



Asahi

CONVOCATION NOTICE OF THE 97th ANNUAL GENERAL MEETING OF SHAREHOLDERS

Request to Refrain from Attending and Implementation of Limit on Admission in order to Prevent the Spread of the Novel Coronavirus Disease (COVID-19) and Ensure Safety

We strongly request that shareholders refrain from attending the General Meeting this year if possible and exercise voting rights via either postal mail or the internet in advance.

- Please see pages 3 - 5 for details on how to exercise voting rights in advance.
- We plan on streaming the General Meeting live via the internet, and viewing will be restricted to shareholders. Please see page 6 for details.

We will implement a limit on admission to the venue of the General Meeting (pre-registration & lottery).

- Please see page 2 and the notice sent on February 24 for details regarding the limit on admission.

The provision of gifts at the General Meeting has been cancelled.

DATE AND TIME

March 25 (Thursday), 2021 at 1:00 p.m. (JST)

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

No later than 5:30 p.m., March 24 (Wednesday), 2021 (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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ASAHI GROUP HOLDINGS, LTD.

Securities Code: 2502

Dear Shareholders:



I would like to express my sympathies to those who have been affected by COVID-19 and my condolences to those who have lost their lives. I would also like to express my sincere gratitude to those who are doing their best, such as medical professionals, those who are working to prevent infection, and those who are working to maintain social systems.

I hereby deliver this Convocation Notice of the 97th Annual General Meeting of Shareholders.

We will be holding the General Meeting upon taking measures to ensure the safety of shareholders and prevent the spread of infection, taking the status of COVID-19 into consideration.

We strongly request that shareholders refrain from attending the General Meeting this year if possible and exercise voting rights via either postal mail or the internet in advance.

I would like to ask that our shareholders continue to give us their unwavering support.

Sincerely,

March 3, 2021

Akiyoshi Koji

President and Representative Director

ASAHI GROUP HOLDINGS, LTD.

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

CONVOCATION NOTICE OF THE 97th ANNUAL GENERAL MEETING OF SHAREHOLDERS

1 DATE AND TIME

March 25 (Thursday), 2021, at 1:00 p.m. (JST) (Reception start time: Noon)

2 PLACE

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

We strongly request that shareholders refrain from attending the General Meeting this year if possible and exercise voting rights via either postal mail or the internet in advance.

Please see pages 3 - 5 for details on how to exercise voting rights in advance.

Deadline for exercising voting rights:
No later than 5:30 p.m., March 24, 2021 (JST)

We will be live streaming the General Meeting via the internet on the day of the meeting.

▶ Please see page 6 for details.

Implementation of a limit on admission to the General Meeting (pre-registration & lottery)

The number of seats at the General Meeting will be significantly reduced compared to previous years as we will be putting more space between each seat in order to reduce the risk of infection.

Therefore, shareholders will need to pre-register in advance by applying for a seat at the General Meeting.

In the event that applications exceed the seating capacity, we will implement a lottery system.

We ask that you carefully consider whether you wish to attend the General Meeting, and apply for pre-registration if you do wish to attend.

The provision of gifts at the General Meeting has been cancelled.

アサヒグループホールディングス株式会社 第97回定時株主総会 出席申込書
本申込書及び封筒の裏面をご確認ください。本総会への出席をご希望の株主様は、下欄に
☑マークと、電話番号をご記入ください。 **申込締切日 2021年3月11日必着**

私は、2021年3月25日開催の当社第97回定時株主総会に出席を希望いたします。
※☑マークの記入がない場合には、お申込みは無効となります。

株主様の電話番号 (携帯電話番号) (ボールペンにて左詰めでご記入ください。ハイファンは不要です。)
※ご記入いただいた電話番号は、本総会に関する緊急の連絡が生じた場合にのみ、利用させていただきます。
※このほか、ご住所、ご氏名等の個人情報のご記入は不要です。

本申込書は、本総会にご出席をご希望される方のみ、ご返送ください。

株主番号

◀ “Attendance Application Form” sent on February 24

Please confirm the materials provided with the “Attendance Application Form,” and in the event that you wish to attend, fill in the designated items, affix the privacy sticker provided, and send it via postal mail.

Application Deadline
To be received by March 11, 2021 (JST)

- Only the shareholders who have applied for attendance and hold the “attendance card” and “voting form for exercising voting rights” may attend.

Please understand that “shareholders who have not pre-registered,” “shareholders who were not selected in the lottery,” and “shareholders who cannot confirm that they were selected upon attendance” will not be allowed to enter the General Meeting venue.

March 16
Send “attendance card” (postal mail)

The lottery result will be sent to shareholders who were not selected on the same day.

March 25
General Meeting of Shareholders

Please present your “attendance card” and “voting form for exercising voting rights” at the reception desk.

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 97th term, from January 1, 2020 to December 31, 2020.

Items to be resolved:

Item 1: Appropriation of Retained Earnings

Item 2: Election of eight (8) Directors

Item 3: 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.

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 in Advance

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 Voting via Internet, etc.

Deadline for exercising voting rights via the internet, etc.:

By 5:30 p.m., March 24 (Wednesday), 2021 (JST)

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

For details on exercising voting rights via the internet, etc., please refer to following pages.

2 Voting via Postal Mail

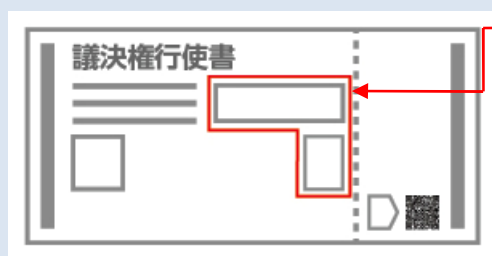
Deadline for exercising voting rights via postal mail:

To be received by 5:30 p.m., March 24 (Wednesday), 2021 (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).

Items 1 and 3

If you consent:

Mark a ○ in the box marked “賛”

If you dissent:

Mark a ○ in the box marked “否”

Item 2

For all candidates,

if you consent:

Mark a ○ in the box marked “賛”

if you dissent:

Mark a ○ in the box marked “否”

If you selectively veto certain candidates:

Mark a ○ in the box marked “賛” and write the number of each candidate you choose to veto.

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

Deadline for exercising voting rights via the Internet, etc.:

By 5:30 p.m., March 24 (Wednesday), 2021 (JST)

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

Method 1: “Smart Voting” **Recommendation**

- 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.**

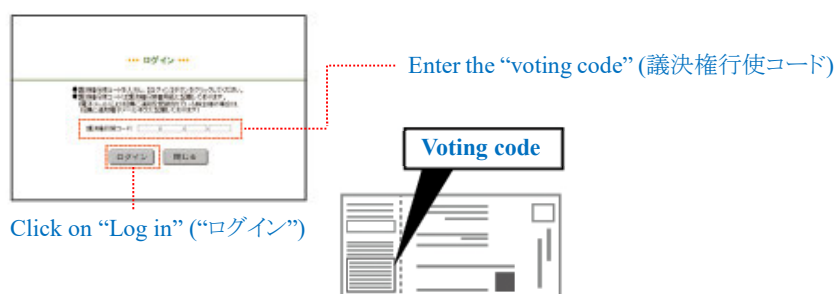


Method 2: “Entering voting code and password”

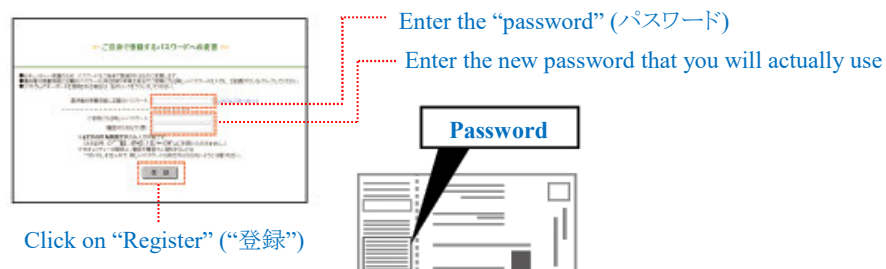
- 1 You can exercise your voting rights by accessing the online voting website <https://www.web54.net> from a computer, smartphone or cellular phone, and entering the voting code and password.



- 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 your voting form. Such shareholders are asked to enter the “password” that you set when registering your e-mail address.

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 computer, smartphone or cellular phone, please contact the following Help Desk for inquiries.

Sumitomo Mitsui Trust Bank, Limited

Stock Transfer Web Support Phone Number

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 website cannot be accessed via cellular phone.

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

Guide to viewing the livestream via the internet

Video and sound of the 97th Annual General Meeting of Shareholders will be livestreamed via the internet, and viewing will be restricted to shareholders. It is not necessary to apply in advance to view the livestream, and you will be able to view it at your home, etc., so please utilize this service.

Shareholders viewing the livestream will not be able to participate in resolutions on the day of the General Meeting. Please view after exercising your voting rights in advance.

Note: The livestream and livestream website are available only in Japanese.



Date and time of the livestream

March 25 (Thursday), 2021, at 1:00 p.m. (JST)

(It will be possible to connect before commencement from 12:30 p.m. (JST), and we plan on showing the video from 12:55 p.m. (JST). Before commencement, we will be running a viewing confirmation test video.)

How to view

- 1 Please access the “General Meeting of Shareholders livestream website” by using the URL below or the QR code on the right with a computer, tablet or smartphone.

URL: <https://www.virtual-sr.jp/users/asahigroup/login.aspx>

- 2 Please enter the ID and password below when the screen where you can enter your ID and password appears.

ID: Shareholder number (9-digit number)

Password: Postal code registered in our shareholder directory (7-digit number without the hyphen)

(Reference) Display position of ID and password on the voting form for exercising rights.



議案	賛成	反対	保留	投票権
議案第1号				
議案第2号				
議案第3号				
議案第4号				

- 3 You may view the livestream after following the on-screen instructions.

Notes to viewing the livestream

- In consideration of the privacy of our shareholders, the livestream will only show the Directors and Audit & Supervisory Board Members’ seating area.
- The livestream may not be viewable depending on the internet connection environment used, the connection status of the livestream and other factors.
- Shareholders will bear telecommunication charges in the event that they incur.
- Please refrain from taking photos, recording, or saving.
- Presenting the ID and password to a third party is strictly prohibited.

Post-meeting distribution

The video of the livestream will be available at “**General Meeting of Shareholders**” on the Company’s website.

https://www.asahigroup-holdings.com/ir/shareholders_guide/shareholders_meeting.html

Date and time that the video will be made available: March 26 (Friday), 2021 at noon (JST) (Planned)

Agenda Items and Reference Information

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,” Asahi Group Holdings, Ltd. (the “Company”), has been working toward enhancing “Glocal Value Creation Management” based on Asahi Group Philosophy, 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, the Company’s policy is to stably increase dividends aiming to achieve a dividend payout ratio* of 35% by fiscal year 2021.

Even with achievement impacted by the COVID-19 pandemic, we will seriously consider the stable increase of dividends based on the aforementioned policy, and taking into consideration a variety of factors, including the Company’s consolidated financial condition, the Company proposes a year-end dividend of ¥53 per share.

Since the Company previously paid out ¥53 per share as an interim-period dividend, the annual dividend for this fiscal year will amount to ¥106 per share, which is an increase of ¥6 per share from the previous fiscal year, for a dividend payout ratio of 53.9%.

* 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, etc. (net of tax expenses).

(1) Type of dividend asset

Cash

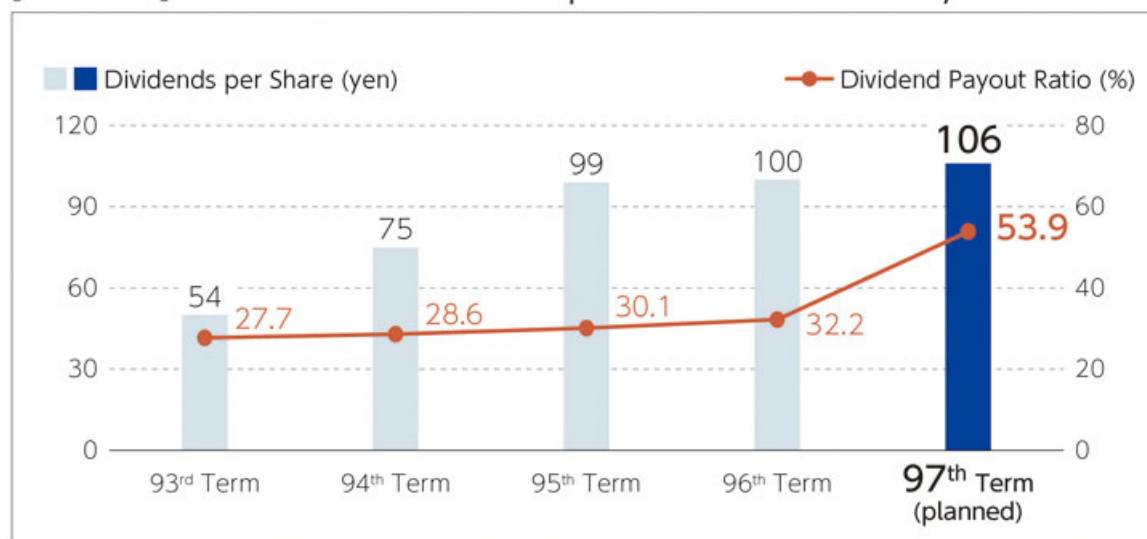
(2) Allocation of dividend assets to shareholders and total amount of allocation

¥53 per share of common stock Total amount of payout: ¥26,861,770,050

(3) Effective date of dividends of Retained Earnings

March 26, 2021

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



Item 2 Election of eight (8) 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, expertise, and ability required by the Company, with reference to the "Skill Matrix of the Board of Directors," which clearly states the personal requirements of company officers based on the Asahi Group Philosophy, along with the Asahi Group Code of Conduct, and corporate management strategy. Furthermore, Outside Directors shall be persons who meet the requirements of independent officers as defined by the Company such as corporate managers, experts, and others, and at least 1/3 of the Directors.

The Company therefore asks the shareholders to elect the following eight (8) 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	Akiyoshi Koji (69) Reappointment	President and Representative Director, CEO Overall Management Corporate Communications Research & Development	12/12
2	Atsushi Katsuki (61) Reappointment	Senior Managing Director and Senior Managing Executive Officer CFO (Chief Financial Officer) Senior Department Head of Japan Headquarters Corporate Strategy Finance Supply Chain (procurement) Alcoholic Beverages Business Soft Drinks Business Food Business	12/12
3	Taemin Park (57) Reappointment	Director and Executive Officer CAO (Chief Alliance Officer) Alliance and M&A International Alcoholic Beverages Business International Non-Alcohol Beverages Business	12/12
4	Keizo Tanimura (55) Reappointment	Director and Executive Officer CHRO (Chief Human Resources Officer) Administration and Governance ESG	12/12
5	Tatsuro Kosaka (68) Reappointment Outside Independent	Outside Director	12/12
6	Yasushi Shingai (65) Reappointment Outside Independent	Outside Director	12/12
7	Christina L. Ahmadjian (62) Reappointment Outside Independent	Outside Director	12/12
8	Ryoichi Kitagawa (57) New candidate	–	–

Skill Matrix of the Board of Directors

Candi- date Number	Decision Making Skill				Supervisory Skill		
	Long-term Outlook & Strategic Mindset	<i>Glocal</i> Management Skill	Consideration of Sustainability Management	Promotion of Discontinuous Growth	Management of the Company's Business	Finance, Accounting & Internal Control	Human Resource Management
1	○	○		○	○	○	○
2	○	○	○	○	○	○	
3	○	○		○	○		
4	○	○	○				○
5	○	○	○	○		○	○
6	○	○	○	○		○	○
7	○	○	○				○
8	○	○		○	○	○	

Notes:

1. The age, position and responsibilities are as of this Annual General Meeting of Shareholders.
2. Attended Board of Directors meetings is the number of times the Director attended Board of Directors meetings held in FY2020.

Reappointment: candidate for reappointment

New candidate: candidate for new appointment

Outside: candidate for Outside Director

Independent: candidate for independent officer

Candidate
Number

1

Akiyoshi Koji

Reappointment

Date of Birth (Age): November 8, 1951 (69 years old)
Owned Shares of the Company: 16,500 shares
Tenure (at the conclusion of this Annual General Meeting of Shareholders): 14 years
Attended BOD* meetings (FY2020): 12/12

Reasons for recommending Akiyoshi Koji as a candidate for Director

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. He has been promoting sustainable growth and increased corporate value over the medium- to long-term by constructing a growth platform through the dramatic expansion of overseas business and revision of business portfolio, as well as giving overall direction of the Company's management through the establishment of a new group philosophy and group code of conduct. In this fiscal year in particular, he has a track record that includes maintaining and enhancing competitiveness by strengthening regional headquarter function in response to the globalization of the Company, such as by integration with an Australian alcoholic beverage business and reorganization of the European beer business, and the issuance of new shares through public offering for the first time in 30 years.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as a Director of the Company due to his experience as a top management of the Company over many years. In particular, he possesses insight and expertise regarding the management of the Company's business and finance, accounting & internal control, *glocal* management skill which is supported by foresight, decisiveness, and executive ability, and management competence in the promotion of discontinuous growth. In addition, he possesses a high level of diversified oversight of business execution for sustainable management, such as long-term outlook & strategic mindset, and the ability to continue to search for the appropriate governance vision.

Accordingly, we deem that Akiyoshi Koji is a necessary human resource who is indispensable to the composition of the Board of Directors as a member of the Board who has diverse insight, expertise, and capabilities for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors, and thus we recommend his reappointment as a Director.

Position President and Representative Director, CEO

Responsibilities Overall Management
Corporate Communications, Research & Development

Career Summary

Apr. 1975 Joined the Company
Sep. 2001 Executive Officer
Mar. 2003 Managing Director, Senior Department Head of Planning Division of Asahi Soft Drinks Co., Ltd.
Mar. 2006 Senior Managing Director, Senior Department Head of Planning Division of Asahi Soft Drinks Co., Ltd.
Mar. 2007 Managing Director, Managing Executive 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)

Significant Concurrent Positions Outside Director of Imperial Hotel, Ltd.

Candidate's special interests in the Company

There are no special interests between Akiyoshi Koji and the Company.

*BOD stands for Board of Directors.



Candidate
Number

2

Atsushi Katsuki

Reappointment

Date of Birth (Age): March 17, 1960 (61 years old)
Owned Shares of the Company: 2,598 shares
Tenure (at the conclusion of this Annual General Meeting of Shareholders): 4 years
Attended BOD meetings (FY2020): 12/12

Reasons for recommending Atsushi Katsuki as a candidate for Director

Since being appointed a Director of the Company in 2017, Atsushi Katsuki has been responsible for alliances & M&As and many domestic and overseas businesses, and has a track record that includes promoting the restructuring of the business portfolio. In this fiscal year in particular, he is serving as Senior Managing Director, Senior Managing Executive Officer, is responsible for finance, management strategy, and the domestic Alcoholic Beverages Business, Soft Drinks Business, and Food Business as a CFO, and he played an important role in the issuance of new shares through public offering for the first time in 30 years, making use of his high expertise and knowledge of global management as a CFO. He also has a track record that includes sophisticating cash flow management, which is vital to the Company's sustainable growth and enhancement of corporate value over the medium- to long-term, and taking the lead for business performance recovery for domestic businesses under the environment of the global spread of COVID-19 as Senior Department Head of Japan Headquarters.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as a Director of the Company through his experience as Group CEO of an overseas Regional Head Quarters. In particular, he has a high level of insight and expertise regarding the management of the Company's business and finance, accounting & internal control, a high level of the ability to include diverse and different cultures, a high level of the ability to promote discontinuous growth, which utilizes his insight in M&As, and a high level of long-term outlook & strategic mindset and *glocal* management skill which takes open mindedness into consideration.

Accordingly, we deem that Atsushi Katsuki is a necessary human resource who is indispensable to the composition of the Board of Directors as a member of the Board who has diverse insight, expertise, and capabilities for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors, and thus we recommend his reappointment as a Director.

Position Senior Managing Director and Senior Managing Executive Officer,
CFO (Chief Financial Officer)

Responsibilities Senior Department Head of Japan Headquarters
Corporate Strategy, Finance, Supply Chain (procurement)
Alcoholic Beverages Business, Soft Drinks Business, Food Business

Career Summary

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 Executive Officer of the Company
Director, Group CEO of Asahi Holdings (Australia) Pty Ltd
Mar. 2017 Director, Executive Officer of the Company
Mar. 2018 Managing Director, Managing Executive Officer
Mar. 2020 Senior Managing Director and Senior Managing Executive Officer
(to the present)

Candidate's special interests in the Company

There are no special interests between Atsushi Katsuki and the Company.



Candidate
Number

3

Taemin Park

Reappointment

Date of Birth (Age): January 25, 1964 (57 years old)
Owned Shares of the Company: 61 shares
Tenure (at the conclusion of this Annual General Meeting of Shareholders): 2 years
Attended BOD meetings (FY2020): 12/12

Reasons for recommending Taemin Park as a candidate for Director

Since being appointed as a Director of the Company in 2019, Taemin Park's responsibilities have included alliances and M&As and overseas business. His track record includes promoting the transformation of the Oceania business into a steady growth engine, and in this fiscal year in particular, succeeding in integrating with an Australian alcoholic beverage business and reorganizing the European beer business using his high level of expertise and capabilities as the Director responsible for alliances and M&As.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as a Director of the Company due to his extensive experience in overseas business over many years, including in alliances and M&As and as Director of overseas Regional Head Quarters. In particular, he has a high level of insight and expertise regarding the management of the Company's business, such as trends and new movements in the overseas alcoholic beverages and non-alcohol beverages industries, a high level of *glocal* management skill for envisaging business formations centered on alliances and M&As as well as decision making, and a high level of the ability to promote discontinuous growth.

Accordingly, we deem that Taemin Park is a necessary human resource who is indispensable to the composition of the Board of Directors as a member of the Board who has diverse insight, expertise, and capabilities for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors, and thus we recommend his reappointment as a Director.

Position Director and Executive Officer, CAO (Chief Alliance Officer)

Responsibilities Alliance and M&A
International Alcoholic Beverages Business, International Non-Alcohol Beverages Business

Career Summary

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 Executive Officer, General Manager of Business Development Section
Mar. 2019 Director, Executive Officer
(to the present)

Candidate's special interests in the Company

There are no special interests between Taemin Park and the Company.



Candidate
Number

4

Keizo Tanimura

Reappointment

Date of Birth (Age): August 11, 1965 (55 years old)
Owned Shares of the Company: 5,123 shares
Tenure (at the conclusion of this Annual General Meeting of Shareholders): 2 years
Attended BOD meetings (FY2020): 12/12

Reasons for recommending Keizo Tanimura as a candidate for Director

Since being appointed as a Director of the Company in 2019, Keizo Tanimura's responsibilities have included administration and governance (Human Resources, Legal Affairs, General Affairs, IT, and Audit). His track record includes promoting the creation of a succession planning system (education and placement) for the Group's executives and the construction of a system for human resources and compensation policy, and as the director responsible for governance, he has also promoted reinforcement of the operating foundation for increasing the effectiveness of the Board of Directors. In this fiscal year in particular, he strengthened risk management under the global spread of COVID-19, and strengthened the foundation for the Company's sustainable growth and increased corporate value in the medium- to long-term.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as a Director of the Company through his extensive experience at multiple companies, including as Director of an overseas Regional Head Quarters. In particular, he has a high level of insight and expertise regarding human resource management and governance from a global perspective, a high level of the ability to include diverse and different cultures, and a high level of consideration of sustainability management.

Accordingly, we deem that Keizo Tanimura is a necessary human resource who is indispensable to the composition of the Board of Directors as a member of the Board who has diverse insight, expertise, and capabilities for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors, and thus we recommend his reappointment as a Director.

Position Director and Executive Officer, CHRO (Chief Human Resources Officer)

Responsibilities Administration and Governance, ESG

Career Summary

Apr. 1989 Joined the Company
Apr. 2016 Senior Officer, General Manager of Human Resources Section
Mar. 2017 Executive Officer, General Manager of Human Resources Section
Sep. 2018 Executive Officer responsible for Global and Local Talent Management
Mar. 2019 Director, Executive Officer
(to the present)

Candidate's special interests in the Company

There are no special interests between Keizo Tanimura and the Company.

Candidate
Number

5

Tatsuro Kosaka

Reappointment Outside Director Independent Director

Date of Birth (Age): January 18, 1953 (68 years old)

Owned Shares of the Company: — shares

Tenure (at the conclusion of this Annual General Meeting of Shareholders): 5 years

Attended BOD meetings (FY2020): 12/12

Reasons for recommending Tatsuro Kosaka as a candidate for Outside Director

Since being appointed as an Outside Director of the Company in 2016, Tatsuro Kosaka has used his extensive experience, including as a CEO of a global company, to provide appropriate oversight for business execution through active opinions and recommendations. In particular, he has contributed to increasing the effectiveness of the Board of Directors by providing opinions and recommendations based on his experience and insight, and through dialogue, from perspectives including global management, group governance, and ESG. Also, as the chairperson of the Nomination Committee, he has played a leading role in making fair and transparent decisions on succession plans for management team including the CEO and on personnel affairs of officers.

Furthermore, he possesses a high level of insight, expertise, and ability required as an Outside Director of the Company due to his extensive experience in corporate management over many years.

Accordingly, we deem that Tatsuro Kosaka is a necessary human resource who is indispensable to the composition of the Board of Directors, mainly to provide a supervisory function from a management perspective based on his high level of corporate management capability, for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors, and thus we recommend his reappointment as an Outside Director.

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.
Mar. 2016	Director of the Company (to the present)
Mar. 2020	Representative Director, Chairman & CEO of Chugai Pharmaceutical Co., Ltd. (to the present)

Significant Concurrent Positions Representative Director, Chairman & CEO of Chugai Pharmaceutical Co., Ltd.

Candidate's special interests in the Company


There are no special interests between Tatsuro Kosaka and the Company.

Views on independence

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 officers as defined by the Tokyo Stock Exchange, we have registered him as an independent officer as stipulated by the said Exchange.

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 6	Yasushi Shingai
	<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> Reappointment Outside Director Independent Director </div> <p> Date of Birth (Age): January 11, 1956 (65 years old) Owned Shares of the Company: — shares Tenure (at the conclusion of this Annual General Meeting of Shareholders): 3 years Attended BOD meetings (FY2020): 12/12 </p>	

Reasons for recommending Yasushi Shingai as a candidate for Outside Director

Since being appointed as an Outside Director of the Company in 2018, Yasushi Shingai has used his extensive experience, including as Executive Deputy President and CFO of a global company and Deputy CEO of an overseas business headquarters company, to provide appropriate oversight for business execution through active opinions and recommendations. In particular, he has contributed to increasing the effectiveness of the Board of Directors by providing opinions and recommendations based on his experience and insight, and through dialogue, from perspectives including group governance, ESG, and management strategies in the ultra-long term. Also, as the chairperson of the Compensation Committee, he has played a leading role in making fair and transparent decisions on verification of adequacy and effectiveness of an officers' remuneration plan and implementation of the plan (determining bonus amounts, etc.). Furthermore, he possesses a high level of insight, expertise, and ability required as an Outside Director of the Company due to his extensive experience in corporate management over many years.

Accordingly, we deem that Yasushi Shingai is a necessary human resource who is indispensable to the composition of the Board of Directors, mainly to provide a supervisory function from a progressive and wide-ranging global management perspective for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors, and thus we recommend his reappointment as an Outside Director.

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. 2016 Executive Deputy President, Deputy Chief Executive Officer 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.
Outside Director of Dai-ichi Life Holdings, Inc.

Candidate's special interests in the Company

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

Views on independence

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 said group company of Japan Tobacco Inc. 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 officers as defined by the Tokyo Stock Exchange, we have registered him as an independent officer as stipulated by the said Exchange.

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.

Views on independence

The Group maintains transactional relationships with neither Christina L. Ahmadjian nor Hitotsubashi University 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 Christina L. Ahmadjian meets the requirements for independent officers as defined by the Tokyo Stock Exchange, we have registered her as an independent officer as stipulated by the said Exchange.

Regarding agreements limiting the liability

To enable her to contribute fully in her role as an Outside Director, the Company has entered into an agreement with Christina L. Ahmadjian 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.



Candidate Number	8	Ryoichi Kitagawa
		New candidate
		Date of Birth (Age): June 29, 1963 (57 years old)
		Owned Shares of the Company: 4,681 shares

Reasons for recommending Ryoichi Kitagawa as a candidate for Director

Ryoichi Kitagawa was appointed a Director of the Company in 2016, and played an important role in the acquisition of the beer business in Western Europe and Central and Eastern Europe. From 2017, as a Managing Executive Officer, he played an important role in the Europe business that was acquired through the use of his high expertise and knowledge of global management in addition to having a track record that includes leading the reorganization of the European beer business in 2020.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as a Director of the Company through his experience. In particular, he has a high level of insight and expertise regarding the management of the Company’s business and finance, accounting & internal control, a high level of *glocal* management skill, and a high level of management competence in the promotion of discontinuous growth.

Accordingly, we deem that Ryoichi Kitagawa is a necessary human resource who is indispensable to the composition of the Board of Directors as a member of the Board who has diverse insight, expertise, and capabilities for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors, and thus we newly recommend his appointment as a Director.

Career Summary

- May 1987 Joined Hokkaido Asahi Breweries Co., Ltd.
- Sep. 1993 Transferred to the Company
- Apr. 2013 Senior Officer, General Manager of Business Development Section
- May 2013 Senior Officer, General Manager of Business Development Section, General
Manager of International Business Section
- Sep. 2013 Senior Officer, General Manager of Business Development Section
- Mar. 2014 Executive Officer, General Manager of Business Development Section
- Mar. 2016 Director and Executive Officer
- Mar. 2017 Managing Executive Officer
(to the present)

Candidate’s special interests in the Company

There are no special interests between Ryoichi Kitagawa and the Company.


Election of one (1) Audit & Supervisory Board Member

At the conclusion of this Annual General Meeting of Shareholders, the term of office of Audit & Supervisory Board Member Yutaka Kawakami will expire.

To ensure balance and diversity in terms of the knowledge, experience, and ability for the entire Audit & Supervisory 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 group philosophy, the “Asahi Group Philosophy,” the Asahi Group Code of Conduct, and management strategy, and that the Audit & Supervisory Board will include at least 1 Audit & Supervisory Board Member with an appropriate knowledge of finance/accounting and at least 1 Audit & Supervisory Board Member with an appropriate knowledge of legal affairs. Furthermore, 3 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 one (1) candidate to fill the Audit & Supervisory Board Member position.

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



Candidate for Audit & Supervisory Board Member
Yutaka Kawakami
 Reappointment **Outside Audit & Supervisory Board Member**
 Independent Audit & Supervisory Board Member
 Date of Birth (Age): June 13, 1952 (68 years old)
 Owned Shares of the Company: — shares
 Tenure (at the conclusion of this Annual General Meeting of Shareholders): 4 years
 Attended BOD meetings (FY2020): 12/12
 Attended ASB* meetings (FY2020): 13/13

Reasons for recommending Yutaka Kawakami as a candidate for Outside Audit & Supervisory Board Member

Yutaka Kawakami has the expert knowledge related to accounting necessary for an Audit & Supervisory Board Member of the Company, and has a high level of insight for auditing management that comes from abundant audit experience in Japan and overseas, which were gained through activities over many years as an experienced certified public accountant who is well versed in accounting audits of global corporations. Furthermore, through active opinions and recommendations as an Outside Audit & Supervisory Board Member, he has provided appropriate auditing of the duties of the Directors of the Company.

Accordingly, we deem that Yutaka Kawakami 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 reappointment as an Outside Audit & Supervisory Board Member.

Position Outside Audit & Supervisory Board Member

Career Summary

- Feb. 1976 Joined Tohmatsu Awoki & Co. (current Deloitte Touche Tohmatsu LLC)
- Mar. 1980 Registered as certified public accountant
- Jun. 1990 Partner of Tohmatsu & Co.
- Jun. 2007 Member of Management Council, General Manager of Human Resources Department of Deloitte Touche Tohmatsu
- Sep. 2016 Retired from Deloitte Touche Tohmatsu LLC
- Mar. 2017 Audit & Supervisory Board Member of the Company (to the present)

Significant Concurrent Positions Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc.
 Supervisory Director of Nippon Building Fund Inc.

Candidate’s special interests in the Company

There are no special interests between Yutaka Kawakami and the Company.

Views on independence

The Group maintains transactional relationships with neither Yutaka Kawakami 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 Yutaka Kawakami meets the requirements for independent officers as defined by the Tokyo Stock Exchange, we have registered him as an independent officer as stipulated by the said Exchange.

Regarding agreements limiting the liability

To enable him to contribute fully in his role as an Outside Audit & Supervisory Board Member, the Company has entered into an agreement with Yutaka Kawakami 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.

*ASB stands for Audit & Supervisory Board.

Note to Item 3: The age and position are as 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 Regulation 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, Executive 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.

(Attached Materials)

BUSINESS REPORT (From January 1, 2020 to December 31, 2020)

1 Overview of Operations of the Asahi Group

(1) Business Progress and Results

During this fiscal year, although the global economy showed a gradual recovery earlier this year, it deteriorated sharply due to the restriction on the economic activities caused by the spread of COVID-19, and other factors, and remained in an extremely difficult condition. Japan's economy was also hard hit by lower consumer spending and exports due to the spread of COVID-19 in Japan and the deterioration of the global economy.

Under these circumstances, the Asahi Group worked on promoting its “Glocal Value Creation Management” based on the “Medium-Term Management Policy,” and enhanced the value of our mainstay brands in each business segment and shored up the new value proposition while addressing COVID-19.

As our countermeasures against COVID-19, while prioritizing the health of the employees and their families, the Asahi Group implemented marketing strategies catering to the changes of the market environment and the consumer needs and at the same time secured financial soundness by such means as limiting capital expenditures and fixed costs and improving working capital efficiency. We also acted as a responsible company toward our stakeholders by supporting our partners and local communities.

However, due to factors such as the negative effect of the economic stagnation caused by the downturn of the food service industry and the stay-at-home restrictions worldwide, revenue of the Asahi Group for FY2020 decreased by 2.9% year-on-year to ¥2,027,762 million. Core operating profit*¹ decreased by 21.2% year-on-year to ¥167,823 million, and operating profit fell by 32.9% to ¥135,167 million. Profit attributable to owners of parent totaled ¥92,826 million, a decrease of 34.7% year-on-year.

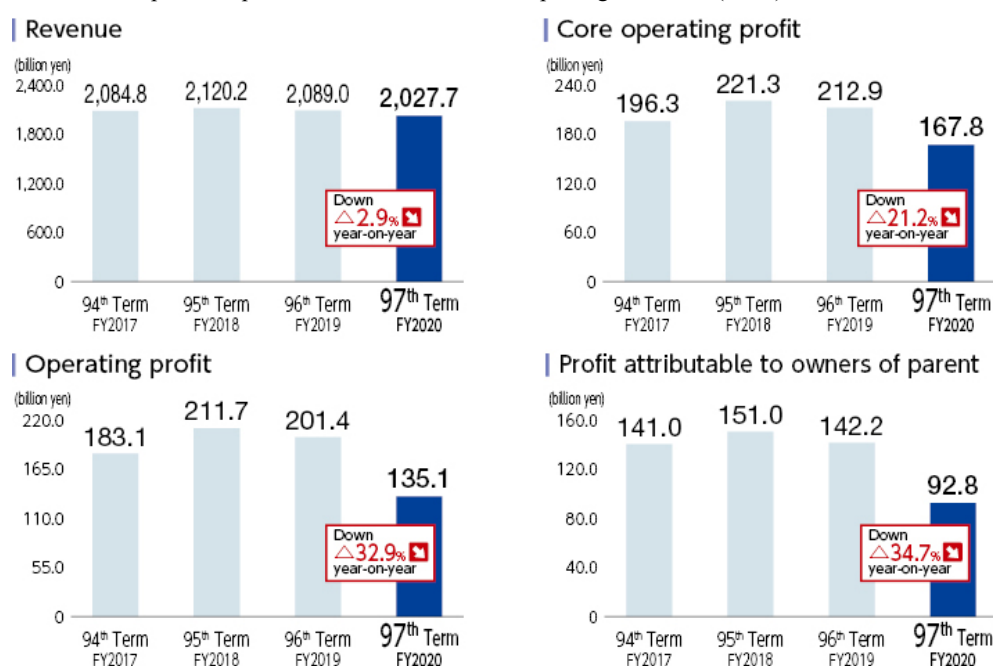
Furthermore, excluding the effects of exchange rate fluctuations, revenue decreased by 2.6% year-on-year and core operating profit decreased by 21.1% year-on-year.*²

*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. Foreign currency amounts in 2020 are compared after conversion to the yen equivalent using the 2019 exchange rate.

■ Asahi Group's Earnings

Note: The Asahi Group has adopted International Financial Reporting Standards (IFRS).



Financial and Profit/Loss Indicators of the Asahi Group

	94 th term FY2017	95 th term FY2018	96 th term FY2019	97 th term FY2020 (current year)
Revenue	2,084,877	2,120,291	2,089,048	(million yen) 2,027,762
Core operating profit	196,368	221,383	212,971	(million yen) 167,823
Operating profit	183,192	211,772	201,436	(million yen) 135,167
Profit attributable to owners of parent	141,003	151,077	142,207	(million yen) 92,826
Operating profit ratio	8.8	10.0	9.6	(%) 6.7
EBITDA*¹	285,394	318,463	304,848	(million yen) 269,446
Basic earnings per share*²	307.78	329.80	310.44	(yen) 196.52
Total assets	3,346,822	3,079,315	3,140,788	(million yen) 4,439,378
Total equity	1,152,748	1,149,647	1,248,279	(million yen) 1,517,816
Equity attributable to owners of parent per share*³	2,499.62	2,502.67	2,720.76	(yen) 2,992.06
ROE (Profit ratio to equity attributable to owners of parent)	14.2	13.2	11.9	(%) 6.7
Adjusted profit attributable to owners of parent*⁴	120,133	150,688	142,207	(million yen) 92,826
Adjusted earnings per share*⁵	262.23	328.95	310.44	(yen) 196.52
Adjusted ROE (Adjusted profit ratio to equity attributable to owners of parent)*⁶	13.7	15.2	13.0	(%) 7.5

*1. EBITDA is equal to the sum of core operating profit and amortization and depreciation.

*2. 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 Custody Bank of Japan, Ltd. as trust property for stock compensation are included in the treasury shares to be deducted in the calculation for the 95th term (FY2018) and subsequent periods.

*3. 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 Custody Bank of Japan, Ltd. as trust property for stock compensation are included in the treasury shares to be deducted in the calculation for the 95th term (FY2018) and subsequent periods.

*4. 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.

*5. Adjusted earnings per share is calculated based on adjusted profit attributable to owners of parent.

*6. 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, etc. of fair value of investment in financial assets measured at fair value through other comprehensive income).

| Overview by Business Segment for 97th Term |

Asahi Group Revenue by Business Segment

Business Segment	96 th term FY2019 (million yen)	97 th term FY2020 (current year) (million yen)	Change in amount (million yen)	Change in percentage (%)
Alcoholic Beverages	886,860	758,270	(128,589)	(14.5)
Soft Drinks^{*1}	376,867	353,381	(23,486)	(6.2)
Food^{*1}	128,966	123,486	(5,480)	(4.2)
Overseas^{*1}	698,546	792,956	94,409	13.5
Other^{*1}	97,707	93,155	(4,552)	(4.7)
Adjustment^{*2}	(99,900)	(93,488)	6,412	–
Total	2,089,048	2,027,762	(61,285)	(2.9)

*1. In line with the business reorganization in the 97th term (FY2020), the Company changed classification of certain companies included in the Overseas segment to the Soft Drinks segment, while changing the classification of certain companies included in the Other segment to the Food segment. The changes have been reflected in the revenue by segment for the 96th term (FY2019).

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

Alcoholic Beverages Segment



Main products

Beer, Happoshu (low-malt beer), New genre (malt-type), Whisky and other spirits, RTD*, Wine, Shochu, Alcohol-taste beverages

In the Alcoholic Beverages segment, under the newly established long-term management policy—transform toward value-oriented management, aiming to create value for customers and new markets—we worked to create special value and experiences for our customers, centered on beer-type beverages.

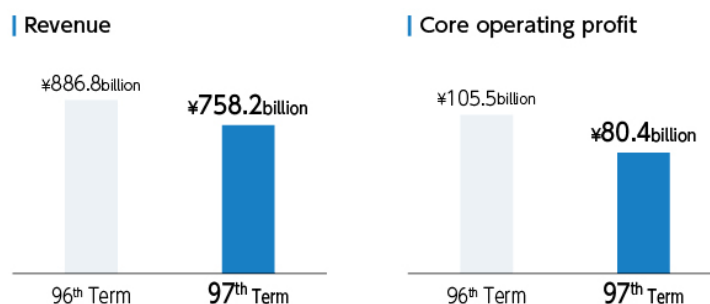
In beer-type beverages, continuously adopting the brand message for “Asahi Super Dry” formulated last year (“*Beer ga umai. Kono shunkan ga tamaranai.*”), we promoted measures in response to new lifestyles by such means as implementing marketing campaigns that allowed consumers to experience “Below-freezing Super Dry” at home and rolling out an online event called “ASAHI SUPER DRY VIRTUAL BAR” as a proposal for new communication via beer. Furthermore, in response to a growing demand for drinking at home, we promoted beer and meal pairings for our mainstay brand “Clear Asahi,” and released “Asahi THE RICH” that offers “quality and sense of luxury like a premium beer” and strengthened our advertising and sales promotion activities, working to enhance our presence in the new genre beer-type beverages market.

Aside from beer-type beverages, in RTD beverages, we focused on fostering our unique brands by enhancing the lineup for the core brand, “Zeitaku Shibori RTD” and launching “Asahi The Lemon Craft,” which pursues the original flavor and aroma of lemons. In whiskey and other spirits, “Nikka Session,” a blend of malt liquors from Scotland and Japan, was launched to reinforce the initiative to propose new value. In alcohol-taste beverages, we worked to expand our new user base by renewing “Asahi DRY ZERO” to make it taste even more like beer and proposing a variety of settings for serving it.

As a result of these efforts, though sales of the new genre beer-type beverages and RTD exceeded the previous year’s results by capturing demand for drinking at home, revenue from the Alcoholic Beverages segment decreased by 14.5% year-on-year to ¥758,270 million resulting from a significant decrease in sales of beer for restaurants due to the COVID-19 pandemic.

Core operating profit decreased by 23.8% year-on-year to ¥80,448 million due to the lower revenue which outweighed our efforts such as reducing manufacturing costs and reforming our earnings structure (Operating profit stood at ¥65,933 million, representing a year-on-year decrease of 36.0%).

* 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.





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

In the Soft Drinks segment, we aimed to establish a solid business foundation for further growth through initiatives such as revitalizing the soft drinks market via reinforcement of the carbonated beverage category and commercialization of the products creating new value, and strengthening initiatives to enhance social value.

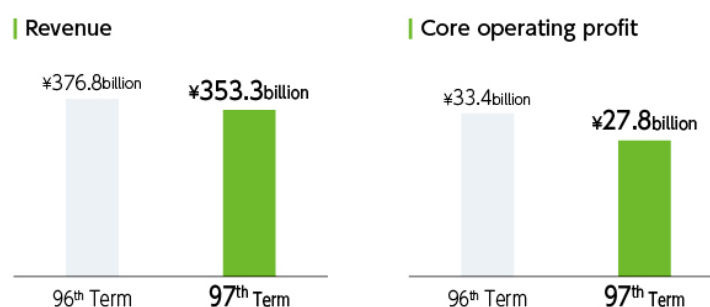
In our mainstay brands, we launched limited edition reproduction of the product under the “MITSUYA” brand and conducted new advertisement and sales promotion activities through SNS. For the “WILKINSON” brand, we further enhanced the value of the brand in the well-performing carbonated beverage category, which enjoyed an increase in demand at home, by such means as stepping up the marketing campaigns to emphasize that WILKINSON is No.1 selling product in the carbonated water market*. Other initiatives to reinforce our brands included promoting proactively concentrate-type products for the “CALPIS” brand in response to demand from staying-at-home. Meanwhile, in the Juroku Cha” brand, “Asahi Juroku Cha Plus-Yasuragi Blend” classified as a Food with Functional Claims was launched. It contains L-Theanine that helps to relieve stress and improve quality of sleep.

For products creating new value, we launched “GREEN CALPIS,” a plant-derived product under the “CALPIS” brand made from fermented soy milk. Also, we actively expanded the products using label-less plastic bottles mainly under the “Asahi OISHII MIZU” brand in the e-commerce market. In this way, we enhanced marketing strategies in line with the changing consumer needs to stimulate the market.

As a result of these efforts, despite sales volumes of the carbonated beverage topping the previous year’s results, revenue from the Soft Drinks segment decreased by 6.2% year-on-year to ¥353,381 million mainly due to the reduced sales through vending machines during the COVID-19 pandemic.

Core operating profit decreased by 16.9% year-on-year to ¥27,800 million (Operating profit stood at ¥28,901 million, representing a year-on-year decrease of 6.1%). This was mainly due to the impact of the declining sales and the deterioration in the mix of product type and container type caused by the reduced sales via vending machines. These impacts outweighed the effects of the streamlining of advertising and promotion expenses through selection and concentration strategy of the brands and the reduction of manufacturing costs by switching outsourced products to in-house manufacturing.

* INTAGE SRI, Carbonated water market (including flavored water), Cumulative sales, Nationwide, All Industries (SM/CVS/DRUG), January 1, 2019-December 31, 2019



Food Segment



Main products

Confectionery, Nutritional snacks, Supplements, Baby foods, Infant formula, Freeze-dried foods, Products aimed at senior citizens

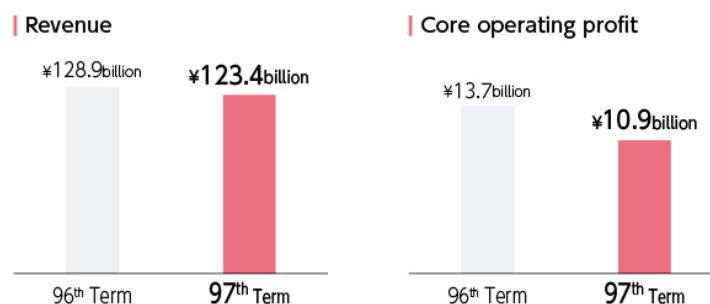
In the Food segment, we worked to build a sustainable growth foundation through new value proposition for our core brands in response to diversifying lifestyles.

With the tablet-type confectionery “MINTIA,” we released new products such as “MINTIA Tasty,” a large-sized tablet with a rich taste, to meet the consumer needs for refreshment while wearing a mask or working remotely, and also tried to stimulate demand by proposing a new way of enjoying the breath mints to match the diversifying work styles. For health and beauty foods, we worked to strengthen and develop our brand power by such means as expanding the product lineup of “Ippon Manzoku Bar” protein series on the back of growing interest in building up bodies. For freeze-dried miso soup, we emphasized the value of freeze-dried miso soup as a convenient way to enjoy the authentic flavor by renewing the packaging of the “Itsumono Omisoshiru” series and boosting advertising and sales promotions including TV commercials.

In the baby foods, we proposed products that satisfy the needs for homemade snacks by such means as newly launching “Oyaki Dumpling Mix for Baby” series. In the category of dietary supplements, for “Dear-Natura,” we worked to attract new users and propped up the brand power by strengthening the promotion of products in response to a growing health consciousness.

As a result of these efforts, despite a stronger-than-previous-year sales of the health and beauty foods, the freeze-dried miso soup, etc., revenue from the Food segment decreased by 4.2% year-on-year to ¥123,486 million mainly due to a significant decrease in sales of “MINTIA” as a result of reduced office work hours.

Core operating profit decreased by 19.9% year-on-year to ¥10,997 million mainly due to a decrease in revenue, which was not absorbed by an improvement of overall fixed costs (Operating profit stood at ¥11,178 million, representing a year-on-year decrease of 16.2%).



Overseas Segment



Main products

Beer, Low-alcohol beverages, Alcohol-taste beverages, Carbonated drinks, Mineral water, Condensed milk, Fruit drinks, Coffee

In the Overseas segment, we accelerated our efforts for further growth by expanding our premium beer brand in the global market and pursuing the premiumization of our brand portfolio in the respective local markets, among other measures.

With regard to the expansion of our premium brands in the global market as a whole, we worked to increase awareness of “Peroni Nastro Azzurro” and “Asahi Super Dry” as global premium beer brands through initiatives that included the active advertisement of these brands and the campaign to hold events and distribute event information via SNS.

In the Europe business, we strove to enhance the value of our mainstay brands in each country. Such efforts include: strengthening our premium brands through aggressive marketing activities for Czech “Pilsner Urquell,” the launch of derivative products for Romanian “Ursus,” and holding online events for Italian “Peroni” and Dutch “Grolsch.” In addition, in alcohol-taste beverages, where the market is expanding, we fortified our brand power, tailoring to changes of diversifying consumer needs by enhancing the development of new flavors for Czech “Birell,” Polish “Lech Free,” etc.

In the Oceania business, as for alcoholic beverages, we consolidated our existing business with Australian beer and cider business (hereinafter the “CUB”), for which the acquisition process was completed in June, forging a robust sales structure for synergies. We also worked to enhance the value of our mainstay brands, “Victoria Bitter” and “Great Northern” as well as the global premium beer brands including “Asahi Super Dry” and “Peroni Nastro Azzurro.” As for soft drinks, we proactively developed our no-sugar products centered on the carbonated drink category, and enhanced their presence in the market.

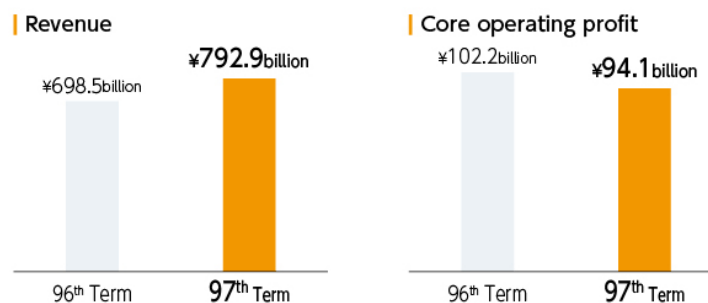
In the Southeast Asia business, we bolstered the sale of high-value-added products such as sugar-free “WONDA Zero Max” in Malaysia amid the growing health consciousness.

As a result of these efforts, revenue from the Overseas segment increased by 13.5% year-on-year to ¥792,956 million mainly due to the effects of the newly consolidated CUB despite market contraction caused by the restriction in various countries during the COVID-19 pandemic, and other factors.

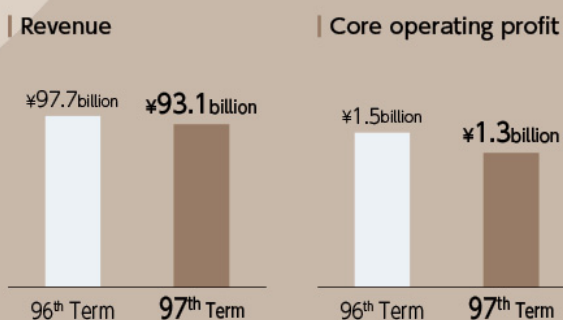
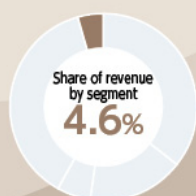
Core operating profit decreased by 8.0% year-on-year to ¥94,122 million mainly due to a deterioration of profitability caused by the changes in sales mix per marketing channel and one-time expenses resulting from the acquisition of the CUB, despite an improvement of overall fixed costs (Operating profit stood at ¥52,089 million, representing a year-on-year decrease of 31.4%).

Excluding the effects of exchange rate fluctuations, revenue rose by 14.5% year-on-year and core operating profit decreased by 7.6% year-on-year.*

* Revenue and core operating profit are compared between the previous and current terms after foreign currency amounts in 2020 are converted to the yen using the 2019 exchange rate.



Other Segment



Main businesses Cargo transportation, Production and Distribution of feedstuffs

In the Other segment, revenue decreased by 4.7% year-on-year to ¥93,155 million.

Core operating profit decreased 13.2% year-on-year to ¥1,340 million (Operating profit stood at ¥1,093 million representing a year-on-year decrease of 8.0%).

Notes to (1) Business Progress and Results:

The share of revenue by segment is calculated by dividing the revenue of each segment by the consolidated total revenue including the adjustment amount (¥93,488 million). Accordingly, the total share of revenue amounts to 104.6%.

(2) Status of Capital Expenditures

Consolidated capital expenditures in this year totaled ¥103,764 million, the segment breakdown of which is as follows. A large portion of the capital expenditures represented investments made for the purpose of enhancing production capacity and efficiency.

Business segment	Amount of capital expenditure (million yen)
Alcoholic Beverages	25,161
Soft Drinks	16,363
Food	4,056
Overseas	45,113
Other	5,716
Company-wide (common)	7,352
Total	103,764

(3) Financing Activities

The Company financed the capital requirements including capital expenditures detailed in item (2) above and funds for acquiring CUB through loans from financial institutions, the issuance of commercial papers and bonds, and capital increase, etc.

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

Overview of issued bonds

Issued bonds	Payment date	Total amount of bonds
The 1st unsecured subordinated bonds with optional interest payment deferral and early redemption provisions (with a subordination provision)	October 15, 2020	¥300,000 million
The 13th issue of Unsecured Corporate Bonds (3 years)	October 15, 2020	¥100,000 million
The 14th issue of Unsecured Corporate Bonds (Green Bond*, 5 years)	October 15, 2020	¥10,000 million
Euro denominated senior unsecured bonds due 2024	October 23, 2020	EUR 800 million
Euro denominated senior unsecured bonds due 2028	October 23, 2020	EUR 800 million

* "Green Bond" refers to bonds issued specifically for the use of funds for environmental initiatives. The purpose of such bonds is mainly to procure recycled PET and biomass plastics, purchase renewable energy, and maintain the company-owned "Asahi Forest."

Overview of capital increase, etc.

Capital increase, etc.	Payment date	Amount paid
Issuance of new shares through public offering	September 14, 2020	¥67,189,692,992
Disposal of treasury shares through public offering	September 14, 2020	¥81,429,568,000
Issuance of new shares through third-party allotment	October 13, 2020	¥8,180,935,808

(4) Status of Principal Lenders

(As of December 31, 2020)

Lender	Outstanding balance (million yen)
Sumitomo Mitsui Banking Corporation	405,191
Mizuho Bank, Ltd.	55,170
Sumitomo Mitsui Trust Bank, Limited	43,400
The Norinchukin Bank	43,400
MUFG Bank, Ltd.	38,386

(5) Status of Major Establishments and Principal Subsidiaries

(As of December 31, 2020)

1) Asahi Group Holdings, Ltd.

(Head office) 23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

2) Significant 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 in Japan
Asahi Soft Drinks Co., Ltd.	Sumida-ku, Tokyo	11,081	100.0	Production and marketing of soft drinks in Japan
Asahi Group Foods, Ltd.	Shibuya-ku, Tokyo	5,000	100.0	Production and marketing of foods in Japan
Asahi International Ltd	London, the United Kingdom	185,459 (EUR 1,560,766 thousand)	100.0	Sales of alcoholic beverages in whole global market
Asahi Breweries Europe Ltd	Surrey, the United Kingdom	1,020,760 (EUR 8,375,187 thousand)	100.0	Overseeing alcoholic beverages operations in Europe
Asahi Holdings (Australia) Pty Ltd	Victoria, Australia	1,385,448 (AUD 18,926,514 thousand)	100.0	Overseeing and alcoholic beverages and soft drinks operations in Oceania

Notes:

- There were 206 consolidated subsidiaries of the Company as of the end of this year, including those listed above. There were 25 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 completed the acquisition of all the issued shares of 55 companies including ABI Australia Holding Pty Ltd (currently, CUB Australia Holding Pty Ltd after renaming) through Asahi Holdings (Australia) Pty Ltd on June 1, 2020.
- In relation to the acquisition above, certain selected beer and cider brands acquired were divested as of January 5, 2021, pursuant to the conditions of the approval of such transaction from the Australian Competition and Consumer Commission.

(7) Employees

(As of December 31, 2020)

Business segment	Number of employees	Increase (decrease) from the end of the previous term
Alcoholic Beverages	5,754	61
Soft Drinks	3,655	126
Food	1,353	64
Overseas	15,972	295
Other	2,437	(9)
Company-wide (common)	679	(14)
Total	29,850	523

(8) Progress in the “Medium-Term Management Policy” Guidelines

As for the guidelines set out in the “Medium-Term Management Policy,” each indicator of the “Key Performance Indicator (KPI) Guidelines” and cash flow in the “Financial and Cash Flow Guidelines” have progressed below the plan due to the significant deterioration in business performance in the current fiscal year caused by the spread of COVID-19. Meanwhile, in terms of the investment for growth and debt reduction, Net Debt/EBITDA worsened away from the guidelines due to an increase in debt mainly as a result of the acquisition of the CUB.

Despite a decrease in EPS, the shareholder returns are expected to exceed the guidelines significantly by paying a dividend of ¥106 per share for the current fiscal year (FY2020).

Key Performance Indicator (KPI) Guidelines

	FY2017 results	Guidelines for next 3 years out	FY2020 progress
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	(5.1)%
EPS (adjusted *)	¥262.2	• CAGR (Compound annual growth rate): mid to high single digit	(9.2)%
ROE (adjusted*)	13.7%	• Maintain 13% or above	7.5%

* “Adjusted” 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	FY2020 progress
Cash Flow	• Free cash flows: above ¥170.0 billion (annual average)	¥184.9 billion /annual average
Investment for Growth/ Debt Reduction	• Prioritize M&As for expansion of foundations for growth and promote debt reduction for enhancing investment capacity (Net Debt/EBITDA*1: below 2 times by the end of FY2021)	6.03 times
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)	53.9%

*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.

Note: The amounts in Key Performance Indicator (KPI) Guidelines and Financial and Cash Flow Guidelines for FY2017 results and FY2020 progress have been rounded to the representative unit.

(9) 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 Food segments.

Establishing a 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 4 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 work together to further improve its corporate value.

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

While providing “Key Performance Indicator Guidelines” and “Financial and Cash Flow Guidelines” for the coming 3 years or so, the “Medium-Term Management Policy,” established based on the AGP, sets the following three Key Initiatives.

Given the impact of the spread of COVID-19 and the completed acquisition of the CUB, we have decided to update some of the Key Initiatives in February 2021 and to withdraw the existing “Key Performance Indicator Guidelines” to reestablish them in 2022. We will respond flexibly to the changing business environment amid the COVID-19 disaster to achieve an early recovery in business performance while continuously promoting “*Glocal* Value Creation Management” based on the AGP.

- A “Strengthening Earnings Power” by further enhancing added value and earnings structure reform
- Promoting premium strategies by enhancing high-added-value brands in all segments and expanding the five global brands*
 - Accelerating the restructuring of earning structure in light of the changing environment
 - Aiming to achieve over ¥50.0 billion of cumulative effects from the restructuring of earning structure over 2021-2023 and to accelerate business performance recovery, while reinvesting in “Sophisticating Management Resources” and “Reinforcing ESG initiatives”
- B “Sophisticating Management Resources” aimed at expanding new foundations for growth
- Strengthening investment in intangible assets (R&D, human resources, etc.) to realize innovation and to create new values
 - Building a new operating model by speeding up DX (Digital Transformation)
- C “Reinforcing ESG Initiatives” supporting our sustainable value creation process
- Integrating sustainability, such as the initiatives for “Asahi Group Environmental Vision 2050” and “Sustainable Communities,” into management strategies
 - Enhancing risk management systems (Enterprise Risk Management (ERM)) as well as strengthening global governance with three core pillars in Japan, Europe and Australia

* Asahi Super Dry, Peroni Nastro Azzurro, Koze, Pilsner Urquell and Grolsch

Medium-Term Management Policy

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

Key Performance Indicator (KPI) Guidelines

- Withdrawing the existing guidelines given the impact of the spread of COVID-19 and planning to establish new guidelines in 2022
- Aiming to return to the FY2019 profit level* by FY2022
 - * FY2019 result includes the estimated results of the CUB from January to December.

Financial and Cash Flow Guidelines

Guidelines for FY2021 onward	
Cash Flow	<ul style="list-style-type: none"> • Free cash flows (FCF): above ¥200.0 billion (annual average) (FCF = Operating cash flows – Investing cash flows *excluding M&As and other business restructuring)
Investment for Growth/ Debt Reduction	<ul style="list-style-type: none"> • FCF is preferentially appropriated for debt reduction, and will enhance the capacity for growth investment • Net Debt/EBITDA: Around 3 times by FY2024 (50% of the subordinated debts is excluded from net Debt)
Shareholder Returns	<ul style="list-style-type: none"> • Stable dividend increases with the aim of a dividend payout ratio of around 35% (Aimed at a dividend payout ratio of 40% in the future)

Policy for 98th Term (FY 2021)

In the fiscal year 2021, based on the Key Initiatives set out in the renewed “Medium-Term Management Policy,” we will continue to promote “*Glocal* Value Creation Management,” while restructuring management in light of the changing environment amid the COVID-19 crisis.

In terms of “Strengthening Earnings Power,” aiming to enhancing the value of the mainstay brands in each business segment, we will reinforce investments in new categories for growth such as non-alcoholic beer-taste beverages. In addition, we will promote our premium strategies as the entire Group by such means as expanding the five global brands including “Asahi Super Dry.” At the same time, while shoring up the recovery in business performance through further improving cost efficiency, we will invest in “Sophisticating Management Resources” and “Reinforcing ESG initiatives” to achieve sustainable growth, and accelerate the reform of earning structure in response to the changing business environment.

In terms of “Sophisticating Management Resources,” we will step up investments in intangible assets such as R&D, human resources and the synergies with the newly acquired CUB. In addition, we will actively promote DX (Digital Transformation) initiatives to form a new operating model including reforms in the way we work.

In terms of “Reinforcing ESG Initiatives,” we will integrate sustainability into our management strategy through the implementation of a variety of measures to realize the “Asahi Group Environmental Vision 2050,” and through the initiatives to energize “Sustainable Communities” in each region. In addition, we will further sophisticate our risk management against the backdrop of COVID-19 disaster, and fortify our global governance with Japan, Europe, and Australia as the three core regions.

With these efforts, the Group projects revenue to be ¥2,296,000 million, core operating profit to be ¥217,500 million, operating profit to be ¥216,000 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 98th fiscal year (FY2021).

The Group cordially requests shareholders’ continuing encouragement and support.

| ESG initiatives of the Asahi Group |

(1) ESG Management of the Asahi Group

Based on its group philosophy, the “Asahi Group Philosophy,” the Asahi Group has listed “Reinforcing ESG Initiatives” as one Key Initiative in the “Medium-Term Management Policy.” In 2020, we fostered a shared awareness across the Group by officially stating the significance of pursuing sustainability and our vision for the future toward the realization of the “Asahi Group Philosophy.”

Asahi Group Sustainability Principles

1. The Asahi Group is striving to realize the tastiness of products and services that exceed consumer expectations, using the blessings of nature. We preserve finite nature to hand down the important blessings of nature to future generations.
2. The Asahi Group is striving to bring more fun to life through its products and services. We build a sustainable society to allow a better life to be inherited.

Asahi Group Sustainability Vision

Based on the Sustainability Principles, we will strive to create values toward a better future in all regions where we operate by incorporating “Environment,” “People,” “Communities,” “Health,” and “Responsible Drinking” into our corporate strategy. Through these initiatives, we will continue to take on challenges and innovation to contribute to achieving the United Nations Sustainable Development Goals (SDGs).



(2) Initiatives for the Environment

<Addressing climate change>

The Asahi Group has actively engaged in such efforts as utilizing renewable energy toward the achievement of the “Asahi Carbon Zero,” an initiative that aims for zero CO₂ emissions by 2050*¹. In 2020, we reviewed and raised the interim milestone set for 2030 from 30% CO₂ reduction (compared with 2015)*¹ to 50% CO₂ reduction (compared with 2019)*².

*1. For Scopes 1, 2 and 3

*2. For Scopes 1 and 2

Asahi Carbon Zero

Aims for zero CO₂ emissions by 2050

To accelerate the “Asahi Carbon Zero” initiatives, we have engaged in the utilization of renewable energy and the acquisition of external certification.



Since October 2020, we have participated in the “RE100,” an international initiative to drive transition of electricity in business activities to 100% renewable energy. We will further engage in the utilization of renewable energy.

In February 2021, the “Asahi Carbo Zero” obtained accreditation for the “1.5°C target” of the SBTi (Science Based Targets initiative), an international initiative to accredit the scientific evidence of CO₂ reduction target of corporations.

1) Support for the recommendations of the “Task Force on Climate-related Financial Disclosures (TCFD)”

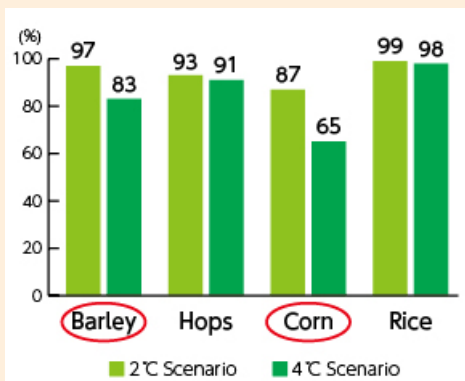
In May 2019, the Asahi Group endorsed the recommendations of the TCFD with the recognition that evaluating the impact of climate change-related risks and opportunities on its businesses and drafting appropriate response measures are important matters in terms of realizing a sustainable society and ensuring business continuity. In 2020, the Group quantitatively evaluated the business impact with scenario analysis methods, focusing on its beer businesses which hold the biggest impact on the Group.

◆ Evaluate business impact

We evaluated the business impact as follows, with the recognition that both “rising raw material prices due to a decline in the harvest of agricultural materials” in our beer businesses in Japan, Europe and Australia, and “increased costs owing to the introduction of carbon tax” may have a particularly large influence or risks on our businesses.

Rising raw material prices due to a decline in the harvest of agricultural materials

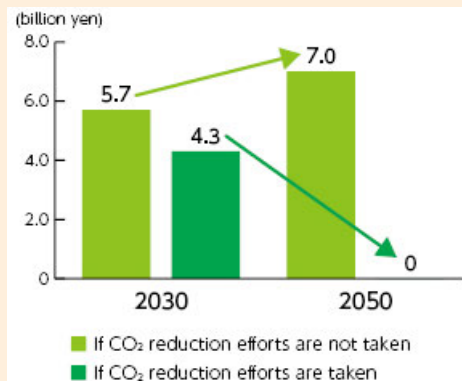
Impact of Harvest Yield Amounts under the 2°C Scenario and the 4°C Scenario (Estimated values for 2050 using supply volume in 2018 as 100)



Harvest yield amounts of barley and corns under the 4°C scenario are significantly lower than those under the 2°C scenario.

Increased costs owing to the introduction of carbon tax

Impact of Carbon Tax under the 2°C Scenario



Impact of carbon tax reduction when we implement the “Asahi Carbon Zero”

→ ¥1.4 billion in 2030
¥7.0 billion in 2050

◆ **Examine the direction of response measures**

While continuing and accelerating our existing response measures to risks we have evaluated, we will also adopt the following main direction as a management task.

Major risk	Existing Measures	Direction of Response Measures Going Forward
Rising Price of Raw Materials	<ul style="list-style-type: none"> ● Engage in risk dispersion through multi-sourcing 	<ul style="list-style-type: none"> ● Development of weather-resistant raw materials ● Development and introduction of cultivation method
Carbon Tax and Carbon Pricing	<ul style="list-style-type: none"> ● Introduce co-generation systems ● Introduce renewable energy provided by wind power generation in Poland, the Netherlands, etc. 	<ul style="list-style-type: none"> ● Further utilize renewable energy

We will adopt the following measures against other risks as well.

Major risk	Existing Measures	Direction of Response Measures Going Forward
Regulations on Water Use	<ul style="list-style-type: none"> ● Realize water neutrality at our domestic beer factories by 2025 through utilizing 2,467 ha of our company-owned “Asahi Forest” ● Reduce the amount of water used (reduce water consumption during cleaning and sterilization processes and effectively utilize recycled water) 	<ul style="list-style-type: none"> ● Further reduce the amount of water used (introduce large-scale recycling systems, etc.)
Changes in Customer Behavior	<ul style="list-style-type: none"> ● Print the Green Energy Mark logo on “Asahi Super Dry” 350ml cans, etc. 	<ul style="list-style-type: none"> ● Respond to the growing trend of ethical consumption (make use of certified raw materials, etc.)
Intensification of Abnormal Weather	<ul style="list-style-type: none"> ● Formulate BCP and prepare action manuals ● Prepare facilities and equipment, and implement disaster drills 	<ul style="list-style-type: none"> ● Give consideration to the medium- to long-term impact of climate change when changing location of production bases or building new ones

2) Utilize renewable energy in Europe

In Europe, we will switch electricity used in all of our factories to renewable energy by 2025, and aim to become carbon neutral factories by 2030. Currently, electricity usage of seven breweries in Poland, the Netherlands and Italy is renewable.



3) Expand the utilization of green electricity in Japan

Asahi Breweries, Ltd. has expanded the utilization of “green electricity”* under contract with Japan Natural Energy Company Limited to the manufacturing of “Asahi Super Dry” 500ml cans since the manufacturing in the latter half of May 2020, in addition to “Asahi Super Dry” 350ml cans and “Asahi DRY ZERO” 350ml cans.



* Green electricity is electricity generated from natural energy resources such as wind and biomass which have a low impact on the global environment. Asahi Breweries, Ltd. has utilized “The Tradable Green Certificate System” since 2009.

(3) Initiatives for “Community”

The slogan of our community activities “RE:CONNECTION”

While the dilution of “connection” between people and people as well as people and community has become an issue in the economic development, the outbreak of COVID-19 has further weakened the “connection.”

With the belief that the reassessment and evolution of “connection” is important at this stage, the Asahi Group is committed to contribute to the realization of sustainable community through enhancing “connection” between people and people, people and community as well as community and community, and solving local issues.

1) Partnership toward the development of sustainable malt

“Campus Peroni”

Birra Peroni S.r.l. in Italy, has implemented a project called “Campus Peroni” since 2018 in partnership with malt factories, national agricultural research center, and the faculties of agriculture of multiple local universities to support the farmers to explore the cultivation of grain such as barley as sustainable raw materials of beer.

Various initiatives for promoting the research, training, innovation and exchange among agricultural producers have been progressing.



2) Support program for Malaysian dairy farmers

As a support measure for local dairy farmers, Etika Dairies Sdn Bhd in Malaysia dealing dairy products, has conducted a program to purchase raw milk at a stable price from the farmers who supply raw milk with a certain level of quality and quantity.

In addition to the promotion of upgrade in productivity and quality of existing dairy farmers, the program has contributed to support those who aim to start dairy farming as a mechanism to stabilize and increase the income of dairy farmers.





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/2000325_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, engages in planning 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

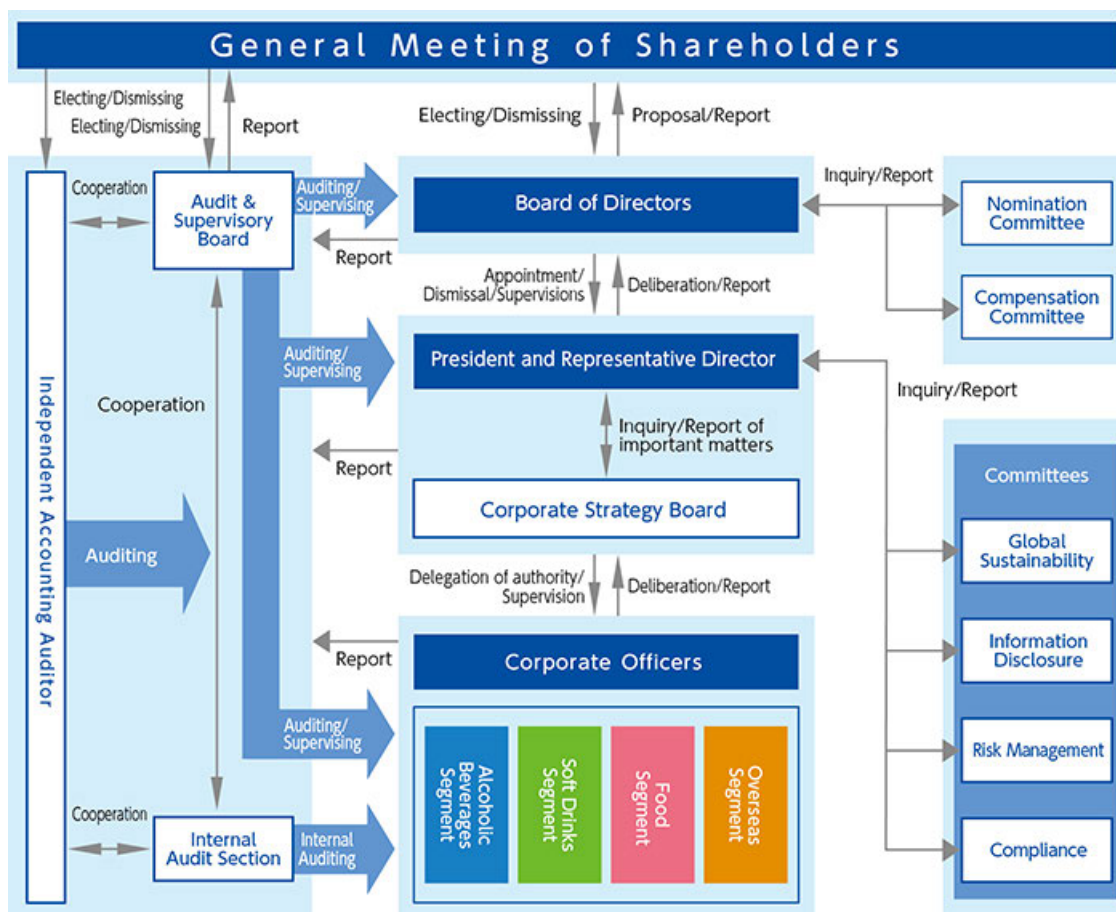
For promoting constructive dialogues with shareholders, the Company shall appoint an officer as a responsible executive in charge of dialogues with shareholders and ensure well-organized collaboration among the auxiliary organizations by providing the information for the dialogues. In addition, the Company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

Measures for Enhancing Corporate Governance

2000	<ul style="list-style-type: none"> • Nomination Committee and Compensation Committee were established. • Corporate Strategy Board was established. • Executive Officer System was introduced. • Number of Outside Directors was increased from 1 to 3.
2007	<ul style="list-style-type: none"> • Terms of Directors were shortened to 1 year. • Retirement benefits for Directors and Audit & Supervisory Board Members were 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.
2019	<ul style="list-style-type: none"> • The Company transitioned to a structure in which the Chairman and Director does not serve concurrently as a representative director and serves exclusively as the chairman of the Board of Directors. • Standards and guidelines were formulated for the resignation of the CEO, the appointment of representative directors, and terms of office for officers. • The number of Outside Directors on the Board of Directors was raised, now constituting 1/3 or more of total Board members. • The overall functions of remuneration systems were strengthened to provide an incentive to internal Directors.
2020	<ul style="list-style-type: none"> • The CXO system was introduced to enhance global governance. • The skill matrix of the Board of Directors and the skill set of CEO were formulated.

(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 is independent Outside Directors/Audit & Supervisory Board Members. Under the system of these discretionary bodies, the Company has created a structure that allows the Board of Directors 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 has formulated the “Skill Matrix of the Board of Directors” which clarifies the requirements for the Directors derived from the group philosophy of the Asahi Group, “Asahi Group Philosophy,” the Asahi Group Code of Conduct, and the management strategies. The “Skill Matrix of the Board of Directors” is composed of the necessary skills for decision making as the Board of Directors and particularly necessary skills for the oversight of business execution. According to the “Skill Matrix of the Board of Directors,” the Company shall make the Board of Directors composed of persons who are suitably qualified to be Directors of the Company possessing a wealth experience, extensive knowledge and high-level expertise required by the Company. In addition, the Outside Directors shall be persons such as corporate managers and/or experts who meet the Company’s requirements for independent officers and for them to make up at least 1/3 of the number of Directors in the Board of Directors. The content of the “Skill Matrix of the Board of Directors” is described on page 9.

(4) Structure of the Audit & Supervisory Board

In order to ensure a proper balance in terms of the knowledge, experience, ability and diversity of the Audit & Supervisory Board such that is necessary for the Company to achieve sustainable growth and increase corporate value over the medium- to long-term, the Company shall assign to the Audit & Supervisory Board persons suitably qualified who reflect the requirements for officers that were introduced from the group philosophy of the Asahi Group, “Asahi Group Philosophy,” the Asahi Group Code of Conduct and the management strategies.

The Company shall appoint as Audit & Supervisory Board Members those who have appropriate experience and skills, and requisite knowledge of finance, accounting and legal affairs, and in particular shall appoint 1 or more persons who have sufficient expertise related to finance and accounting. In addition, the Company shall ensure that at least 3 of the Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members who meet the Company’s requirements for independent officers and select for those positions, accounting experts, attorneys at law and corporate managers who possess a wealth of 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 and Audit & Supervisory Board Members in response to the inquiries referred from the Board of Directors. The Committee consists of 2 Outside Directors, 1 Outside Audit & Supervisory Board Member, and 2 internal Directors, and an Outside Director is co-operatively appointed as its chairperson.

The Committee held a total of 9 meetings during fiscal 2020, and provided reports on its findings and views, primarily about personnel affairs of officers, based on the skill matrix of the Board of Directors, the skill set of CEO, the succession plan and its planning, 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, etc. for Directors in response to the inquiries referred from the Board of Directors. The Committee consists of 2 Outside Directors, 1 Outside Audit & Supervisory Board Member, and 2 internal Directors, and an Outside Director is co-operatively appointed as its chairperson.

The Committee held a total of 5 meetings during fiscal 2020, and provided reports on its findings and views primarily about individual evaluations of officers and bonus amounts determined on that basis.

		Nomination Committee	Compensation Committee
Outside	Director	◎ Tatsuro Kosaka Yasushi Shingai	◎ Yasushi Shingai Christina L. Ahmadjian
	Audit & Supervisory Board Member	Katsutoshi Saito	Yumiko Waseda
Internal	Director	Naoki Izumiya Akiyoshi Koji	Atsushi Katsuki Keizo Tanimura

Note: ◎ denotes committee chairpersons

3) Global Sustainability Committee

The Global Sustainability Committee was established on April 1, 2020 as the organization to provide reports on its findings and views about the formulation and monitoring of sustainability strategies for the entire Asahi Group in response to the inquiries referred from the President and Representative Director.

The Committee consists of the President and Representative Director, the Director in charge of sustainability as well as CEOs of overseas Regional Head Quarters etc., and the President and Representative Director serves as its chairperson.

The Committee held one meeting during fiscal 2020, intensively discussed on reinforcing our initiatives against climate change in the field of environment and provided reports on its findings and views primarily about raising the interim milestone set for 2030 toward our goals of achieving zero CO₂ emissions, “Asahi Carbon Zero” by 2050.

4) 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 the President and Representative Director and other executive directors as well as executive officers appointed by the committee chairperson, and the President and Representative Director serves as its chairperson.

The Committee held a total of 15 meetings during fiscal 2020, 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.

5) Risk Management Committee

The Risk Management Committee provides reports on its findings and views on the promotion and supervision of enterprise risk management (ERM) 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.

The Committee held a total of 4 meetings during fiscal 2020, and provided reports on its findings and views primarily about identification and evaluation regarding major risks of the entire Group including tail risk (the risk of an event with a small probability of happening but could cause enormous losses if once happened), action plans and the evaluation of the status of implementation in that regard, and risk appetite plans proposed to the Board of Directors.

6) Compliance Committee

As an organ to provide 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, Compliance 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.

The Committee held a total of 4 meetings during fiscal 2020, and provided reports on its findings and views primarily about compliance promotion plans, the status of the Group’s compliance and the operational status of the whistle blowing system.

7) 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 and Standing Audit & Supervisory Board Members, and the President and Representative Director serves as its chairperson.

The Board held a total of 48 meetings during fiscal 2020, 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.

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.

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

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

(7) Succession Plan and Training

The Company regards the succession planning involving its CEO and Directors as one of the matters of utmost priority, and accordingly draws up a succession plan pertaining to the CEO, Directors and others, pursuant to requirements demanded of the CEO and Directors as individuals, and the composition of the entire Board of Directors. The Board of Directors properly supervises the succession plan.

Based on the succession plan, the Company makes appointments and assignments according to plan, engages in coaching of successor candidates, and carries out training, etc. for successors of the next and subsequent generations. Meanwhile, the Company arranges professional assessments by external organizations and makes use of such means as 360-Degree Feedback in-house. The Nomination Committee regularly monitors and reviews such plans as necessary.

For the Directors and Audit & Supervisory Board Members, the Company provides training required for their roles and responsibilities on a regular basis. 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 and human resources as needed.

(8) Skill Set of CEO

The Company has formulated the “skill set of CEO,” the written list of essential and important skills as CEO, in order to enhance the sustainability of management and proceed the succession planning of CEO based on fair and transparent processes.

The skill set consists of distinctive skills required for CEO of the Company in addition to universally essential skills as CEO, and articulates the essential skills of CEO from the perspective of ultimate responsibility of execution.

The figures below are formulated with the business environment within and outside the Company as of now and over the next five years in mind, and are subject to review depending on environmental changes, etc.

The Company examines the appointment, reappointment, and succession planning of CEO based on the skill set of CEO.

Necessary skills of CEO	Personal Image Ideal perceptions from inside and outside the Company, and ideal presence			
	<ul style="list-style-type: none"> • A leader who, as a representative of Asahi Group, thinks the most deeply about AGP, embodying a sense of mission and an ethical code • A leader who, regardless of any business environment, always exhibits a clear vision that leads employees, and unshakeable code of values • A leader who actively encourages different thinking and achieves growth of employees and the Company through maximizing the capabilities of employees 			
	Personal traits Personality, attitude and stance conducive to serving duties	Capabilities Knowledge, ability, expertise required to accomplish duties	Performance record Necessary experience and successes	
	<ul style="list-style-type: none"> • Sincerity and humility • Mental toughness • Open-mindedness 	<ul style="list-style-type: none"> • Foresight, decisiveness, competency • Organizational leadership • Learning skills 	<ul style="list-style-type: none"> • Experience as a top management of operating company or RHQ* • Experience in international operations • Experience in addressing discontinuous growth 	
Skills required as Director	Long-term Outlook & Strategic Mindset	Glocal Management Skill	Management of the Company’s Business	Finance, Accounting & Internal Control

* RHQ: Regional Head Quarters

(9) Policy of Reducing Cross-Shareholdings, etc.

The Company makes it its policy to refrain from holdings of shares when such holding is deemed as neither contributing to the ongoing growth of the Company nor increasing its corporate value over the medium to long term. This policy has been adopted out of consideration for our goal of pursuing asset and capital efficiency improvement for the promotion of “*Glocal Value Creation Management*” based on the “Asahi Group Philosophy” in the “Medium-Term Management Policy.”

Shareholdings are examined in terms of their holding purpose, risks, performance as measured against capital cost, etc., as well as the appropriateness of holding the shares. The result of examinations of matters including the holding purpose for major ones among the shareholdings is comprehensively reviewed every year by the Board of Directors.

In the event that a shareholding is deemed not to contribute to the Company’s sustainable growth or to the increase of its corporate value over the medium- to long-term, the Company, as a shareholder, shall engage in the requisite dialogue with the counterpart entity. Shareholdings that are deemed not improvable, even after engaging in dialogue, are to be sold in a timely and appropriate manner.

For each target agenda item, the Company appropriately exercises the voting rights attached to the shares it holds by comprehensively weighing factors such as whether proposals contribute to the sustainable growth of the Company and to the increases in its corporate value over the medium- to long-term, and whether they contribute to the common interests of the investee’s shareholders.

For shareholdings during this fiscal year, strategic necessities such as maintaining and strengthening business relationship as well as facilitating business activities, etc. were verified, and the appropriateness of holding the shares in terms of risks etc. was examined based on the above policy. The result of examinations was reported to the Board of Directors, and the appropriateness of holding the shares was duly confirmed. The total amounts recorded in the balance sheet and the ratio to total equity as of the end of this fiscal year are as follows.

Total equity (a)	¥1,517,816 million
Total amounts recorded in the balance sheet (b)	¥126,111 million
Ratio (b/a)	8.3%

The Company, in its efforts to accelerate disposal of shares with less relevance to core businesses, including the shares in “Ting Hsin (Cayman Islands) Holding Corp.” (¥27,381 million recorded in the balance sheet and the ratio to total equity at 1.8%), signed a non-binding memorandum of understanding with a major shareholder of Ting Hsin (Cayman Islands) Holding Corp. in January 2021, aiming to sign a definitive sale and purchase agreement by the end of the first quarter of FY2021.

| Risk Management Initiatives of the Asahi Group |

(1) The Asahi Group Enterprise Risk Management

The Asahi Group has introduced enterprise risk management (ERM) for the entire Group. The Asahi Group effectively and efficiently controls its overall risk that could impede execution of strategies and achievement of objectives defined in the Medium-Term Management Policy based on the Asahi Group Philosophy through activities such as identifying and evaluating critical risks across all areas that include strategy, operations, finance, and compliance, building up responding plans, and executing and monitoring the plans.

The respective companies of the Asahi Group implement ERM on the basis of each business unit, and report the details of the initiatives to the Risk Management Committee of the Company. The Committee monitors the initiatives, and its members identify and evaluate critical risk across the Group, build responding plans, and execute and monitor the plans. All such initiatives are reported to the Board of Directors, which ascertains the effectiveness of ERM by monitoring the initiatives.

(2) The Asahi Group's Risk Appetite

The Asahi Group has developed “The Asahi Group Risk Appetite” to specify risks to be accepted or to be minimized for achieving objectives of the “Medium-Term Management Policy” while promoting ERM.

“The Asahi Group Risk Appetite” is a policy related to risk management of the Asahi Group. It serves as a guideline for engaging in ERM and a guideline for opting whether or not to take risks when decisions are made. It consists of the “Risk Appetite Statement” which shows the Group’s basic stance toward risk, and the “Specific Risk Appetite” which shows each stance (appetite) for major categories of risk that greatly affect business execution, premised on the assumption of practical application. The Company has developed the Appetite through consideration on its Group strategy, risk culture, risk profile, and stakeholders’ expectations. The Appetite is approved by the Board of Directors and is applied to the entire Group. The Risk Management Committee monitors its implementation and reports its progress to the Board of Directors. Through the initiatives, the Company promotes appropriate risk takings across the overall Asahi Group.

The Asahi Group Risk Appetite Statement

The Asahi Group Medium-Term Management Policy seeks to promote “*Glocal Value Creation Management*” based on the Asahi Group Philosophy in order to sustainably increase its corporate value.

In order to achieve the strategic objectives defined in the Policy:

- **The Asahi Group achieves organic growth by building high value-added brands, and with regard to discontinuous growth achieved by M&A activities and innovations, is willing to take commercial risks in a controlled manner that balance the need for a robust financial position whilst creating value growth for shareholders;**
- **The Asahi Group delivers excellent quality products and ensures a safe work environment for everyone at the Asahi Group, both of which are critical priorities at the heart of Asahi’s success;**
- **The Asahi Group pursues initiatives to protect the environment and is willing to innovate to create greater environmental value in society; and**
- **The Asahi Group accepts as little risk of non-compliance with the Asahi Group Code of Conduct and the Asahi Group Human Rights Principles as possible.**

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 Regulation for Enforcement 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 officers in charge, through the respective organizations and job class 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 organization in charge of legal affairs shall handle compliance 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 “The Asahi Group Sustainable Procurement Principles & Sourcing and Purchasing Policies” 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 Policies” 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 organizations 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, 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.
- 2) The Company shall establish “Delegation of Authority” and “The Asahi Group’s Delegation of Authority” stipulating rules of delegation of power and for a mutual checks-and-balances mechanism among organizations and among Group Companies.
- 3) The Company shall ensure the effective utilization of the “Corporate Strategy Board,” consisting of the Company’s internal Directors and Standing Audit & Supervisory Board Members by such means as formulating the Asahi Group’s corporate strategy and implementing progress management.
- 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 organization 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 Delegation 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, the “Risk Management Committee” meetings, and the “Compliance 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 documents such as the minutes of important meetings and the documents of approval.

(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’ organizations 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, organization 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 organization 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 organization 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 organization 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.
- 2) With respect to internal control over financial reporting, the organization of the Company in charge of evaluation of internal control cooperates with the organs in charge of evaluation of internal control established within the Asahi Group and performs evaluations of the Group Companies' internal control activities pursuant to the "Policies of Management Assessment and Reporting of Internal Controls over 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 in place in the Company and the Group Companies and conducting education by job class.
- 3) The Company conducts multifaceted and multilayered surveys of compliance awareness and behavior by conducting a "Compliance Questionnaire" to the employees of the Company and the Group Companies.
- 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 Risk Management System adopts enterprise risk management (ERM) for the overall Asahi Group.
- 2) The respective companies of the Asahi Group identify and evaluate critical risks that could impede achievement of business objectives across all risk categories such as strategy and operations. They also draw up action plans and continually implement and monitor such plans. The respective companies of the Asahi Group report details of such initiatives to the Company's Risk Management Committee, which monitors such initiatives, while its members identify and evaluate critical risk across the Group, draw up action plans, and execute and monitor such plans. They also report to the Board of Directors with the aim of ascertaining effectiveness of such initiatives.
- 3) 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. In 2020, the Company set up an "Emergencies Response Headquarters" in response to the worldwide outbreak of the novel coronavirus infection. While placing the safety of customers, business partners, and employees as the top priority, the Company implemented various measures to prevent the further spread of the infection under the management of the President and Representative Director as follows: strict observance of prevention measures according to the guidelines of WHO and health authorities of respective countries; travel ban in principle to and from the countries and areas of high infection risk; the suspension and limitation of events which gather many customers such as factory tours and sales promotion activities; and making remote work as its basic work style in Japan.

(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 Delegation 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 organizations 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 has each Director report on the status of his/her business execution once every 3 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," the "Compliance Committee" and other important organs, and receive reports from Directors, employees, 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 organization in charge of internal auditing, the Independent Accounting Auditor, etc. During fiscal 2020, Audit & Supervisory Board Members had opportunities to exchange information and views with the organization in charge of internal auditing for a total of 8 times, with the Independent Accounting Auditor for a total of 16 times. Audit & Supervisory Board Members also find opportunities to exchange information and views with Audit & Supervisory Board Members of the main Group Companies once a month.
- 3) The Company ensures that Audit & Supervisory Board Members will be able to smoothly perform their duties by posting 3 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 inspiration 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 established 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 established 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 37 - 39.

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 44 - 50 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.

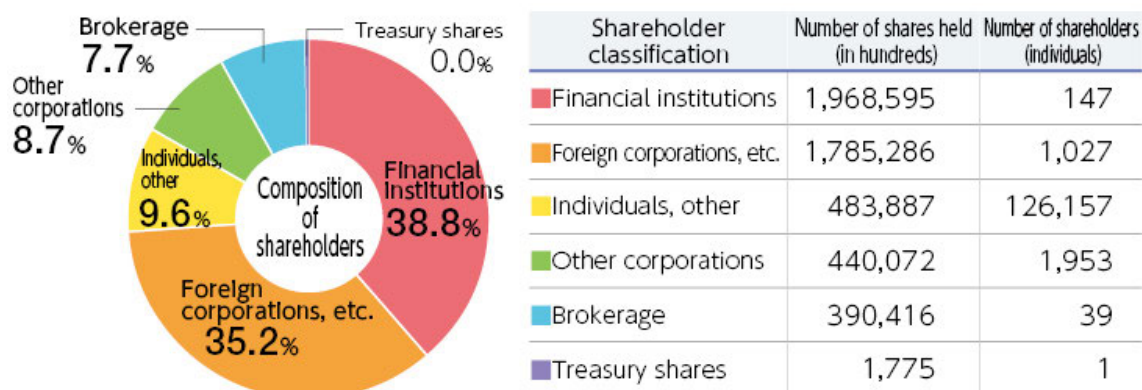
(3) Judgment of the Company's Board of Directors regarding the specific measures and reasons therefor

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, 2020)

1) Total number of authorized shares	972,305,309 (common stock)
2) Total number of issued shares	507,003,362 (including 177,512 treasury shares)
3) Total number of shareholders	129,324 (Increased by 22,780 from the end of the previous term)



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)	544,610	10.7
Custody Bank of Japan, Ltd. (Trust Account)	222,510	4.4
The Dai-ichi Life Insurance Company, Limited	160,000	3.2
SMBC Nikko Securities Inc.	115,575	2.3
Fukoku Mutual Life Insurance Company	100,000	2.0
GIC PRIVATE LIMITED - C	96,399	1.9
Asahi Kasei Corporation	87,853	1.7
JPMorgan Securities Japan Co., Ltd.	84,289	1.7
Sumitomo Mitsui Banking Corporation	80,280	1.6
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	75,627	1.5
Total	1,567,143	30.9

Note:

Shareholding percentages are calculated based on the total number of issued shares less the number of treasury shares.

5) Other significant matters related to shares

The total number of issued shares increased by 23,417,500 shares due to the issuance of new shares through public offering with the due date of payment on September 14, 2020, and the third party allotment with the due date of payment on October 13, 2020.

Note to “(1) Shares Outstanding”:

The shares of the Company held by Custody Bank of Japan, Ltd. as trust property for stock compensation (110,442 shares) are excluded from the treasury shares (177,512 shares).

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

1) Directors and Audit & Supervisory Board Members

(As of December 31, 2020)

Name	Position	Attended Board of Directors [D]/ Audit & Supervisory Board [A] meetings
	Areas of responsibility and significant concurrent positions	
Naoki Izumiya	Chairman of the Board	[D] 12/12
	External Board Director of Recruit Holdings Co., Ltd. Outside Director of Obayashi Corporation	
Akiyoshi Koji	President and Representative Director, CEO	[D] 12/12
	Overall Management Corporate Communications, Research & Development Outside Director of Imperial Hotel, Ltd.	
Atsushi Katsuki	Senior Managing Director and Senior Managing Executive Officer, CFO (Chief Financial Officer)	[D] 12/12
	Senior Department Head, Japan Headquarters Corporate Strategy, Finance, Supply Chain (Procurement) Alcoholic Beverages Business, Soft Drinks Business, Food Business	
Yutaka Henmi	Director and Executive Officer, CSCO (Chief Supply Chain Officer)	[D] 12/12
	Supply Chain, Quality Assurance	
Taemin Park	Director and Executive Officer, CAO (Chief Alliance Officer)	[D] 12/12
	Alliance and M&A International Alcoholic Beverages Business, International Non-Alcohol Beverages Business	
Keizo Tanimura	Director and Executive Officer, CHRO (Chief Human Resources Officer)	[D] 12/12
	Administration and Governance, ESG	
Tatsuro Kosaka	Outside Director	[D] 12/12
	Representative Director, President of Chugai Pharmaceutical Co., Ltd.	
Yasushi Shingai	Outside Director	[D] 12/12
	Outside Director of Mitsubishi UFJ Financial Group, Inc. Outside Director, Dai-ichi Life Holdings, Inc.	
Christina L. Ahmadjian	Outside Director	[D] 12/12
	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.	
Yoshihide Okuda	Standing Audit & Supervisory Board Member	[D] 12/12
		[A] 13/13
Naoko Nishinaka	Standing Audit & Supervisory Board Member	[D] 9/9
		[A] 8/8
Katsutoshi Saito	Outside Audit & Supervisory Board Member	[D] 12/12
	Advisor of The Dai-ichi Life Insurance Company, Limited Outside Director of Imperial Hotel, Ltd.	[A] 13/13
Yumiko Waseda	Outside Audit & Supervisory Board Member	[D] 12/12
	Partner and Attorney at Law of Tokyo Roppongi Law & Patent Offices	[A] 13/13
Yutaka Kawakami	Outside Audit & Supervisory Board Member	[D] 12/12
	Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. Supervisory Director of Nippon Building Fund Inc.	[A] 13/13

Notes:

1. Directors Tatsuro Kosaka, Yasushi Shingai, and Christina L. Ahmadjian 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 3 Outside Directors Tatsuro Kosaka, Yasushi Shingai, and Christina L. Ahmadjian and 3 Outside Audit & Supervisory Board Members Katsutoshi Saito, Yumiko Waseda and Yutaka Kawakami as Independent Officers 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 and Imperial Hotel, Ltd., 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 Yoshihide Okuda was formerly CFO of the Company 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. 1 Audit & Supervisory Board Member Tetsuo Tsunoda retired upon the expiry of his term of office at the conclusion of the 96th Annual General Meeting of Shareholders held on March 25, 2020.
9. Naoko Nishinaka was newly elected as an Audit & Supervisory Board Member, and she assumed her office at the 96th Annual General Meeting of Shareholders held on March 25, 2020. Accordingly, for Audit & Supervisory Board Member Naoko Nishinaka, the number of Board of Directors meetings and Audit & Supervisory Board meetings held is different from that of the other Directors and Audit & Supervisory Board Members.

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

A Directors' remunerations

<Basic concepts>

The remunerations for Directors are designed and operated as follows.

- 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

<Composition of remuneration>

The remunerations for Directors comprise basic remuneration, bonuses (annual and medium-term), and stock compensation for Directors (excluding the Outside Directors; hereinafter the "Internal Directors") and basic remuneration only for Outside Directors. With the principle that the remunerations of Internal 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 Internal Directors, the percentage of variable remuneration is at least 40%, by a design based on positions and roles.

<Remuneration level>

The remunerations for Directors are 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 (top 100 companies by market capitalization) as the main group of benchmark companies.

<Fixed remuneration>

The only fixed remuneration for 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 and roles.

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).

<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 remunerations for Directors has been implemented, 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.

	Annual bonus	Medium-term bonus	Stock compensation
Objective	Forming a strong incentive for sustainable and steady growth, enhancement in financial value and achievement of plans	Forming a strong incentive for achieving discontinuous growth and medium-term performance	Forming an incentive for continually enhancing corporate value over the long term and sharing benefits and risks with shareholders
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

<Method for determining remuneration>

Directors' remunerations are set in line with a resolution at a meeting of the Board of Directors 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, which has Outside Directors/Audit & Supervisory Board Members constituting a majority of its membership and an Outside Director 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 through fair processes.

B Audit & Supervisory Board Members' remunerations

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.

Remunerations for an Audit & Supervisory Board Member consist only of basic remuneration paid in a fixed monthly amount, 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 professional organization' survey data.

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

Category	Fixed remuneration		Variable remuneration						Total amount (million yen)
	Basic remuneration		Annual bonus		Medium-term bonus		Stock compensation		
	Number of persons	Total amount (million yen)	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]	9 [3]	343 [51]	6 [-]	205 [-]	6 [-]	81 [-]	6 [-]	82 [-]	711 [51]
Audit & Supervisory Board Members [of which, Outside Audit & Supervisory Board Members]	6 [3]	116 [40]	- [-]	- [-]	- [-]	- [-]	- [-]	- [-]	116 [40]

Notes:

- The figures above include 1 Audit & Supervisory Board Member Tetsuo Tsunoda who retired upon the expiry of his term of office at the conclusion of the 96th Annual General Meeting of Shareholders held on March 25, 2020.
- A resolution authorizing payments associated with the termination of the retirement benefits for Directors and Audit & Supervisory Board Members 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 ¥19 million to 1 Director. The Company plans to pay ¥19 million to 1 Director who is eligible for such payment and will retire at the conclusion of the 97th Annual General Meeting of Shareholders to be held on March 25, 2021.
- The maximum amount of Directors' remunerations (basic remuneration and bonus) is ¥1,500 million (including ¥100 million for Outside Directors) per year (The resolution passed at the 95th Annual General Meeting of Shareholders held on March 26, 2019). Other than those listed above, the Company has passed the resolution, at the 95th Annual General Meeting of Shareholders held on March 26, 2019, to pay 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 ¥300 million during the period of the Trust (3 years). The Company may grant up to a total of 25,000 shares of the Company per fiscal year to all eligible Directors.
- The amounts of annual bonus and medium-term bonus are the amount that was recorded as cost in this year.
- 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 95th Annual General Meeting of Shareholders held on March 26, 2019.
- The maximum amount of Audit & Supervisory Board Members' remunerations is ¥140 million (including ¥50 million for Outside Audit & Supervisory Board Members) per year (The resolution passed at the 95th Annual General Meeting of Shareholders held on March 26, 2019).

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

Category	Name	Form of participation, etc.
Outside Directors	Tatsuro Kosaka	<p>Tatsuro Kosaka attended all Board of Directors meetings held this fiscal year and actively gave his opinions and recommendations regarding many proposals. In particular, he participated in discussions and activities that stimulated substantial and appropriate supervision of the Board of Directors such as asking questions and raising concerns that grasp the essence of the business execution of the Group overall and each group company in Japan and overseas from the perspective of a manager of a global corporation.</p> <p>Furthermore, he attended all Nomination Committee meetings held this fiscal year, and proactively attended the committee, took the initiative in operating the committee in a fair and transparent manner, and reported proposals regarding officer appointments to the Board of Directors as the chairperson of the Nomination Committee. As a committee member, he gave specific opinions and recommendations regarding evaluations, training and assignment for officers with consideration given to an effective succession plan from the perspective of a manager.</p>
	Yasushi Shingai	<p>Yasushi Shingai attended all Board of Directors meetings held this fiscal year and actively gave his opinions and recommendations regarding many proposals. In particular, he participated in discussions and activities that stimulated substantial and appropriate supervision of the Board of Directors such as group governance, ESG, raising concerns looking toward management strategy in the ultra-long term, using his advanced and extensive experience in global management.</p> <p>Furthermore, he attended all Compensation Committee meetings held this fiscal year, and proactively attended the committee, took the initiative in operating the committee in a fair and transparent manner, evaluated the appropriateness and effectiveness of remuneration plans for officers, and reported proposals regarding bonus payment to the Board of Directors as the chairperson of the Compensation Committee. As a committee member, he gave his opinions and recommendations from various angles regarding officers' remuneration plans and their operation using his actual experience and broad knowledge in compensation management as an overseas local manager.</p> <p>In addition, as a member of the Nomination Committee, he attended all Nomination Committee meetings held this fiscal year, and gave specific opinions and recommendations based on his experience in overseas company management.</p>
	Christina L. Ahmadjian	<p>Christina L. Ahmadjian attended all Board of Directors meetings held this fiscal year, and actively gave her opinions and recommendations regarding many proposals. In particular, she participated in discussions and activities that stimulated substantial and appropriate supervision of the Board of Directors such as making honest and simple inquiries, and raising concerns about the invigoration of the management of proceedings from a global perspective of ESG and organizational culture regarding various proposals, from her standpoint as an expert in corporate governance and organizational culture and using her experience as an outside officer in other companies.</p> <p>Furthermore, as a member of the Compensation Committee, she attended all Compensation Committee meetings held this fiscal year, evaluated the appropriateness and effectiveness of remuneration plans for officers, and gave fair opinions and recommendations regarding the reporting of individual officer evaluations and the bonus amount based on these evaluations, with consideration given to fair and understandable remuneration plans.</p>

Category	Name	Form of participation, etc.
Outside Audit & Supervisory Board Members	Katsutoshi Saito	<p>Katsutoshi Saito attended all Audit & Supervisory Board meetings held this fiscal year, and carried out activities that audit the execution of duties by the Directors, including the internal control system, such as receiving reports from Standing Audit & Supervisory Board Members and the internal audit section, having meetings with the Chairman of the Board and the President and Representative Director, CEO, and reviewing the audit status of domestic group companies and the status of activities of overseas group companies' audit committees, etc.</p> <p>Furthermore, as an Outside Audit & Supervisory Board Member, he attended all Board of Directors meetings held this fiscal year and proactively made suggestions from a point of view based on his experience as a manager at global corporations and institutional investors.</p> <p>In addition, as a member of the Nomination Committee, he attended all Nomination Committee meetings and gave specific opinions and recommendations using his experience as a manager.</p>
	Yumiko Waseda	<p>Yumiko Waseda attended all Audit & Supervisory Board meetings held this fiscal year, and carried out activities that audit the execution of duties by the Directors, including the internal control system, such as receiving reports from Standing Audit & Supervisory Board Members and the internal audit section, having meetings with the Chairman of the Board and the President and Representative Director, CEO, and reviewing the audit status of domestic group companies and the status of activities of overseas group companies' audit committees, etc.</p> <p>Furthermore, as an Outside Audit & Supervisory Board Member, she attended all Board of Directors meetings held this fiscal year and proactively made suggestions from an expert point of view as an experienced lawyer.</p> <p>In addition, as a member of the Compensation Committee she attended all Compensation Committee meetings held this fiscal year, evaluated the appropriateness and effectiveness of remuneration plans for officers, and gave fair opinions and recommendations regarding the reporting of individual officer evaluations and the bonus amount based on these evaluations, with consideration given to fair and understandable remuneration plans.</p>
	Yutaka Kawakami	<p>Yutaka Kawakami attended all Audit & Supervisory Board meetings held this fiscal year, and carried out activities that audit the execution of duties by the Directors, including the internal control system, such as receiving reports from Standing Audit & Supervisory Board Members and the internal audit section, having meetings with the Chairman of the Board and the President and Representative Director, CEO, reviewing the audit status of domestic group companies and status of activities of Audit & Supervisory Board of overseas group companies, and having periodic meetings with the finance section.</p> <p>Furthermore, as an Outside Audit & Supervisory Board Member, he attended all Board of Directors meetings held this fiscal year and proactively made suggestions from an expert point of view as an experienced certified public accountant who is well versed in accounting audits of global corporations.</p>

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	Remuneration based on audit professional services	Remuneration based on non-audit professional services
Remunerations by the Company for this fiscal year	¥235 million	¥43 million
Remunerations by the Company's subsidiaries for this fiscal year	¥149 million	–
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Accounting Auditor	¥385 million	¥43 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 for “Remuneration based on audit professional services” shown above is a sum of these 2 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. Non-audit professional services refer to the services which are outside the scope of Paragraph 1, Article 2 of the Certified Public Accountants Act.
4. In addition to the above, the Company and its subsidiaries such as Asahi Holdings (Australia) Pty Ltd and Asahi International Ltd paid KPMG, which belongs to the same network as the Company's Independent Accounting Auditor, a total of ¥475 million in audit fees and compensation for tax and related services.

3) Consecutive audit period

51 years

The period stated above denotes the consecutive audit period through which KPMG AZSA or its predecessor (Asahi & Co.) has been appointed as an auditor of the Company since the predecessor was incorporated as an audit firm. If the period is counted inclusive of the term for which Asahi & Co.'s predecessor (a sole practitioner) was appointed as an auditor, the period is 60 years.

4) Names of certified public accountants who performed the duties and number of years of audit

Hiroyuki Yamada (Number of years of audit: 2 years)

Hiroto Yamane (Number of years of audit: 3 years)

Kei Sakayori (Number of years of audit: 6 years)

The independent Accounting Auditor has appropriately established a rotation schedule regarding its engagement partners, pursuant to revisions of the Certified Public Accountants Act made in 2003 and 2007. The engagement partners are not involved in carrying out audit services after having been engaged in such services for 7 consecutive years. The lead engagement partner is not involved in carrying out audit services after having provided such services for 5 consecutive years.

5) Structure of assistants who supported the audit duties

Certified public accountants: 27 Others: 33

Note: The figures above represent the total number of assistants involved with auditing duties for this fiscal year.

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

The Company also assigns professional duties to the Independent Accounting Auditor that are non-audit services such as preparation of comfort letter regarding the public offering and the issuance of bonds.

7) 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, as necessary, 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, unless otherwise noted.

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(million yen)

	As of December 31, 2020	As of December 31, 2019 [Reference]
ASSETS		
Current assets:		
Cash and cash equivalents	48,460	48,489
Trade and other receivables	378,924	407,621
Inventories	183,166	171,717
Income tax receivables	24,403	24,940
Other financial assets	4,226	51,277
Other current assets	32,252	31,067
Subtotal	671,434	735,113
Assets held for sale	17,652	–
Total current assets	689,086	735,113
Non-current assets:		
Property, plant and equipment	810,264	735,022
Goodwill and intangible assets	2,701,985	1,398,422
Investments accounted for using equity method	5,256	8,755
Other financial assets	160,064	198,657
Deferred tax assets	27,596	15,734
Net defined benefit assets	19,278	20,655
Other non-current assets	25,846	28,424
Total non-current assets	3,750,292	2,405,674
Total assets	4,439,378	3,140,788

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(million yen)

	As of December 31, 2020	As of December 31, 2019 [Reference]
LIABILITIES and EQUITY		
LIABILITIES		
Current liabilities:		
Trade and other payables	477,098	423,810
Bonds and borrowings	924,760	408,259
Income tax payables	35,683	39,555
Provisions	12,019	14,407
Other financial liabilities	89,519	56,265
Other current liabilities	113,440	133,375
Subtotal	1,652,521	1,075,673
Liabilities directly associated with assets held for sale	134	–
Total current liabilities	1,652,655	1,075,673
Non-current liabilities:		
Bonds and borrowings	898,867	534,955
Net defined benefit liabilities	24,093	24,778
Deferred tax liabilities	205,275	147,969
Other financial liabilities	134,729	106,240
Other non-current liabilities	5,941	2,890
Total non-current liabilities	1,268,906	816,835
Total liabilities	2,921,562	1,892,509
EQUITY		
Issued capital	220,044	182,531
Share premium	161,783	119,163
Retained earnings	967,230	918,523
Treasury shares	(1,031)	(77,011)
Other components of equity	168,097	103,107
Total equity attributable to owners of parent	1,516,124	1,246,314
Non-controlling interests	1,691	1,965
Total equity	1,517,816	1,248,279
Total liabilities and equity	4,439,378	3,140,788

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(million yen)

	For the year ended December 31, 2020	For the year ended December 31, 2019 [Reference]
Revenue	2,027,762	2,089,048
Cost of sales	(1,283,150)	(1,297,302)
Gross profit	744,612	791,745
Selling, general and administrative expenses	(576,789)	(578,774)
Other operating income	14,870	6,078
Other operating expense	(47,526)	(17,613)
Operating profit	135,167	201,436
Finance income	7,230	8,094
Finance costs	(14,982)	(13,012)
Share of profit (loss) of investments accounted for using equity method	285	872
Gain (loss) on sales of investments accounted for using equity method	(2,300)	—
Profit before tax	125,399	197,391
Income tax expense	(32,815)	(56,100)
Profit	92,584	141,290
Profit attributable to:		
Owners of parent	92,826	142,207
Non-controlling interests	(241)	(916)
Total	92,584	141,290

[Reference] CONSOLIDATED STATEMENT OF CASH FLOWS (Summary)

(million yen)

	For the year ended December 31, 2020	For the year ended December 31, 2019
Cash flows from (used in) operating activities:		
Profit before tax	125,399	197,391
Depreciation and amortization expenses	123,277	113,036
Loss (gain) on sales of investments accounted for using equity method	2,300	–
Decrease (increase) in trade receivables	48,666	22,881
Decrease (increase) in inventories	3,306	(10,722)
Increase (decrease) in trade payables	(3,302)	2,955
Increase (decrease) in accrued alcohol tax	(16,609)	(9,214)
Increase (decrease) in net defined benefit assets and liabilities	1,627	1,338
Other	52,315	(7,472)
Subtotal	336,982	310,192
Interest and dividends received	4,182	3,818
Interest paid	(10,049)	(6,875)
Income taxes paid	(55,256)	(53,666)
Net cash flows from (used in) operating activities	275,859	253,469
Cash flows from (used in) investing activities:		
Purchase of fixed assets	(90,743)	(85,322)
Purchase of investment securities	(10,237)	(5,841)
Proceeds from sales of investment securities	11,869	8,856
Proceeds from sales of investment in an entity accounted for using equity method	1,552	–
Purchase of shares of subsidiaries and others resulting in change in scope of consolidation	(1,165,974)	(23,942)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	83	741
Other	10,077	1,842
Net cash flows from (used in) investing activities	(1,243,372)	(103,666)
Cash flows from (used in) financing activities:		
Increase (decrease) in financial liabilities	850,440	(111,367)
Proceeds from issuance of shares	75,027	–
Purchase of treasury shares	(309)	(31)
Proceeds from disposal of treasury shares	81,307	17
Dividends paid	(46,265)	(48,556)
Other	(3,441)	1,096
Net cash flows from (used in) financing activities	956,759	(158,841)
Effect of exchange rate changes on cash and cash equivalents	10,725	209
Net increase (decrease) in cash and cash equivalents	(29)	(8,828)
Cash and cash equivalents at beginning of period	48,489	57,317
Cash and cash equivalents at end of period	48,460	48,489

NON-CONSOLIDATED FINANCIAL STATEMENTS (Japanese GAAP)

NON-CONSOLIDATED BALANCE SHEET

	(million yen)	
	As of December 31, 2020	As of December 31, 2019 [Reference]
ASSETS		
Current assets:		
Cash and deposits	21,633	16,814
Short-term loans receivable	246,972	219,521
Prepaid expenses	1,799	2,288
Income taxes receivable	21,849	18,677
Other	9,222	55,529
Allowance for doubtful accounts	(5,556)	(2,898)
Total current assets	295,920	309,933
Non-current assets:		
Property, plant and equipment:		
Buildings	15,830	14,893
Structures	402	394
Machinery and equipment	7	142
Vehicles	0	0
Tools, furniture and fixtures	303	873
Land	15,037	15,037
Leased assets	1,717	901
Construction in progress	60	314
Total property, plant and equipment	33,358	32,557
Intangible assets:		
Right to use facilities	39	39
Trademark right	7,981	8,957
Software	11,262	9,626
Leased assets	102	122
Other	6	5
Total intangible assets	19,392	18,750
Investments and other assets:		
Investment securities	38,192	11,886
Shares of subsidiaries and associates	2,680,491	1,520,490
Investments in capital of subsidiaries and associates	4,519	4,519
Long-term loans receivable from subsidiaries and associates	–	300
Deferred tax assets	14,648	–
Other	2,469	2,855
Allowance for doubtful accounts	(183)	(187)
Total investments and other assets	2,740,138	1,539,864
Total non-current assets	2,792,889	1,591,172
Total assets	3,088,810	1,901,105

NON-CONSOLIDATED BALANCE SHEET

(million yen)

	As of December 31, 2020	As of December 31, 2019 [Reference]
LIABILITIES		
Current liabilities:		
Short-term borrowings	650,585	195,202
Commercial papers	176,000	82,000
Current portion of bonds payable	88,328	125,000
Lease obligations	573	328
Accounts payable - other	1,424	1,144
Accrued expenses	4,688	4,462
Deposits received	144,371	46,058
Provision for bonuses	299	224
Provision for bonuses for directors (and other officers)	342	296
Other	521	396
Total current liabilities	1,067,133	455,113
Non-current liabilities:		
Bonds payable	881,396	356,604
Long-term borrowings	24,200	186,362
Lease obligations	1,418	781
Deferred tax liabilities	-	4,452
Other	1,126	1,147
Total non-current liabilities	908,140	549,346
Total liabilities	1,975,274	1,004,459
NET ASSETS		
Shareholders' equity:		
Share capital	220,216	182,531
Capital surplus	194,511	151,683
Legal capital surplus	87,977	50,292
Other capital surplus	106,533	101,391
Retained earnings	703,383	601,846
Other retained earnings	703,383	601,846
General reserve	195,000	195,000
Retained earnings brought forward	508,383	406,846
Treasury shares	(1,031)	(77,011)
Total shareholders' equity	1,117,079	859,049
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	(458)	3,641
Deferred gains or losses on hedges	(3,085)	33,954
Total valuation and translation adjustments	(3,543)	37,596
Total net assets	1,113,536	896,646
Total liabilities and net assets	3,088,810	1,901,105

NON-CONSOLIDATED STATEMENT OF INCOME

(million yen)

	For the year ended December 31, 2020	For the year ended December 31, 2019 [Reference]
Operating revenue	191,290	200,895
Operating income of the Group	34,764	33,858
Real estate lease revenue	1,795	1,831
Dividends from subsidiaries and associates	154,730	163,307
Other	–	1,897
Operating expenses	32,215	34,601
Operating profit	159,075	166,294
Non-operating income	1,209	1,271
Interest and dividend income	1,000	1,004
Other	208	267
Non-operating expenses	14,435	5,002
Interest expenses	5,726	3,190
Foreign exchange losses	226	216
Bond issuance costs	3,582	–
Provision of allowance for doubtful accounts	2,654	1,108
Other	2,245	487
Ordinary profit	145,848	162,562
Extraordinary income	1,438	941
Gain on sales of non-current assets	1	7
Gain on sales of investment securities	23	933
Gain on sales of shares of subsidiaries and associates	1,414	–
Extraordinary losses	910	2,481
Loss on sales and retirement of non-current assets	270	163
Loss on sales of investment securities	–	59
Loss on valuation of shares of subsidiaries and associates	–	2,005
Loss on sales of shares of subsidiaries and associates	90	–
Other	549	253
Profit before income taxes	146,377	161,023
Income taxes - current	(17)	826
Income taxes - deferred	(1,412)	239
Profit	147,806	159,957

AUDIT REPORTS

Independent accounting auditor's report on consolidated financial statements

Independent Auditor's Report

February 4, 2021

To the Board of Directors of Asahi Group Holdings, Ltd.:

KPMG AZSA LLC
Tokyo Office, Japan

Hiroyuki Yamada (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

Opinion

We have audited the consolidated financial statements, which comprise 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. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at December 31, 2020 and for the year from January 1, 2020 to December 31, 2020 in accordance with Article 444-4 of the Companies Act.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board 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 Regulation on 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the latter part of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the latter part of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated

financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to 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 for the conveniences of the reader.

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

Independent Auditor's Report

February 4, 2021

To the Board of Directors of Asahi Group Holdings, Ltd.:

KPMG AZSA LLC
Tokyo Office, Japan

Hiroyuki Yamada (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

Opinion

We have audited the non-consolidated financial statements, which comprise 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 (“the financial statements and others”) of Asahi Group Holdings, Ltd. (“the Company”) as at December 31, 2020 and for the year from January 1, 2020 to December 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and others referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and others were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and Others

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

In preparing the financial statements and others, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and others as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and others.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and others, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and others or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and others are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and others, including the disclosures, and whether the financial statements and others represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to 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 for the conveniences of the reader.

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 97th fiscal year, the period from January 1, 2020 to December 31, 2020, 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 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 Regulation 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 Regulation 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 Regulation on 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 5, 2021

Audit & Supervisory Board
Asahi Group Holdings, Ltd.

Yoshihide Okuda (Seal)
Standing Audit & Supervisory Board Member

Naoko Nishinaka (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