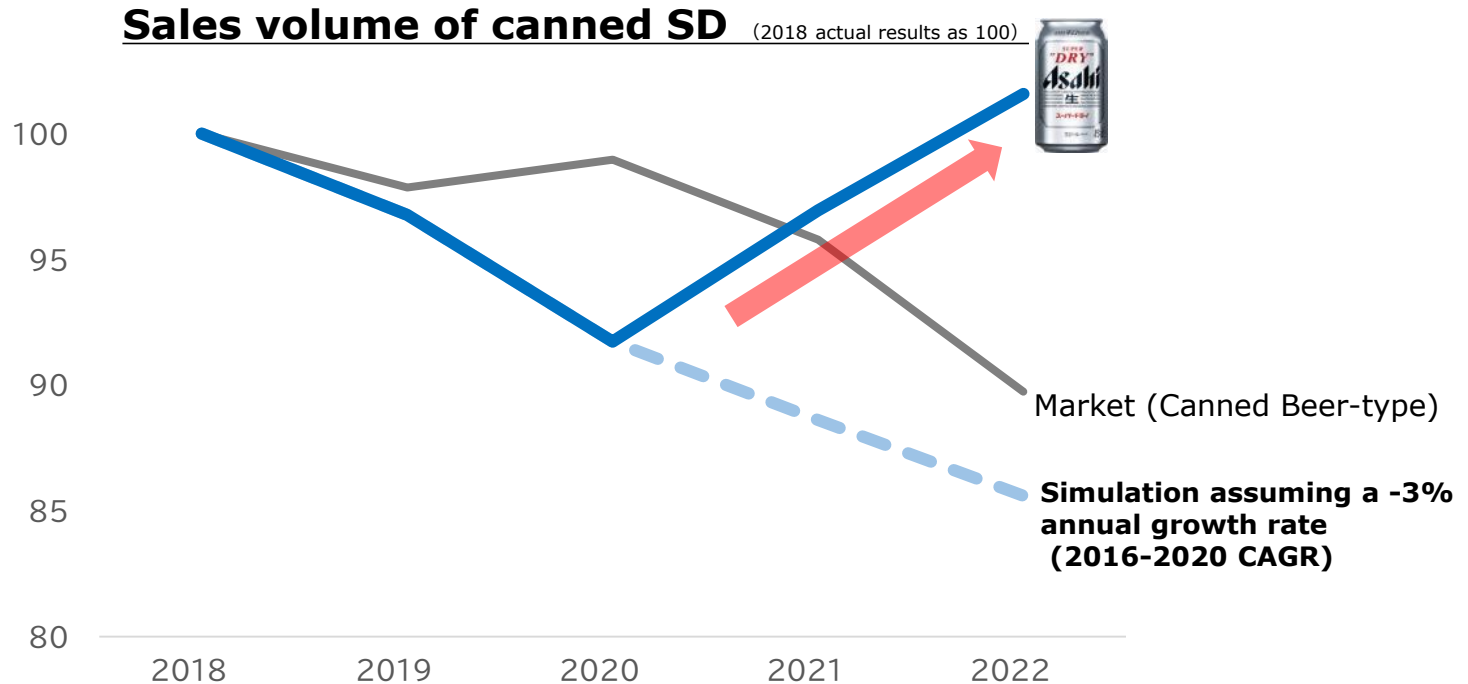
2023 Challenges

- ✓ **“Sustaining and strengthening growth momentum” and “Improving investment efficiency”**

Summary of Asahi Super Dry's Full Renewal



- ✓ Halted the -3% annual downtrend and achieved a re-growth trajectory



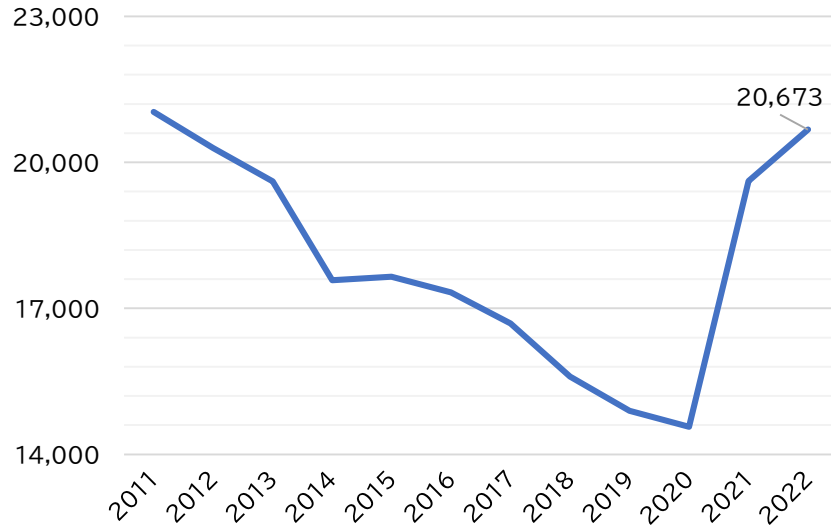
Summary of Asahi Super Dry's Full Renewal



- ✓ Number of Asahi Super Dry consumers exceeded 20 million for the first time in 10 years, driving the expansion of the overall beer market.

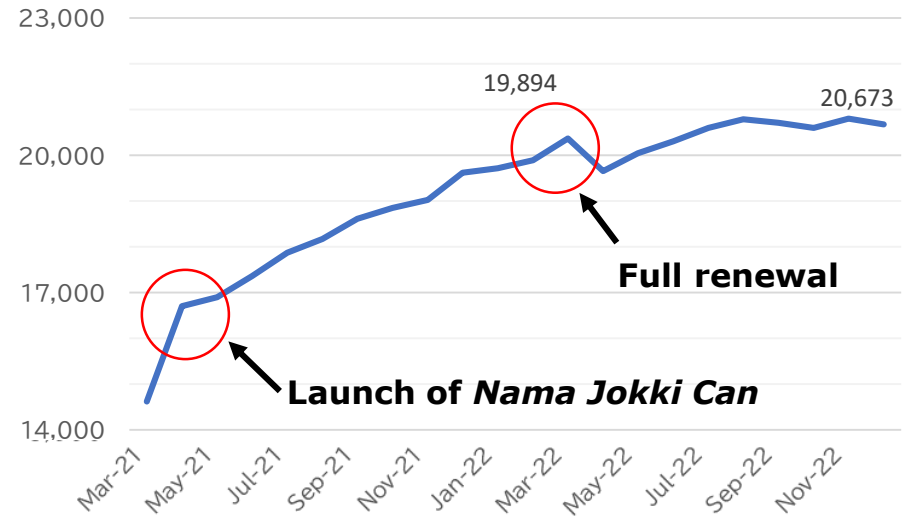
	Feb 2022	Dec 2022	Change	%
Number of Consumers (Beer total)	37,289	37,712	423	+1%
Number of Consumers (SD)	19,894	20,673	779	+4%

■ Number of SD consumers by year



Source: Intage SCI (20-60s) Super Dry cans 2011-2022 Number of consumers (thousands)

■ Number of SD consumers by month

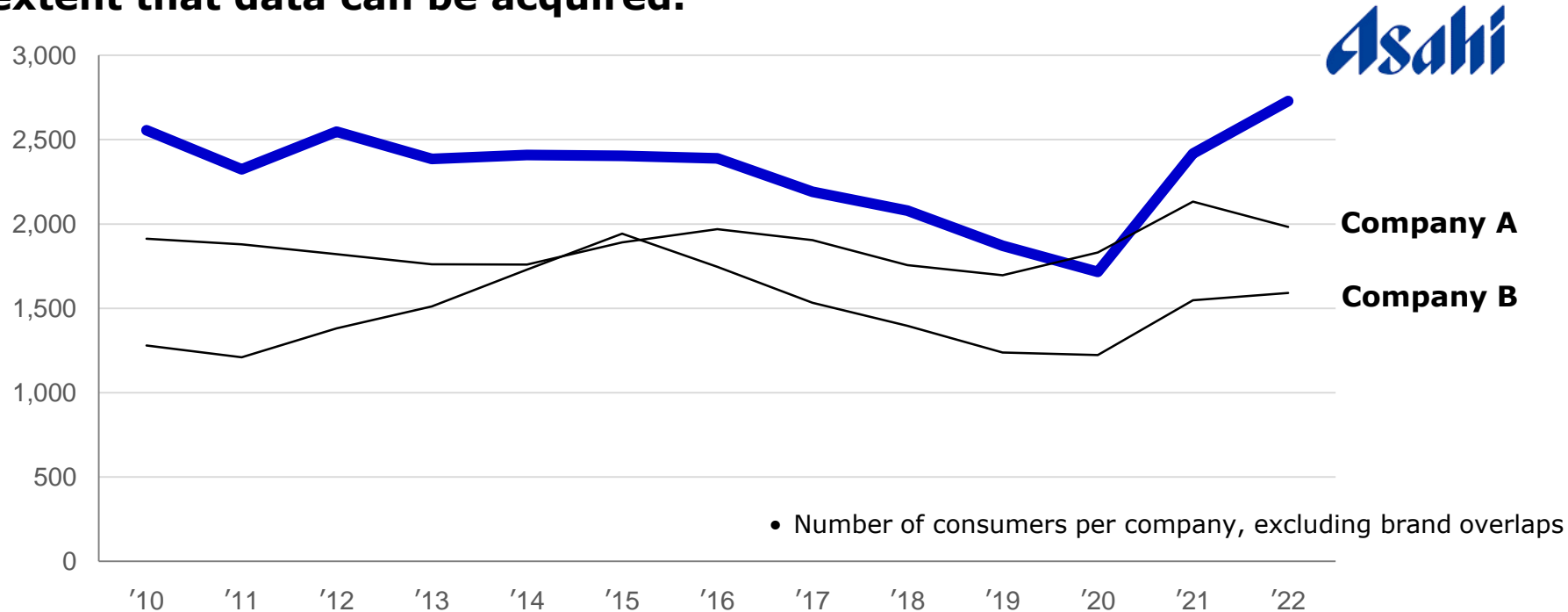


Source: Intage SCI (20-60s) Super Dry cans, March 2021-December 2022, number of consumers (thousands)

Summary of Asahi Super Dry's Full Renewal



- ✓ **Total number of beer category consumers by companies**
- ✓ **Approx. 27 million of Asahi Breweries is the highest level ever to the extent that data can be acquired.**



Summary of Asahi Super Dry's Full Renewal



Significant improved in taste evaluation

Satisfaction after drinking 82.4%→92.8%
(Source: Company research)

Dispelled the "Dry Misconception"

From "dry = bitter" to "sharp and crispy"

bitter	11.3% → 9.5%
sharp	9.3% → 10.5%
crispy	9.0% → 10.4%

(Source: Company research)

Improved package image

Winner of the IBC Gold Award for Packaging

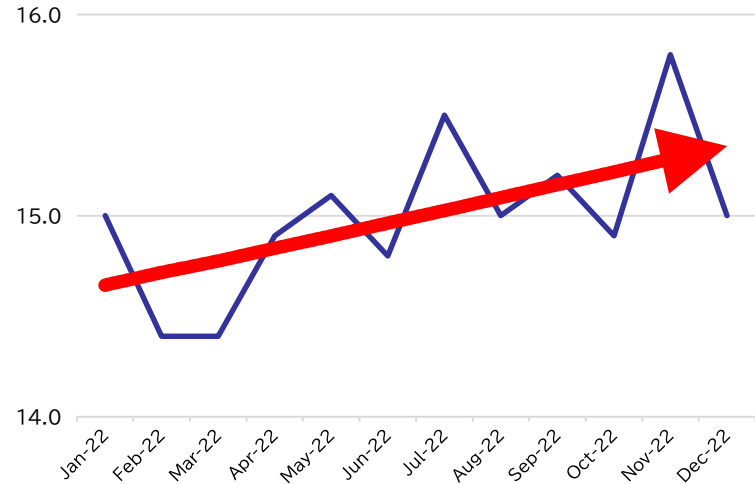


Increased number of consumers in a wide range of age groups

- Increased number of users in each generation
- Nama Jokki Can ⇔ SD main body synergy effect



Brand Power(%) = Consumer mindshare



(Brand Tracking)

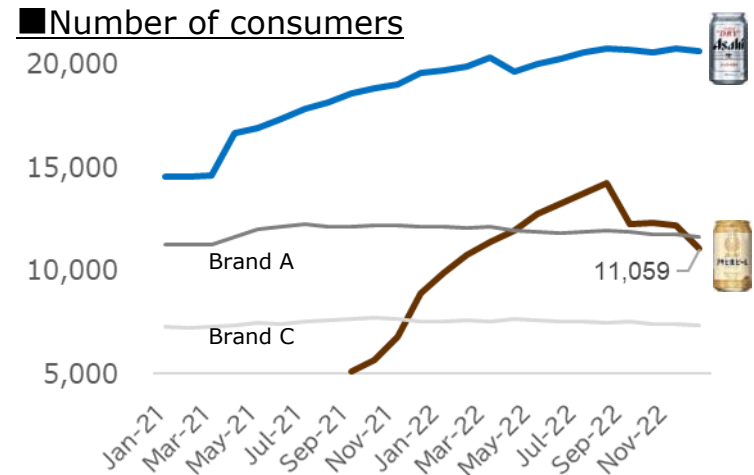
Most of the material issues have been resolved.

The challenge is to continue and strengthen the growth momentum.

Summary of Asahi Nama Beer Maru F

- ✓ "Can 500ml" and "Kuro Nama (Black)", of which release had been postponed, were launched in February, strengthening the product lineup.
- ✓ The number of consumers (11.06 million) is the second highest after *Super Dry*, but compared to other major brands with long histories, it is still in the trial stage, and the amount purchased per capita is low due to the thin loyalty base.

Strengthening the communication of "unique qualities and ways to enjoy Maru F" to make it a standard brand that continues to be loved by customers.



Summary of *Smart Drinking*

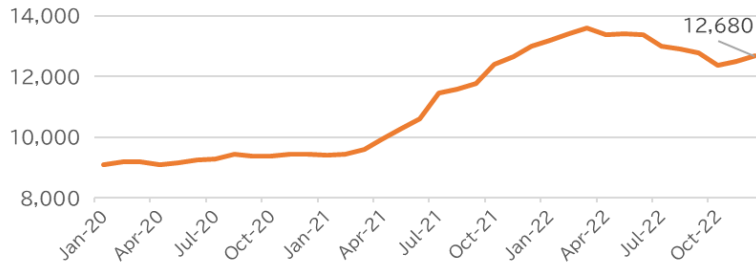
- ✓ The number of consumers of our non- and minimal-alcohol beverages was 12.68 million. Although the number of consumers grew significantly with the launch of *Beery*, it stagnated, partly due to a reduction in the impact of the COVID.
 - Not enough to capture demand from people who do not drink or cannot drink alcohol.
- ✓ *SUMADORI-BAR SHIBUYA*, a bar where both people who "don't/can't drink" can enjoy alcohol, was opened. Despite generating buzz, awareness of "*smart drinking*" remains at 13%.



➔ Our goal is to create a world in which not only those who can drink alcohol but also those who cannot drink alcohol can enjoy the drinking scene. We will work over the medium to long term to make smart drinking a new drinking culture.



■ Number of consumers of non-alcohol products of Asahi



Source: INTAGE SCI (20-60s) Non-alcoholic 2020-2022 Number of consumers (thousands)

■ Smart Drinking Awareness Rate

Total	13.0%
People who "drink"	11.9%
Of which, beer-type consumers	20.0%
Of which, Non-beer-type consumers	8.6%
People who "don't/can't drink"	7.1%

According to our survey in Jul 2022, N=924

- ✓ **Asahi Breweries' unique "Brand Management System" is launched. Appointed "Brand Manager" for all major brands and implemented the following initiatives**
 - ➔ Clarify emotional value positioning
 - ➔ Develop a "brand ladder", a basic blueprint, and clarify "insights"
 - ➔ Clarify the brand strategy story by using "OGSM"
 - ➔ Conduct pre-verification of the effectiveness of all on-air TV commercials
 - ➔ Conduct "equity tracking" of beer-type brands

- ✓ **Established a diverse product development process.**
(Fail quickly, cheaply and wisely towards learning.)

- ✓ **Implemented a training program to improve organizational capacity in marketing.**

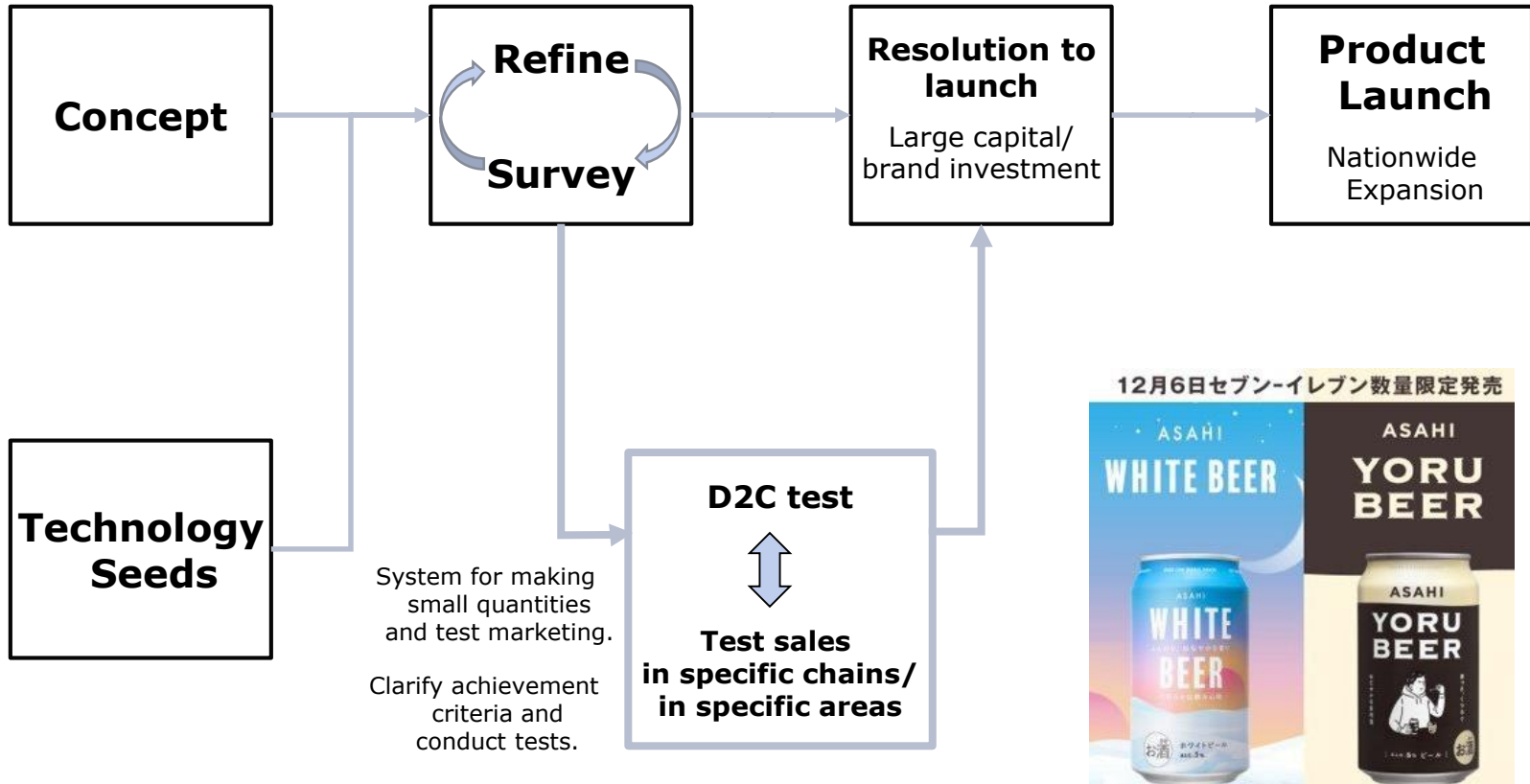
Marketing Transformation Update



- ✓ **Achieved our highest annual overall commercial favorability rating ever.**
 - ✓ **Asahi Breweries 7th Place (within the alcohol beverage industry: 1st Place)**
 - ✓ **Super Dry 4th Place (within the alcohol beverage industry: 1st Place, SD's first overall 1st Place in April.)**
 - ✓ **Maru F 5th Place (within the alcohol beverage industry: 2nd Place)**

Companies (all industries)		Brand (all industries)		Brand (Alcohol Beverage Industry)		
1	—	1	—	1	Asahi Breweries	<i>Asahi Super Dry</i>
2	—	2	—	2	Asahi Breweries	<i>Maru F</i>
3	—	3	—	3	Company A	Brand A
4	—	4	<i>Asahi Super Dry</i>	4	Company B	Brand B
5	—	5	<i>Maru F</i>	5	Company B	Brand B
6	—	6	—	6	Company A	Brand C
7	Asahi Breweries	7	—	7	Company A	Brand D
8	—	8	—	8	Company B	Brand E
9	Company A	9	—	9	Company A	Brand F
10	Company B	10	—	10	Company B	Brand G

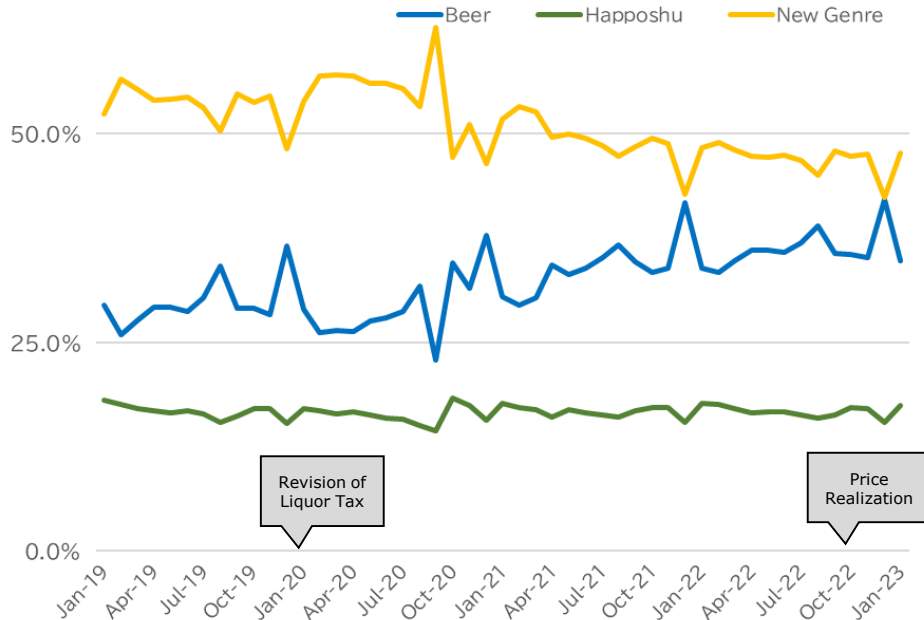
Establish a Diverse Product Development Process



Marketing Strategy for 2023 and Beyond

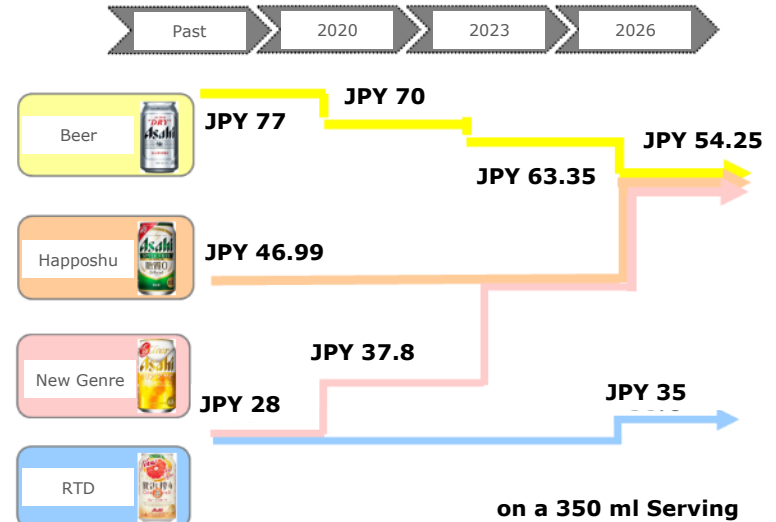
Continued Acceleration of the Trend Back to Beer

Inflow from Happoshu and New Genres to Beer



Source: Intage SRI + 7 business categories Jan 2019 - Jan 2023 Canned Beer-type Estimated Sales Scale (Volume)

Revision of Liquor Tax



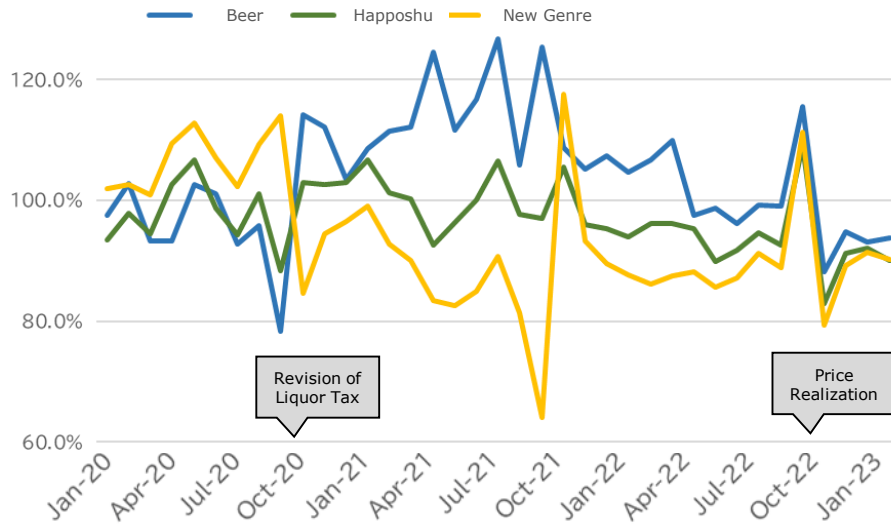
Beer-type market forecast

	YoY
Beer	+0~1%
Happoshu	Approx. -3%
New Genre	-7~8%
Beer-type	-3~4%

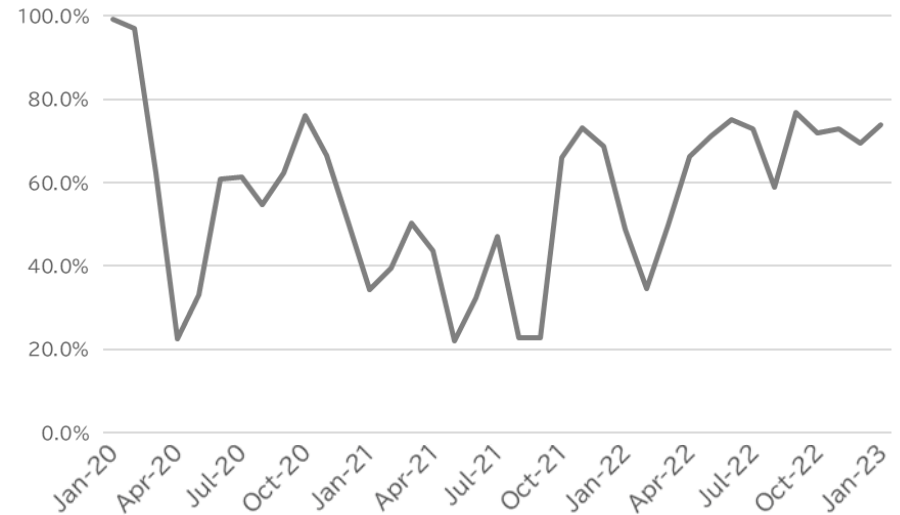
Beer-type Market Trends

- ✓ In Off-premise market (can), there has been a return to demand for beer since the 2020 liquor tax revision. This trend has continued after the price revision in October 2022.
- ✓ In On-premise market (bottle and keg) has recovered to over 60% of the pre-COVID level (compared to 2019).

■ YoY in Can by Category



■ Bottles and Kegs vs 2019



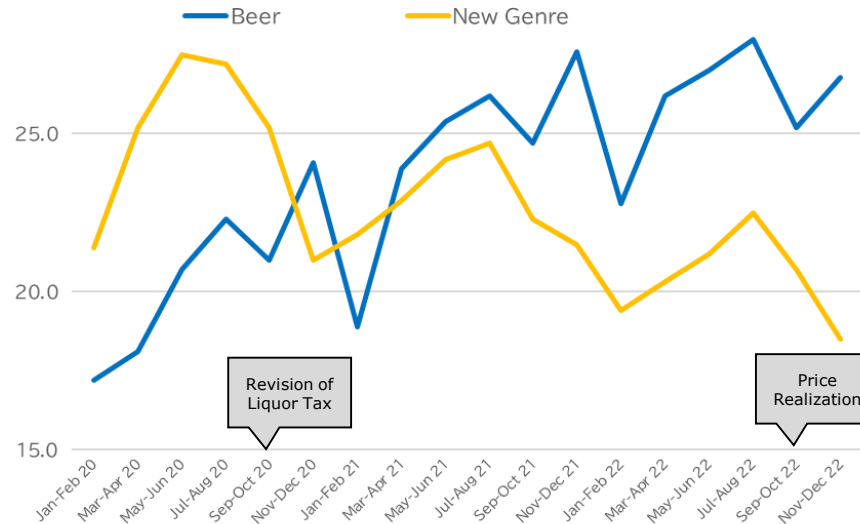
Source: Intage SRI + 7 business categories Jan 2019 - Jan 2023 Canned Beer-type Estimated Sales Scale (Volume)
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Source: Intage SRI+7 business categories, Jan 2020 - Jan 2023 Beer, bottles and kegs, estimated sales scale (volume)

Beer-type Market Trends

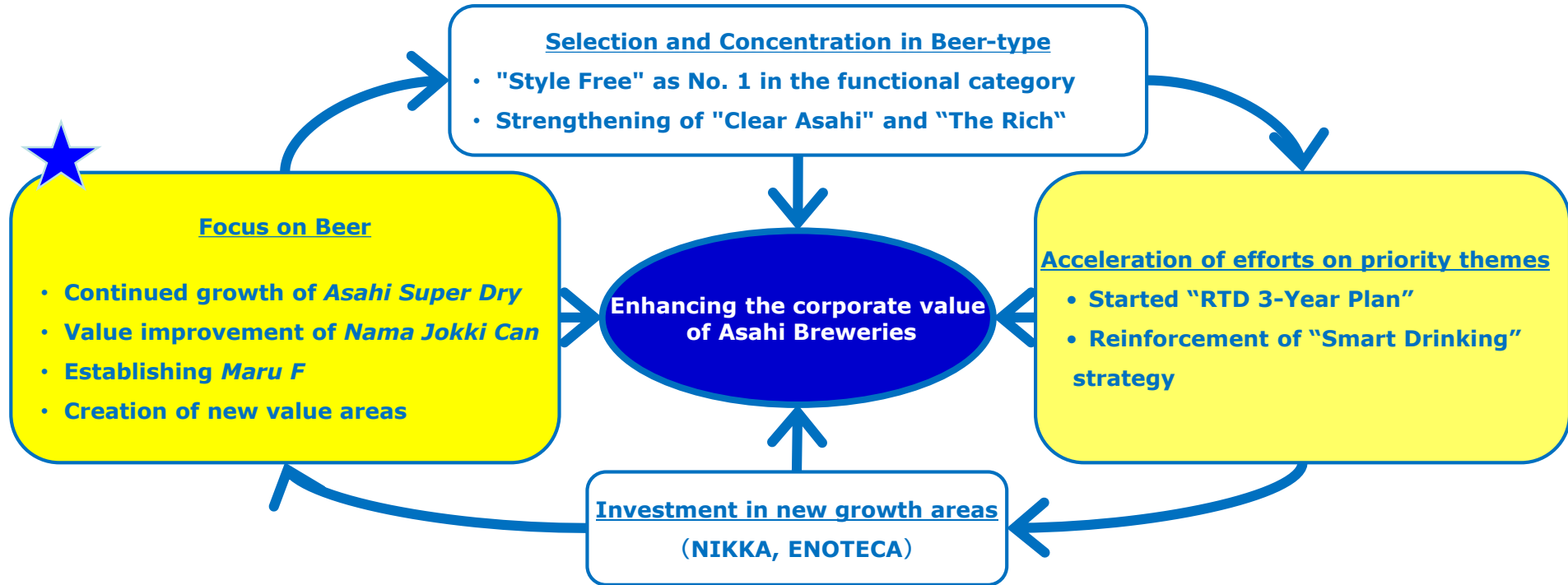
- ✓ Purchase rates are also trending upward for beer and downward for new genres after the 2020 liquor tax revision.
- ✓ The trend continues even after the October 2022 price revision. This trend, which favors beer, will continue with this year's October liquor tax revision.

■ Trends in Beer and New Genre Purchase Rates



Asahi Breweries' Strategic Story for 2023

- ✓ **Turning strategic investments in innovation and new value areas at high speed, starting with beer, which is one of our strengths**



- ✓ Maintain momentum from full renewal and drive the expanding beer market in 2023

Creating customer demand for beer by communicating the drinking value of Super Dry

気持ち高まる瞬間を分かち合う新・辛口〈生〉

最高の渴きに、DRY。

Brand that shares
“moments that make you feel good”

最高のうまさに、DRY。

Brand that offers
a vibrant, dry taste.

Emotional value



Rugby World Cup



Tie-in with THE
FIRST TAKE



Add SKU
(multipack) of
Nama Jokki Can

Physical value



Sales
promotion
linked with food



Extra cold



Factory-fresh
packs

Asahi Super Dry becomes the official beer

First Asian company to join as a "Worldwide Partner"



✓ Dedicated TV commercials



✓ Event



✓ Sales promotion in stores (On-/Off-premise)



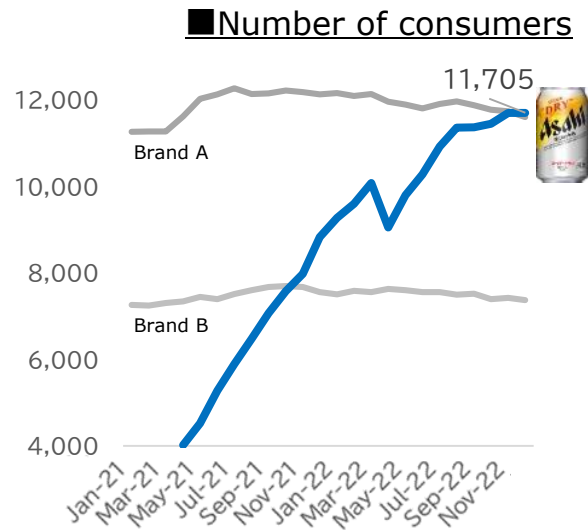
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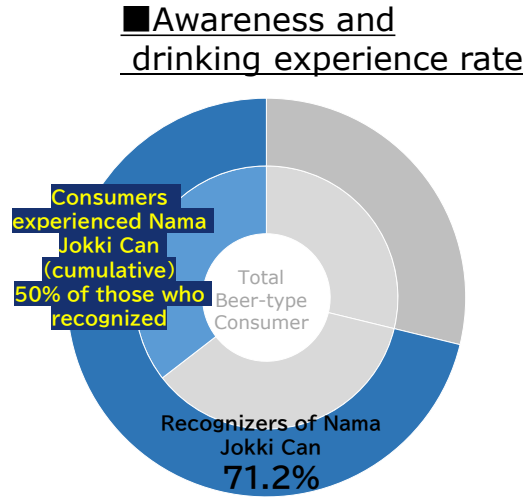
- ① Increase awareness of *Asahi Super Dry* brand through global sponsorship
- ② Penetration of the image of "moments that lift one's spirits" = increase brand power and expand fan base of *Asahi Super Dry*

High growth potential for Nama Jokki Can

- ✓ Although *Nama Jokki Can* has reached a level of 11.71 million consumers, which is comparable to that of competing standard brands, only half of those who are aware of the product have ever consumed it.
- ✓ “Satisfaction after drinking” and “Intention to continue purchasing” are high, so future growth can be expected by stimulating trials.



Source: Intage SCI (20-60s) Beer cans 2021-2022 Number of purchasers (thousands)



(Estimated based on our research in Nov 2022)

Satisfaction after drinking and intention to continue purchasing

	Satisfaction After Drinking	Intention to Continue Purchasing
Nama Jokki Can	58.9%	69.1%
Average of New Beer Products	47.5%	58.7%

(According to our research in April 2010)

Super Dry Nama Jokki Can



Shift from "novelty" to "creating value and meaning in daily life. Creating a foundation for maximizing potential.

- ✓ Revamping communication by setting the new message as "just like the first drink at a restaurant".
Aiming to acquire trials and re-trials of consumers who have stopped buying.
- ✓ Launch of 6-can multi-packs
Following the release of the 485ml can in October of last year, a 6-can multi-pack was launched in March of this year.
The lineup of four major items will increase its presence in stores.



Aiming to expand drinking opportunities and increase awareness by further strengthening the product lineup

- ✓ Launch of 250ml can.
Linking two brands (*Maru F* and *Kuronama*) to further expand drinking opportunities.
Easy to enjoy half-and-half and one-third.
- ✓ Launch of 500ml bottle for On-premise.
Expand customer touch points by increasing the number of outlets in On-premise.
Expand brand awareness and create drinking opportunities.



2つの生ビールでさらにひろがる楽しみ。

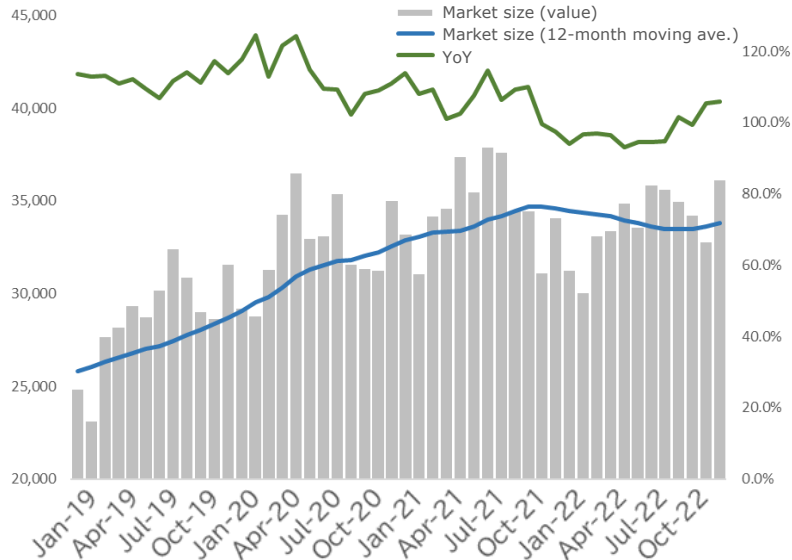
ふたつの味わいで新しいまじりかき	マルエフのみやゆかにほのかる芳ばしき	見た目にもたのしい
ハーフ&ハーフ	ワンサード	白泡/黒泡
マルエフを半分注ぎ、黒生をグラスいっぱいまで注ぐ。飲食店で愛され続けてきた飲み方です。	マルエフ 2:1 黒生の割合で注がれる。ビール通に愛されるメニューです。	先に注ぐのがマルエフだと泡が白く、黒生だと泡が黒くなる。など注ぎ順でも見た目や味わいに変化します。

【QRコード】
①に「ストップ! 20歳未満飲酒・飲酒運転、妊娠中や授乳期の飲酒は、胎児・乳児の発育に悪影響を及ぼすおそれがあります。ほどよく、楽しく、いとお酒。のんだあとにはリサイクル。」
②プロビオブル

RTD Strategy (RTD 3-Year Project)

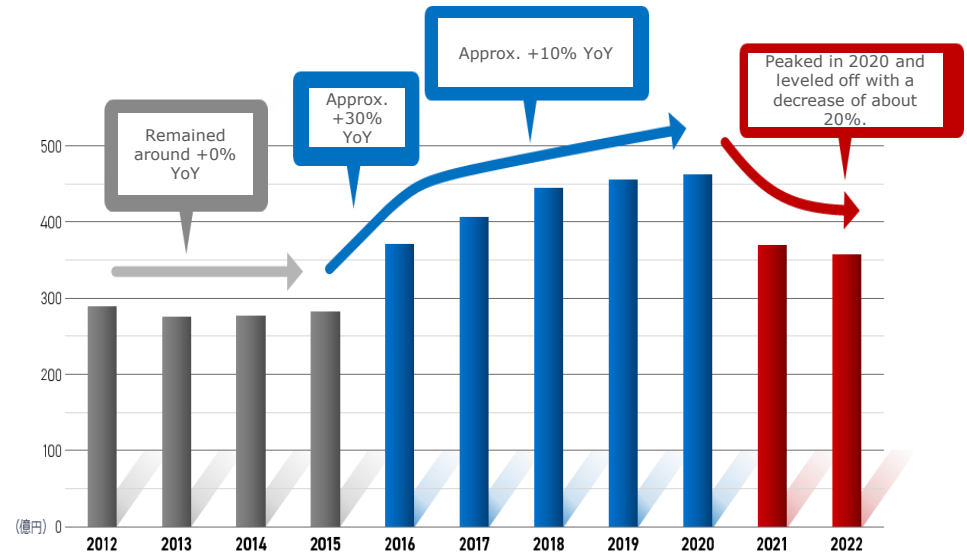
- ✓ The RTD market has passed last year's "plateau" and is once again on a growth trajectory. Growth potential is high.
- ✓ Radical rethinking of RTD marketing strategy. (A departure from the "beer strategy").

RTD Market Size Trends



Source: Intage SRI + 5 retail chain business categories 2020-2022 RTD Estimated sales scale (value)

Our RTD Sales Trends

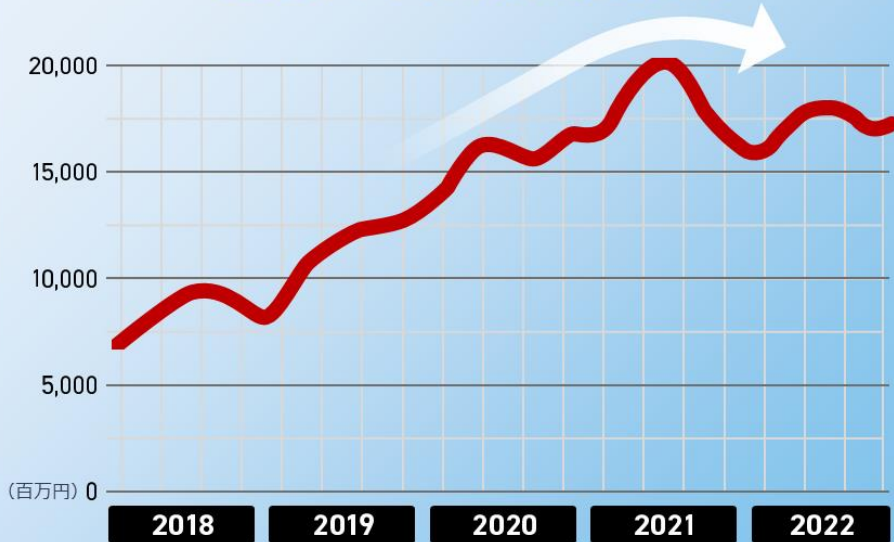


Our RTD Sales Results

RTD Market (Slowing Growth of Lemon Sour)

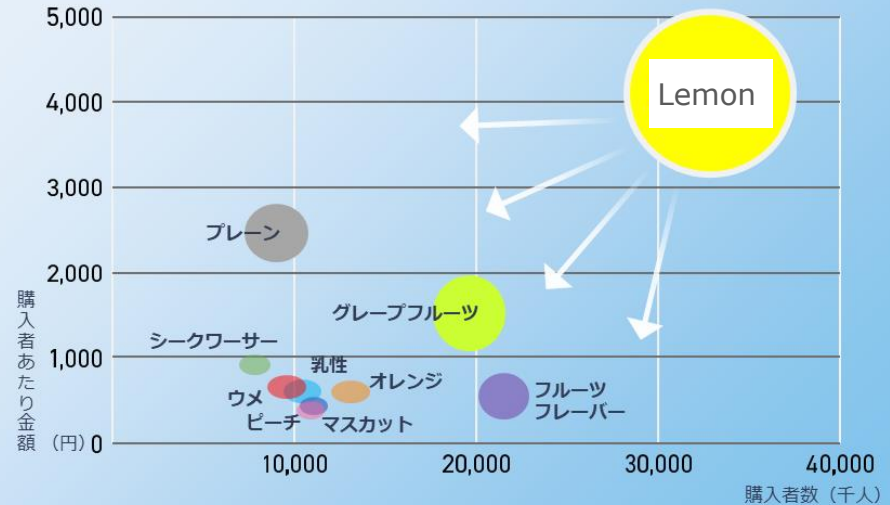
- ✓ With the diversification of values accelerating, the "NEXT Lemon Sour" is expected to lead the RTD market in the future, following the "Lemon Sour" that has driven the expansion of the RTD market to date.

Sales of lemon flavors stop growing after November 2021.



Source: Intage SRI + 5 retail chain business categories 2018-2022 RTD Estimated sales scale (value)

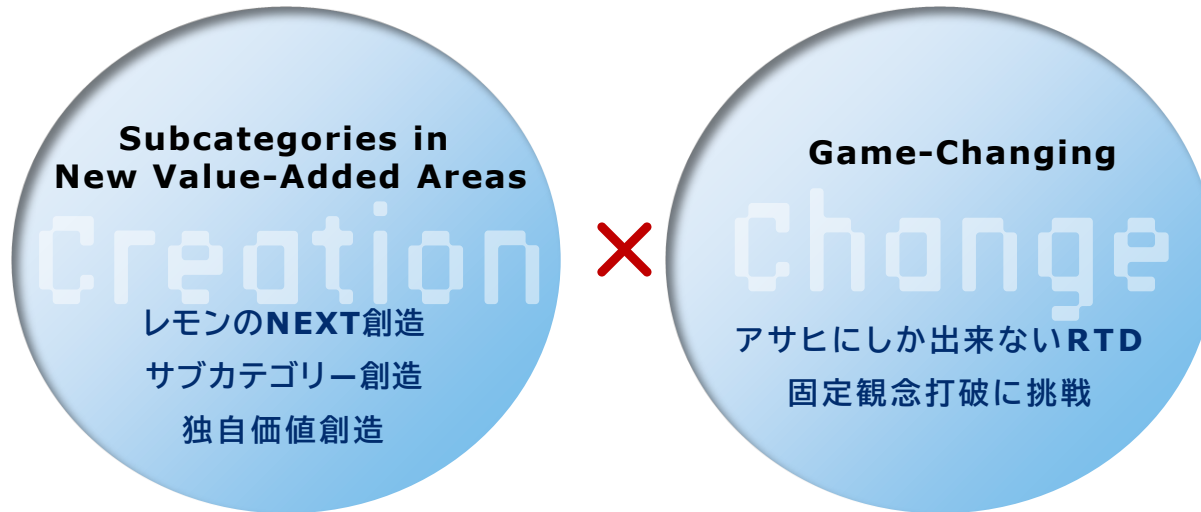
A wide variety of flavors were launched, and consumer tastes gradually began to diversify.



Source: Intage SCI (20-70s) RTD 2021-Oct 2022 Number of consumers (thousands))

RTD Strategy (RTD 3-Year Project)

- ✓ Developing a brand with value that sets it apart from the lemon sours of the past.
- ✓ Launch multiple brands at the same time, with limited area pre-launch.
- ✓ Challenge RTDs that only Asahi Beer can manufacture (game changer).



RTD Strategy (New Brand Launch)

- ✓ **Aiming for a nationwide launch, the new brand will be pre-launched in a limited area in several regions.**

- MAROHAI -

Mild-tasting lemon chu-hai with a secret ingredient (mirin) as the key ingredient.

Chugoku/Shikoku area (June)

Kyushu area (April)

- Grefflemania -

A brand dedicated to grapefruit sours, which means 'fruit of the paradise tree', offering a liberating experience with grapefruit.

- GINON -

Gin sour that brings out the true flavors of the fruit by combining sugar-free and "special gin".

Tohoku area (March)

Tokai/Hokuriku area (July)

- Yokocho Dharma Sour -

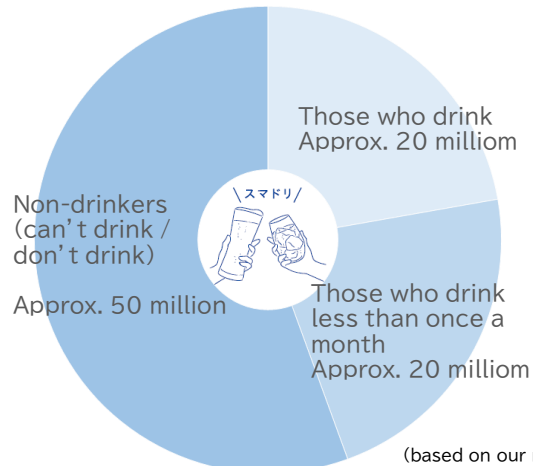
It brings happiness. Key words are: kindness, simplicity, security and nostalgia.



What is Smart Drinking...Creating a new, fun, drinking lifestyle culture

[Medium- to Long-term Vision]

Make the world a more enjoyable place to drink alcohol, not only for those who can drink, but also for those who cannot drink.

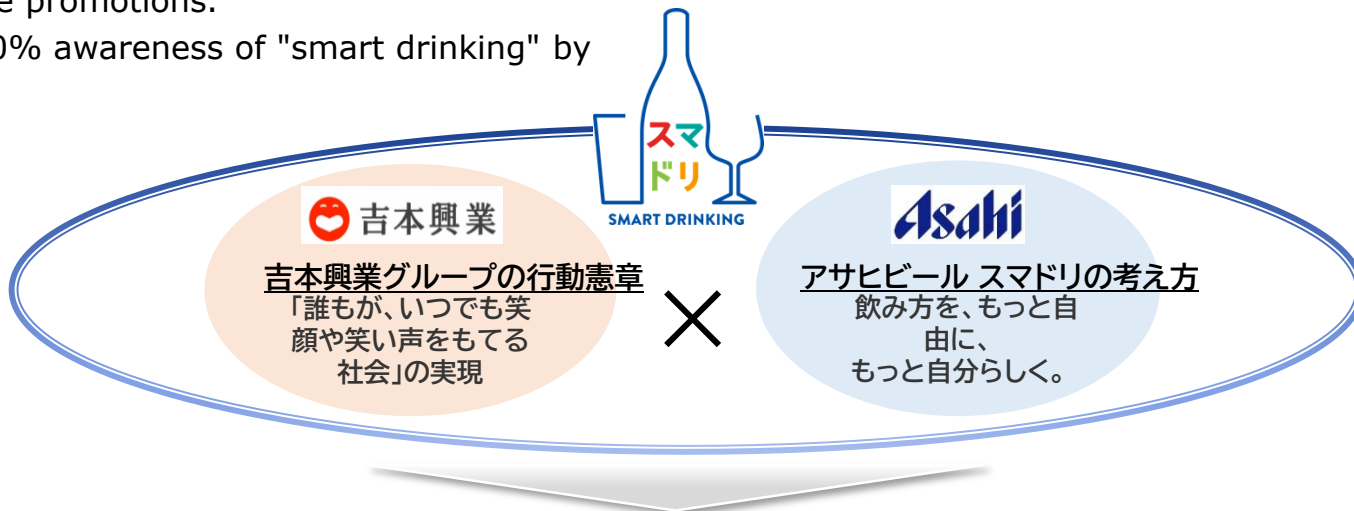


(based on our research)

- ✓ About 40 million people can drink alcohol, and about 50 million people cannot or do not drink alcohol.
- ✓ Provide a series of new products and experiences to approximately 90 million consumers.

Smart Drinking Strategy (Major collaboration with Yoshimoto Kogyo)

- ✓ To further promote "Smart Drinking" that respects the diversity of people's drinking habits, collaborate with Yoshimoto Kogyo Co., Ltd. who agrees with the Smart Drinking philosophy, and continue to conduct large-scale promotions.
- ✓ Aim for 40% awareness of "smart drinking" by



Realizing a society where no one is left behind, also where people can enjoy drinking and smile.



Developing activities that link products, advertising, sales promotion, and in-store promotions with the new message "Whether you can drink or not, we are all friends."



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