

# CONVOCATION NOTICE OF THE 98<sup>th</sup> 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, etc. 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 (Thursday) for details regarding the limit on admission.

The provision of gifts at the General Meeting will be cancelled from this year.

Thank you for your understanding.

#### **DATE AND TIME**

March 25 (Friday), 2022 at 1:00 p.m. (JST) (Reception start time: Noon)

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

No later than 5:30 p.m., March 24 (Thursday), 2022 (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.

#### **ASAHI GROUP HOLDINGS, LTD.**

Securities Code: 2502

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#### Dear Shareholders:

Firstly, I would like to extend my heartfelt sympathies to those affected by COVID-19, as well as my deep respect and gratitude to the medical professionals working in their care night and day, and those working diligently both to prevent the spread of infection and to maintain social systems.

I hereby deliver this Convocation Notice of the 98th Annual General Meeting of Shareholders.

As with the previous year, 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.

Please consider refraining from attending the General Meeting in person this year, if possible, and exercise voting rights via either postal mail or the internet, etc., in advance.

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

Sincerely,

March 4, 2022

#### Atsushi Katsuki

President and Representative Director

ASAHI GROUP HOLDINGS, LTD.



# CONVOCATION NOTICE OF THE 98th ANNUAL GENERAL MEETING OF SHAREHOLDERS

#### 1 DATE AND TIME

March 25 (Friday), 2022, 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, etc., 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, 2022 (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 limited as we will be putting wide space between each seat in order to reduce the risk of infection.

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

In the event that applications exceed the seating capacity, we will implement a <u>lottery system</u>. We ask that you carefully consider whether you wish to attend the General Meeting, and <u>apply for preregistration if you do wish to attend</u>.

# The provision of gifts at the General Meeting will be cancelled from this year. Thank you for your understanding.



■ "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 10, 2022 (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 15 Send "attendance card" (postal mail)



March 25
General Meeting of Shareholders

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

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 98<sup>th</sup> term, from January 1, 2021 to December 31, 2021.

#### Items to be resolved:

**Item 1:** Appropriation of Retained Earnings

Item 2: Partial Amendments to the Articles of Incorporation

Item 3: Election of eight (8) Directors

Item 4: Election of one (1) Audit & Supervisory Board Member

Item 5: Revision of Stock Compensation Plan for Directors

Note: Among attached materials to be provided with this notice, the following materials 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.

- (i) "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" and "Basic Policy Concerning the Persons Who Control Decisions on the Company's Financial and Business Policy" in the Business Report
- (ii) "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements
- (iii) "Non-consolidated Statement of Changes in Net Assets" and "Notes to the Non-Consolidated Financial Statements" of the Non-Consolidated Financial Statements

The Audit & Supervisory Board Members and the Audit & Supervisory Board have audited the Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements included in the attached materials to this convocation notice, as well as the documents listed in (i) through (iii) above. Furthermore, the Independent Accounting Auditor has audited the Consolidated Financial Statements and Non-Consolidated Financial Statements included in the attached materials to this convocation notice, as well as the documents listed in (ii) and (iii) above.

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.

WEB The Company's website: https://www.asahigroup-holdings.com/en/

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

#### **Guide to Exercising Voting Rights 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.

早

1

2

#### Voting via Internet, etc.

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

The online voting website and Help Desk information are <u>available only in</u> Japanese.

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

By 5:30 p.m., March 24 (Thursday), 2022 (JST)



**Voting via Postal Mail** 

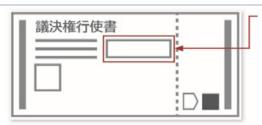
Please indicate your consent/dissent concerning each item shown on the voting form, and send back the form so that it will arrive no later than the deadline for exercising voting rights.

Deadline for exercising voting rights via postal mail:

To be received by 5:30 p.m., March 24 (Thursday), 2022 (JST)



# <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, 2, 4 and 5

If you consent: Mark a ○ in the box marked "贊"

If you dissent: Mark a ○ in the box marked **"否"** 

#### Item 3

# For all candidates,

if you consent: if you dissent: Mark a ○ in the box marked "賛" box marked "杏"

# If you selectively veto certain candidates:

Mark a ○ in the box marked "贊" 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 (Thursday), 2022 (JST)

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

# Method 1: "Smart Voting" Recommended

(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.



すべての会社根室議室に

ついて「賛成」する

個別に指示する

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

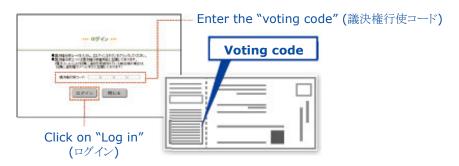
Note If you need to make a correction to the content of your vote after you have exercised your voting rights, please access the website in accordance with "Method 2: Entering voting code and password" noted below, login by entering your voting code and password, and correct your vote.

# Method 2: "Entering voting code and password"

(1) You can exercise your voting rights by accessing the online voting website <a href="https://www.web54.net">https://www.web54.net</a> 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, etc. 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))

#### 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.

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

# Guide to viewing the livestream via the internet

Video and sound of the 98th 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. As you will not be able to participate in resolutions on the day of the General Meeting via the livestream, please view after exercising your voting rights in advance.

Furthermore, starting this year, viewers will be able to <u>post comments during the General Meeting of Shareholders</u>. These comments <u>will not be recognized as questions at the General Meeting of Shareholder under the Companies Act</u>. However, of the comments received, the Company plans to respond to principal ones that align with the purposes of this General Meeting, on our website on the business day following the General Meeting, and we encourage you to use this new function.

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

#### Date and time of the livestream

#### March 25 (Friday), 2022, at 1:00 p.m. (JST)

(It will be possible to view before commencement from 12:50 p.m. (JST), and we plan on showing the opening video from 12:55 p.m. (JST). Before commencement, we will be running a viewing confirmation test video.)

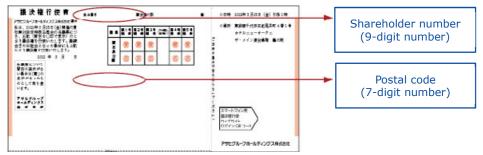
#### **How to view**

- (1) Please access the "General Meeting of Shareholders livestream website" by using the URL below or the QR code® with a computer, tablet or smartphone.

  https://web.lumiagm.com/
  - URL: https://web.lumiagm.com/
- (2) Please enter the "Meeting ID" below when the screen where you can enter your Meeting ID appears. Meeting ID: 733-945-261
- (3) 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.



(4) 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. As the livestream cannot be viewed with Internet
  Explorer, please use a different browser.
- 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.

WEB https://www.asahigroup-holdings.com/ir/shareholders\_guide/shareholders\_meeting.html

Date and time that the video will be made available: March 28 (Monday), 2022 at noon (JST) (Planned)

#### REFERENCE MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS

- 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%.

Regarding the year-end dividend for this fiscal year, we took into consideration a variety of factors, including the Company's consolidated financial condition and the fact that, while the impact of the COVID-19 pandemic remains, we see things as being on the road to recovery. As such, the Company will maintain the dividend levels announced at the start of 2021, and proposes a year-end dividend of ¥55 per share, which makes for a dividend payout ratio slightly exceeding the 35% mark.

Since the Company previously paid out \$454\$ per share as an interim-period dividend, the annual dividend for this fiscal year will amount to \$4109\$ per share, which is an increase of \$43\$ per share from the previous fiscal year, for a dividend payout ratio of \$36.0%.

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

## (1) Type of dividend asset Cash

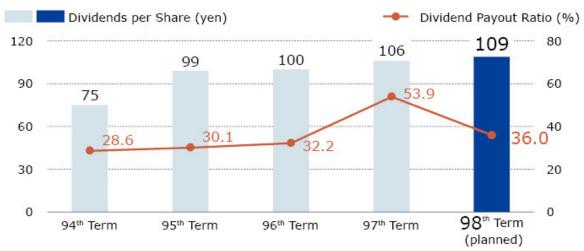
# (2) Allocation of dividend assets to shareholders and total amount of allocation

¥55 per share of common stock

**Total amount of payout: ¥27,875,136,135** 

(3) Effective date of dividends of Retained Earnings March 28, 2022

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



# **Item 2** Partial Amendments to the Articles of Incorporation

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

#### 1. Reason for the amendments

In accordance with the amended provisions stipulated in a proviso to Article 1 of the Supplementary Provisions of the "Act for Partial Amendment of the Companies Act" (Act No. 70 of 2019), which will come into effect on September 1, 2022, the Company will make the following necessary amendments to its Articles of Incorporation in order to introduce a system for the electronic provision of materials for general meetings of shareholders.

- (1) Article 15 (Measures for electronic provision of information, etc.), Paragraph 1 of the proposed amendments is to be newly introduced, as the Company will be obliged to stipulate in its Articles of Incorporation that it will take measures for the electronic provision of the information contained in reference materials for general meetings of shareholders, etc.
- (2) Article 15 (Measures for electronic provision of information, etc.), Paragraph 2 of the proposed amendments is to be newly introduced in order to allow the scope of the matters described in the documents to be delivered to shareholders who have requested document delivery to be limited to the scope specified by the Ordinance of the Ministry of Justice, with respect to those matters for which measures for electronic provision of information are to be taken concerning the information contained in reference materials for general meetings of shareholders, etc.
- (3) Article 15 (Disclosure of reference materials for general meeting of shareholders, etc. via the Internet and deemed provision) of the current Articles of Incorporation is to be deleted, as its provisions will become unnecessary once the system of electronic provision of materials for general meetings of shareholders is introduced.
- (4) Supplementary provisions are to be established concerning the effectiveness of the above newly introduced and deleted provisions. These supplementary provisions shall be deleted after the appropriate period has elapsed.

#### 2. Substance of the amendments

The proposed amendments are as follows:

(Amended parts are indicated by underlining.)

	(Amended parts are indicated by underlining.)
Current Articles of Incorporation	Proposed Amendments
Chapter 3. General meeting of shareholders	Chapter 3. General meeting of shareholders
Article 15. Disclosure of reference materials for general meeting of shareholders, etc. via the Internet and deemed provision	(Deletion)
When convening a general meeting of shareholders, it shall be deemed that the Company has provided shareholders with necessary information that should be described or presented in reference materials for the general meeting of shareholders, business reports, and non-consolidated and consolidated financial statements, if they are disclosed via the Internet in accordance with the Ministry of Justice Ordinance.	
(Newly introduced)	Article 15. Measures for electronic provision of information, etc.
	1. When convening a general meeting of shareholders, the Company shall take measures for the electronic provision of information contained in reference materials for general meetings of shareholders, etc.
	2. With respect to all or part of the matters for which measures for electronic provision of information are to be taken as specified by the Ordinance of the Ministry of Justice, the Company shall not be required to include such matters in the documents to be delivered to shareholders who have made a request for document delivery by the record date for voting rights.
(Newly introduced)	Supplementary Provisions
	Article 1. Transitional measures concerning the electronic provision of information for general meetings of shareholders
	1. The deletion of Article 15 (Disclosure of reference materials for general meeting of shareholders, etc. via the Internet and deemed provision) and the introduction of Article 15 (Measures for electronic provision of information, etc.) of the Articles of Incorporation shall become effective as of September 1, 2022.
	2. Notwithstanding the provisions of the preceding paragraph, Article 15 (Disclosure of reference materials for general meeting of shareholders, etc. via the Internet and deemed provision) of the Articles of Incorporation shall remain in effect for any general meeting of shareholders held on a date within six months from September 1, 2022.
	3. The provisions of this Article shall be deleted after six months have elapsed from September 1, 2022, or three months have elapsed from the date of a general meeting of shareholders as specified in the preceding paragraph, whichever is later.

# **Item 3 Election of eight (8) Directors**

At the conclusion of this Annual General Meeting of Shareholders, the terms of office of all Directors will expire. The Company therefore asks the shareholders to elect eight (8) Directors.

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 (AGP), 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 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.

The candidates for Director are as follows:

Candidate Number	Name (Age)	Position and Responsibilities in the Company
1	Akiyoshi Koji (70) Reappointment	Chairman and Director, Chairman of the Board of Directors
2	Atsushi Katsuki (62) Reappointment	President and Representative Director, CEO Overall Management Corporate Communications Domestic Alcoholic Beverages Business, Domestic Soft Drinks Business, Domestic Food Business
3	Taemin Park (58) Reappointment	Director and Executive Officer, CAO (Chief Alliance Officer) Alliance and M&A International Alcoholic Beverages Business, International Soft Drinks Business
4	Keizo Tanimura (56) Reappointment	Director and Executive Officer, CHRO (Chief Human Resources Officer) Administration and Governance, Sustainability, IT, Research & Development
5	Christina L. Ahmadjian (63) Reappointment Outside Independent	Outside Director
6	Kaoru Sakita (56) New candidate	_
7	Kenichiro Sasae (70) New candidate Outside Independent	-
8	Tetsuji Ohashi (68)  New candidate Outside Independent	_

#### Skill Matrix of the Board of Directors

Making S		Ability to assess societal changes over the long term and manage business through a backcasting-focused strategic mindset
n-l Kill	Glocal Management Skill	Ability to comprehensively manage business at the global and regional level by taking a globally minded management approach and optimizing management locally
Decisio Sl	Consideration of	Ability to manage business by viewing sustainability and management as one and the same and integrating medium- to long-term strategies with resolutions to social issues
Δ		Ability in management to promote discontinuous growth through technological innovation and business restructuring
ory	Management of the	Ability to accurately assess the status of business execution and raise issues in accordance with the Medium-Term Management Policy on the basis of the AGP
ervis	Internal Control	Ability to perform finance and accounting duties from a managerial perspective and implement internal control that facilitates more substantial Group governance
Sup	Human Resource Management	Ability to manage diverse human resources and maximize the potential of each employee—key elements for <i>glocal</i> value creation

	Attended		Decision-M	aking Skill		Sup	ervisory S	Skill
Candi- date Number	Board of Directors meetings	Long-term Outlook & Strategic Mindset	Glocal Management Skill	Considera- tion of Sustainability Management	of Discontinu-	Management of the Company's Business	Finance, Accounting & Internal Control	Human Resource Management
1	12/12	0	0		0	0		0
2	12/12	0	0	0		0	0	
3	12/12	0	0		0	0	0	
4	12/12	0	0	0			0	0
5	12/12	0	0	0			0	0
6	-	0	0	0		0	0	
7	_	0	0	0	0			0
8	-	0	Caannointmen	0	0	ndidate for n	0	

Reappointment: candidate for reappointment
Outside: candidate for Outside Director

New candidate: candidate for new appointment Independent: candidate for independent officer

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 FY2021.

3. The Company has entered into a directors and officers liability insurance policy with an insurance company. Details of the insurance policy are described on page 80 of this notice. Each of the candidates for reappointment are already listed as an insured under the insurance policy and will continue to be listed as an insured upon approval of his or her reelection. In addition, each newly appointed candidate will be listed as an insured upon approval of his or her election. The Company plans to renew the said policy with the same terms during the terms of their office.



# Akiyoshi Koji

#### Reappointment

Date of Birth (Age): November 8, 1951 (70 years old) Owned Shares of the Company: 16,700 shares Tenure (at the conclusion of this Annual General 15 years Meeting of Shareholders): Attended BOD\* meetings (FY2021): 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, and has been promoting sustainable growth and increased corporate value over the medium- to long-term. In this fiscal year in particular, as Chairman and Director he has served as the Chairman of the Board of Directors of the Company, and has taken an integral role in increasing the effectiveness of the Board of Directors. He has been essential in the fair and open operation of the Board of Directors, prompting active involvement and expression of opinions and recommendations by Outside Directors, and managing proceedings that encourage substantial dialogue between Outside Directors and Internal Directors. In addition, he has played a central role in creating sustainable mechanisms of the Board of Directors, which forms the basis of increased corporate value over the medium- to long -term.

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, human resources management, glocal management skill supported by foresight and a backcasting mindset, and management competence in the promotion of discontinuous growth.

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.

Chairman and Director, Chairman of the Board of Directors **Position** 

#### **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
Mar. 2021	Chairman and Director, Chairman of the Board of Directors (to the present)

# **Significant Concurrent**

Outside Director of Imperial Hotel, Ltd. **Positions** 

#### Candidate's special interests in the Company

There are no special interests between Akiyoshi Koji and the Company. \*BOD stands for Board of Directors.



## Atsushi Katsuki

#### Reappointment

Date of Birth (Age): March 17, 1960 (62 years old)
Owned Shares of the Company: 2,698 shares
Tenure (at the conclusion of this Annual General
Meeting of Shareholders): 5 years
Attended BOD meetings (FY2021): 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, serving as President and Representative Director, CEO, he made a track record that includes propelling the sophistication of management, which is vital to the Company's sustainable growth and enhancement of corporate value over the medium-to long-term, by having drawn up medium- to long-term management policy enlisting an approach that entails backcasting from megatrends and by completing the framework consisting of four Regional Head Quarters upon establishment of Asahi Group Japan, Ltd. He has also been taking the lead for business performance recovery under the environment of the global spread of COVID-19.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as a Director of the Company through his experience as Group CEO of overseas Regional Head Quarters, a Director of the Company, and a CFO. 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 ability to promote discontinuous growth and long-term outlook & strategic mindset, which are supported by knowledge and experience regarding alliances and M&As, a high level of *glocal* management skill backed by his openmindedness and the ability to include diverse and different cultures, and a high level of consideration of sustainability management.

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 President and Representative Director, CEO

**Responsibilities** Overall Management

Corporate Communications

Domestic Alcoholic Beverages Business, domestic Soft Drinks Business,

domestic 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. 2019	Managing Director, Managing Executive Officer, CFO
Mar. 2020	Senior Managing Director and Senior Managing Executive Officer, CFO
Mar. 2021	President and Representative Director, CEO
	(to the present)

#### Candidate's special interests in the Company

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



## Taemin Park

#### Reappointment

Date of Birth (Age): January 25, 1964 (58 years old)
Owned Shares of the Company: 61 shares
Tenure (at the conclusion of this Annual General
Meeting of Shareholders): 3 years
Attended BOD meetings (FY2021): 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. In this fiscal year in particular, he has been providing leadership and oversight for post-integration management of business in Europe and Australia, developing more sophisticated global marketing, identifying the trajectories of growth with respect to global brands and arranging investment necessary for the future.

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 and finance, accounting & internal control taking into consideration trends and new movements in the overseas alcoholic beverages and soft drinks 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 Soft Drinks

usiness

## **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
Mar. 2020	Director and Executive Officer, CAO (to the present)

#### Candidate's special interests in the Company

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



### Keizo Tanimura

#### Reappointment

Date of Birth (Age): August 11, 1965 (56 years old)
Owned Shares of the Company: 5,123 shares
Tenure (at the conclusion of this Annual General
Meeting of Shareholders): 3 years
Attended BOD meetings (FY2021): 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 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 made a track record that includes having brought about significant improvement to external assessments concerning ESG through his efforts in promoting integration of sustainability and management in a manner culminating in numerous achievements including that of reducing levels of  $CO_2$  emissions and implementing various environmental measures. His efforts have also resulted in high scores with respect to employee engagement as a result of having coordinated initiatives among the Regional Head Quarters, which has involved drawing up a Group-wide personnel policy and engaging in diversity, equity and inclusion (DE&I) initiatives.

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 *glocal* management skill backed by his 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, Sustainability, IT, Research & Development

#### **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
Mar. 2020	Director and Executive Officer, CHRO
	(to the present)

#### Candidate's special interests in the Company

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



# Christina L. Ahmadjian

Reappointment Outside Director Independent Director

Date of Birth (Age): March 5, 1959 (63 years old) Owned Shares of the Company:

Tenure (at the conclusion of this Annual General

Meeting of Shareholders): Attended BOD meetings (FY2021):

3 years 12/12

shares

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

Since being appointed as an Outside Director of the Company in 2019, Christina L. Ahmadjian has used her extensive experience as a university professor and an expert in the fields of corporate governance and organization culture to provide appropriate oversight for business execution through active opinions and recommendations. In particular, she has contributed to increasing the effectiveness of the Board of Directors by providing opinions and recommendations based on her experience and insight, from perspectives including ESG, covering the Environment, Social, and Governance matters overall, integration of sustainability and management, DE&I, and organization culture. Also, as a member of the Compensation Committee, she has contributed to making fair and transparent decisions on verification of adequacy and effectiveness of an officers' remuneration plan, and implementation of the plan.

Furthermore, she possesses a high level of insight, expertise, and ability required as an Outside Director of the Company due to her research into corporate governance and organizational culture and her experience serving as an outside director in multiple companies.

Accordingly, we deem that Christina L. Ahmadjian is a necessary human resource who is indispensable to the composition of the Board of Directors, mainly to provide a supervisory function from the perspective of an expert on global organizational culture and other matters for increasing the effectiveness of the decision-making and oversight functions of the Board of Directors, and thus we recommend her reappointment as an Outside Director.

Position **Outside Director** 

#### **Career Summary**

Oct 2001 Acce	ciate Professor, Graduate School of International Corporate Strategy,
	tsubashi University
	essor, Graduate School of International Corporate Strategy, tsubashi University
	n of Graduate School, Graduate School of International Corporate tegy, Hitotsubashi University
•	essor, Graduate School of Commerce and Management, Hitotsubashi ersity
•	essor, Graduate School of Business Administration, Hitotsubashi ersity (to the present)
	ctor of the Company he present)

**Significant Concurrent** 

**Positions** 

Professor of Graduate School of Business Administration, Hitotsubashi University Outside Director of Japan Exchange Group, Inc.

Outside Director of Sumitomo Electric Industries, Ltd.

Outside Director of NEC Corporation

### Candidate's special interests in the Company

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

#### **Views on independence**

The Group maintains no transactional relationships with Christina L. Ahmadjian and entities where she concurrently serves, and as she does not fall under any of the items 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.



# Kaoru Sakita

#### New candidate

Date of Birth (Age): March 3, 1966 (56 years old)
Owned Shares of the Company: 339 shares

#### Reasons for recommending Kaoru Sakita as a candidate for Director

Having served in the Group in areas that include financial affairs and corporate planning and as a COO of overseas Regional Head Quarters, Kaoru Sakita has a track record that includes playing an important role in the Company's growth enlisting his substantial expertise and knowledge in global management, while also leading efforts to optimize global procurement systems since he was appointed to serve as Executive Officer in 2018.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as a Director of the Company gained through his experience so far. 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 and well-balanced *glocal* management skill utilizing his experience overseas, and a high level of consideration of sustainability management.

Accordingly, we deem that Kaoru Sakita 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**

Apr. 1988 Joined the Company

Apr. 2016 Senior Officer, General Manager of Procurement Section
Mar. 2018 Executive Officer, General Manager of Procurement Section

Apr. 2020 Executive Officer, Head of Procurement

(to the present)

#### Candidate's special interests in the Company

There are no special interests between Kaoru Sakita and the Company.



# Kenichiro Sasae

New candidate Outside Director Independent Director

Date of Birth (Age): September 25, 1951 (70 years old)

Owned Shares of the Company: — shares

Outside Director of MITSUBISHI MOTORS CORPORATION

#### Reasons for recommending Kenichiro Sasae as a candidate for Outside Director

Having served as a foreign affairs official in key positions that include Vice Minister for Foreign Affairs, Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America, Kenichiro Sasae currently serves as President of The Japan Institute of International Affairs and as outside director for multiple leading Japanese companies. In particular, he has a wealth of experience serving as a foreign affairs official where his accomplishments include achieving results with respect to various diplomatic issues amid increasingly complex international developments.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as an Outside Director of the Company gained through his experience so far. In particular, he has a high level of insight and expertise regarding human resource management, a high level of *glocal* management skill utilizing his abundant knowledge and practical experience regarding international politics and economics, a high level of consideration of sustainability management, and a high level of ability to promote discontinuous growth.

Accordingly, we deem that Kenichiro Sasae 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 an Outside Director.

## **Career Summary**

Apr. 1974	Joined Ministry of Foreign Affairs	
Mar. 2002	Director-General of Economic Affairs Bureau, Ministry of Foreign Affairs	
Jan. 2005	Director-General of Asian and Oceania Affairs Bureau, Ministry of Foreign Affairs	
Jan. 2008	Deputy Minister for Foreign Affairs	
Aug. 2010	Vice-Minister for Foreign Affairs	
Sep. 2012	Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America	
Jun. 2018	President and Director General, The Japan Institute of International Affairs	
Dec. 2020	President, The Japan Institute of International Affairs	
	(to the present)	
Significant (	<b>Concurrent</b> President of The Japan Institute of International Affairs	
Positions	Outside Director of SEIREN CO., LTD.	

External Director of Fuiltsu Limited

#### Candidate's special interests in the Company

There are no special interests between Kenichiro Sasae and the Company.

#### Views on independence

Although the Group maintains transactional relationships with The Japan Institute of International Affairs, where Kenichiro Sasae concurrently serves, the amounts involved in such transactions account for less than 1% of the consolidated revenue (or ordinary income) of the Company and the said entity. 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 Kenichiro Sasae 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

If election of Kenichiro Sasae is approved, the Company plans to newly enter into an agreement with him that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act in order to enable him to contribute fully in his role as an Outside Director. 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.



# Tetsuji Ohashi

New candidate Outside Director Independent Director

Date of Birth (Age): March 23, 1954 (68 years old)
Owned Shares of the Company: — shares

#### Reasons for recommending Tetsuji Ohashi as a candidate for Outside Director

Having been involved in global management over many years, including as a president and chairman of an international corporation, Tetsuji Ohashi currently serves as outside director for multiple leading Japanese companies. In particular, he has successively held key positions in manufacturing units of Komatsu Ltd. and has served as president of its controlling subsidiary in the United States. He has accordingly promoted growth through innovation in corporate business enlisting a long-term outlook in efforts that include promoting digitalization of construction sites.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as an Outside Director of the Company gained through his experience so far. In particular, he has a high level of insight and expertise regarding governance from a global perspective, a high level of *glocal* management skill, which utilizes his experience in global corporations, a high level of consideration of sustainability management, and a high level of ability to promote discontinuous growth.

Accordingly, we deem that Tetsuji Ohashi 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 an Outside Director.

#### **Career Summary**

Jan. 2004 President and Chief Operating Officer (COO) of Komatsu America Co	p.
Apr. 2007 Executive Officer of Komatsu Ltd.	
Apr. 2008 Senior Executive Officer (Jomu) of Komatsu Ltd.	
Jun. 2009 Director and Senior Executive Officer (Jomu) of Komatsu Ltd.	
Apr. 2012 Director and Senior Executive Officer (Senmu) of Komatsu Ltd.	
Apr. 2013 President and Representative Director, and CEO of Komatsu Ltd.	
Apr. 2019 Chairman of the Board and Representative Director of Komatsu Ltd. (to the present)	

**Significant Concurrent** 

Positions

Chairman of the Board and Representative Director of

Komatsu Ltd.

Outside Director of Yamaha Motor Co., Ltd.

Outside Director of Nomura Research Institute, Ltd.

#### Candidate's special interests in the Company

There are no special interests between Tetsuji Ohashi and the Company.

#### Views on independence

Although the Group maintains transactional relationships with Komatsu Ltd., where Tetsuji Ohashi concurrently serves, 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 company. As such, based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders. Moreover, as Tetsuji Ohashi 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

If election of Tetsuji Ohashi is approved, the Company plans to newly enter into an agreement with him that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act in order to enable him to contribute fully in his role as an Outside Director. 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.

# **Item 4 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 Katsutoshi Saito will expire. The Company therefore asks the shareholders to elect one (1) Audit & Supervisory Board Member.

The Company has decided that good balance of the entire Audit & Supervisory Board must be ensured in terms of the knowledge, experience, ability and diversity required for sustainable growth and the increase of corporate value of the Company over the medium- to long-term, 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 corporate accounting experts, lawyers and persons with experience in corporate management who possess abundant experience and comprehensive knowledge in relevant fields.

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

The candidate for Audit & Supervisory Board Member is as follows:



# Shigeo Ohyagi

New candidate

Outside Audit & Supervisory Board Member

Date of Birth (Age): May 17, 1947 (74 years old)

Owned Shares of the Company: — shares

# Reasons for recommending Shigeo Ohyagi as a candidate for Outside Audit & Supervisory Board Member

Shigeo Ohyagi has extensive experience and exceptional insight into corporate management with respect to engaging in business globally, particularly given that he has served as president and chairman of global corporations. In particular, serving as an outside director and outside audit & supervisory board member in multiple leading Japanese companies, he appropriately performs roles that include analyzing potential risks, overseeing business execution and furnishing advice from a practical standpoint to verify potential business development, enlisting his fresh, objective and rational perspective.

The Company expects that in serving as Outside Audit & Supervisory Board Member he will appropriately perform the role of auditing the execution of duties by the Company's Directors, including the internal control system, from an objective standpoint based on his knowledge and experience in corporate management. This will involve having him actively give his opinions and recommendations at meetings of the Board of Directors and the Audit & Supervisory Board, and also having him review the audit status of domestic group companies and activities of overseas group companies' audit committees, etc.

Accordingly, we deem that Shigeo Ohyagi 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 newly recommend his appointment as an Outside Audit & Supervisory Board Member.

#### **Career Summary**

Mar. 1971	Joined Teijin Limited
Jun. 1999	Corporate Officer of Teijin Limited
Jun. 2001	Executive Officer of Teijin Limited
Jun. 2002	Senior Executive Officer of Teijin Limited
Oct. 2003	President & Representative Director of Teijin Pharma Limited
Jun. 2005	Managing Director of Teijin Limited
Jun. 2006	Senior Managing Director of Teijin Limited
Jun. 2008	President & Representative Director, CEO of Teijin Limited
Apr. 2014	Chairman of the Board of Teijin Limited
Apr. 2018	Director, Advisor of Teijin Limited
Jun. 2018	Advisor of Teijin Limited
	(to the present)

Significant Concurrent Positions

Advisor of Teijin Limited
Outside Director of KDDI CORPORATION
Outside Director of Tokyo Electric Power Company
Holdings, Incorporated
Outside Audit & Supervisory Board Member of JFE
Holdings, Inc.

#### Candidate's special interests in the Company

There are no special interests between Shigeo Ohyagi and the Company.

#### Views on independence

The Group maintains no transactional relationships with Shigeo Ohyagi and entities where he concurrently serves, and as he does not fall under any of the items 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 Shigeo Ohyagi 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

If election of Shigeo Ohyagi is approved, the Company plans to newly enter into an agreement with him that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act in order to enable him to contribute fully in his role as an Outside Audit & Supervisory Board Member. Under the terms of this agreement, his liabilities are limited to  $$\pm 20$$  million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher.

#### Notes:

- 1. The age is as of this Annual General Meeting of Shareholders.
- 2. The Company has entered into a directors and officers liability insurance policy with an insurance company. Details of the insurance policy are described on page 80 of this notice. Shigeo Ohyagi will be listed as an insured upon approval of his election. The Company plans to renew the said policy with the same terms during the term of his office.

# [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\*8 of a party who falls under any of the above items from 1 to 9 (limited to important persons\*9, 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 ten (10) 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. "Close relative" refers to a spouse or persons within the second degree of consanguinity.
- \*9. "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.
- \*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.

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

In 2016, the Company introduced a stock compensation plan (hereinafter referred to as the "Plan") in order to increase the motivation of the Company's Directors (excluding the Outside Directors; hereinafter referred to as the "Directors") to strive for sustainable growth and the enhancement of corporate value over the medium- to long-term. The Company furthermore gained approval for Item 7 "Revision of Stock Compensation Plan for Directors" at its 95th Annual General Meeting of Shareholders held on March 26, 2019 (hereinafter referred to as the "Previous Resolution") to revise the content of the plan, which has remained in effect to this day.

Under this proposal, the Company seeks approval to revise the Plan as described in section 2 below, such that the revisions pertain to the maximum amount of funds that the Company is to contribute to acquire the Company's shares necessary for distribution of its shares to the Directors and also pertain to the maximum number of points that are to be granted in serving as the basis for calculating the number of shares to be distributed to each Director.

The Company believes that continuance of the Plan is appropriate given that the Plan remains unchanged in that Directors are to enjoy or bear the benefits and risks of stock price fluctuations due to the impact of performance, the external economic environment, and other factors from the same standpoint as shareholders amid the plan's ongoing aims of "providing incentives to the Directors to continually enhance corporate value over the long term," and "sharing benefits and risks with shareholders," and also given that the revision is to entail setting upper limits on monetary amounts and number of points per this proposal, upon having taken into account factors that include the compensation levels of a group of benchmark companies and the Company's intension to increase the percentage of stock compensation as part of total officers' remuneration in the future.

The amount and contents of compensation for Directors under the Plan is set separately from the total amount of remuneration, etc. for Directors approved in Item 5 "Revision of Amount of Remuneration, etc. for Directors" at the 95th Annual General Meeting of Shareholders held on March 26, 2019 (¥1,500 million per annum; including ¥100 million for Outside Directors).

Meanwhile, whereas the Company has established a policy on decisions pertaining to content of remuneration, etc. for Directors, an overview of which is provided on page 63 of this notice, the Plan is to align with such policy, which the Company does not intend to change even if this proposal gains approval.

Currently there are five (5) Directors who are eligible to receive the payment of compensation under the Plan. If the shareholders approve Item 3 "Election of eight (8) Directors" as originally proposed, the Directors eligible to receive the payment of compensation under the Plan will be five (5).

# 2. Amount and contents of compensation under the Plan (1) Overview of the Plan

The Plan is a long-term stock compensation plan for the Directors of the Company whereby the Company will grant points every year according to the

executive rank and roles of the Directors and, at the time of their retirement, will distribute to them such number of shares of the Company as would be equivalent to the cumulative number of points theretofore granted to them. The Company will continue to adopt a Stock Distribution Trust for Officers structure where the Company will create a trust (hereinafter referred to as the "Trust") by contributing cash, the Trust will acquire shares of the Company, and then distribute these shares to eligible Directors. In principle, the timing for distributing shares of the Company (in some cases, cash may be provided in lieu of shares of the Company) to the eligible Directors will be the time of retirement.

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

Pursuant to the Stock Distribution Regulations prescribed by its Board of Directors, on the date of the meeting of the Board of Directors convened for the purpose of approving financial results for each fiscal year during the period of the Trust, the Company will grant to each Director a certain number of points according to his/her executive rank and role. The maximum aggregate number of points to be granted by the Company to the eligible Directors for each fiscal year is to be changed to thirty-seven thousand five hundred (37,500) points under this proposal, from the twenty-five thousand (25,000) points approved under the Previous Resolution.

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

In the Previous Resolution, the Company gained approval with respect to \$300 million for a three-year period as the maximum amount of funds for acquisition of additional shares of the Company as necessary for distribution of such shares to Directors. Under this proposal, the amount is to be changed to \$450 million for the three-year period.

Under the Plan, the Company shall make additional cash contributions to the Trust already set up on December 28, 2016, of not more than ¥450 million during the three-year period running from the fiscal year ending on December 31, 2022 to the fiscal year ending December 31, 2024 (hereinafter referred to as the "Target Period"), as funds to acquire the shares of the Company required for distribution of shares of the Company to Directors, and shall continue the Trust with the Directors that meet certain requirements as its beneficiaries. The Trust shall use the additional cash payments to the Trust by the Company (together with any cash remaining in the Trust before the additional payments were made) as a source of funds to acquire shares of the Company in the stock market, or to acquire shares by undertaking the disposal of the Company's treasury shares. Furthermore, by a resolution of the Board of Directors of the Company, the Target Period may be extended for a period of three years each, along with the Trust Period (this includes an effective extension of the Trust Period by means of transferring the assets of the Trust to a trust set up by the Company for the same purpose), so as to continue the Plan. In that event, the Company will make additional cash contributions to the Trust, during the extended period of the Target Period, up to a limit of ¥450 million, as additional funds to acquire shares of the Company required for distribution to Directors under the Plan. Furthermore, in such a case of extension, the Company will continue to grant the points set forth in (2) above and distribute shares of the Company as prescribed in (4) below within the extended period of the Trust.

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

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

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

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

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

#### (5) Overview of the Trust

Name: Stock Distribution Trust for Officers

Settlor: Asahi Group Holdings, Ltd.

Trustee: Sumitomo Mitsui Trust Bank, Limited

Beneficiaries: Eligible Directors fulfilling the requirements of the Beneficiaries

Trust Administrator: The Company selects a third party who does not have any interest in the Company, the Company's subsidiaries, or any Directors, Outside Directors, Audit & Supervisory Board Members, or Executive Officers belonging thereto

Trust type: Trust of money other than money trust (third-party-benefit trust)

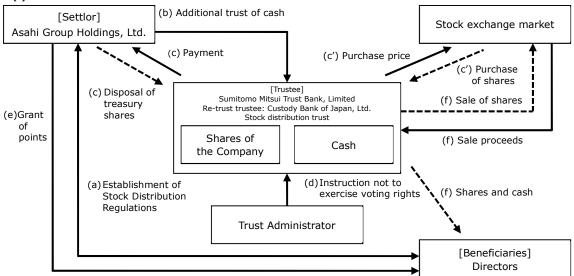
Date on which additional cash will be entrusted: May 2022 (scheduled)

Trust period: From December 2016 to June 2025 (scheduled)

(Extended from the scheduled duration of the trust (until June 2022) at the time of

the Previous Resolution)

#### (i) Structure of the Trust



(Note) Dotted lines denote the movements of shares.

- a The Board of Directors of the Company will establish Stock Distribution Regulations intended for its Directors (excluding Outside Directors) (On this occasion, plans are for continuing to use regulations already established).
- b With regard to the Trust set up with Directors as beneficiaries on December 28, 2016, after extending the Trust Period, the Company shall make additional contributions (additional payments to the Trust) equivalent to the funds needed to acquire shares to the Trustee (however, this shall be within the monetary limits approved by a General Meeting of Shareholders).
- c The Trustee shall use the funds within the Trust (including, as described in b above, any cash remaining in the Trust before the additional payments were made, in addition to those payments), to acquire, in one lump, shares of the Company equivalent to the number expected to be distributed going forward (depending on whether this is achieved by disposal of treasury shares, or by purchases in the stock market).
- d Throughout the period of the Trust, the Company will appoint a Trust Administrator (to be limited to be a party independent of the Company, the Company's subsidiaries, or any Directors, Outside Directors, Audit & Supervisory Board Members, or Executive Officers belonging thereto) who is responsible for protecting the interests of the Beneficiaries who are covered by the Stock Distribution Regulations and supervising the Trustee. Throughout the period of the Trust, the Trust Administrator will give instructions not to exercise any voting rights associated with the shares of the Company kept within the Trust.
- e Pursuant to the Stock Distribution Regulations, the Company will grant points to the eligible Directors.
- f The Directors fulfilling requirements prescribed in the Stock Distribution Regulations and the Trust Agreement will receive, as Beneficiaries of the Trust, a distribution of shares of the Company equivalent to the cumulative number of points from the Trustee. In certain specific cases set forth in advance in the Stock Distribution Regulations and the Trust Agreement, the Company will sell part of the distributable shares kept within the Trust in the stock market and distribute cash.

#### (ii) Additional payments to the Trust

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

#### (iii) Method of Acquisition by the Trust of Shares of the Company

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

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

#### (iv) Extension of Period of the Trust

The period of the Trust will be extended to the end of June 2025 (scheduled). Moreover, as described in (3) above, the period of the Trust may be extended again.

#### (v) Exercise of the Voting Rights

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

#### (vi) Handling of Dividends

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

#### (vii) Handling of Trust Property at the Time of Termination of the Trust

Of the residual property left within the Trust at the time of termination of the Trust, the Company plans to acquire all of the residual shares of the Company without charge and cancel them by a resolution of the Board of Directors. Of the residual property left within the Trust at the time of termination of the Trust, pursuant to the provisions of the Stock Distribution Regulations and the Trust Agreement, the Company plans to donate a certain amount of residual cash to specified public-service promotion corporations who does not have any interest in the Company, the Company's subsidiaries, any Directors, Outside Directors, Audit & Supervisory Board Members, or Executive Officers belonging thereto.

# (Attached Materials)

## **BUSINESS REPORT** (From January 1, 2021 to December 31, 2021)

# I Operating Results for This Fiscal Year (Business Progress and Result)

## 1 Overview of Consolidated Operating Results

During this fiscal year, the global economy as a whole showed signs of recovery due to the rebound in economic activities in the U.S., Europe, and other regions, despite the continued impact of the COVID-19 pandemic. The Japanese economy also experienced a gradual recovery owing to various policies, improvements in the global economy, and other factors although the effects of the decline in consumer spending remained.

Under these circumstances, the Asahi Group continued to work on promoting its Value Creation Management from both global and local perspectives based on the Medium-Term Management Policy, and also implemented management reforms in light of the rapidly accelerating changes in the social environment amid the COVID-19 crisis.

In the Medium-Term Management Policy, we set out "Strengthening Earnings Power," "Sophisticating Management Resources," and "Reinforcing ESG Initiatives" as our Key Initiatives, and in terms of "Strengthening Earnings Power," in addition to enhancing the value of our mainstay brands in each business segment and shoring up the new value proposition, we accelerated the recovery of business performance affected by the COVID-19 pandemic through further improving cost efficiency and promoted the restructuring of earning structure to reinvest in "Sophisticating Management Resources" and "Reinforcing ESG Initiatives."

As a result, despite the negative effects caused by the downturn of the food service industry in Japan and Europe, revenue of the Asahi Group increased by 10.3% year-on-year to ¥2,236,076 million due to the effects of the newly consolidated Australian beer and cider business (hereinafter the "CUB"), for which the acquisition process was completed in June 2020, and other factors. Core operating profit\*1 increased by 29.9% year-on-year to ¥217,940 million, and operating profit rose by 56.8% to ¥211,900 million. Profit attributable to owners of parent totaled ¥153,500 million, an increase of 65.4% year-on-year.

Furthermore, excluding the effects of exchange rate fluctuations, revenue increased by 6.1% year-on-year and core operating profit increased by 23.1% 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 2021 are compared after conversion to the yen equivalent using the 2020 exchange rate.

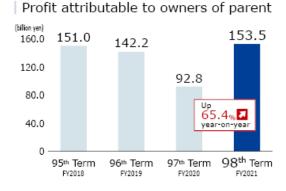
# ■ Asahi Group's Earnings

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









■ Financial and Profit/Loss Indicators of the Asahi Group

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	95 <sup>th</sup> term FY2018	96 <sup>th</sup> term FY2019	97 <sup>th</sup> term FY2020	98 <sup>th</sup> term FY2021 (current year)
Revenue	2,120,291	2,089,048	2,027,762	(million yen) <b>2,236,076</b>
Core operating profit	221,383	212,971	167,823	(million yen) <b>217,940</b>
Operating profit	211,772	201,436	135,167	(million yen) <b>211,900</b>
Profit attributable to owners of parent	151,077	142,207	92,826	(million yen) <b>153,500</b>
Operating profit ratio	10.0	9.6	6.7	(%) <b>9.5</b>
EBITDA*1	318,463	304,848	269,446	(million yen) <b>328,497</b>
Basic earnings per share*2	329.80	310.44	196.52	(yen) <b>302.92</b>
Total assets	3,079,315	3,140,788	4,439,378	(million yen) <b>4,547,748</b>
Total equity	1,149,647	1,248,279	1,517,816	(million yen) <b>1,759,148</b>
Equity attributable to owners of parent per share*3	2,502.67	2,720.76	2,992.06	(yen) <b>3,467.47</b>
ROE (Profit ratio to equity attributable to owners of parent)	13.2	11.9	6.7	(%) 9.4
Adjusted profit attributable to	150 600	142 207	02.826	(million yen)
owners of parent*4	150,688	142,207	92,826	153,500 (yen)
Adjusted earnings per share*5 Adjusted ROE	328.95	310.44	196.52	<b>302.92</b> (%)
(Adjusted profit ratio to equity attributable to owners of parent)*6	15.2	13.0	7.5	11.0

- \*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.
- \*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.
- \*4. Adjusted profit attributable to owners of parent is profit attributable to owners of parent less a onetime 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).

#### **2** Overview of Operating Results by Business Segment

■ Asahi Group Revenue by Business Segment

Business Segment	97 <sup>th</sup> term FY2020 (million yen)	98 <sup>th</sup> term FY2021 (current year) (million yen)	Change in amount (million yen)	Change in percentage (%)
Alcoholic Beverages*1	746,956	722,126	(24,830)	(3.3)
Soft Drinks	353,381	357,809	4,427	1.3
Food	123,486	125,898	2,412	2.0
Overseas	792,956	1,017,586	224,629	28.3
Other*1	104,685	105,990	1,304	1.2
Adjustment*2	(93,705)	(93,334)	370	-
Total	2,027,762	2,236,076	208,313	10.3

<sup>\*1.</sup> In line with the business reorganization in the 98<sup>th</sup> term (FY2021), the Company changed classification of certain companies included in the "Alcoholic Beverages segment" to the "Other segment." The figures shown for the revenue by business segment for the 97<sup>th</sup> term (FY2020) were calculated according to the changed classification.

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



**Main products** 

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

In the Alcoholic Beverages segment, we focused our investments on the mainstay brands in each category and worked to create new markets by strengthening our proposals for products and drinking styles that meet diversifying consumer needs.

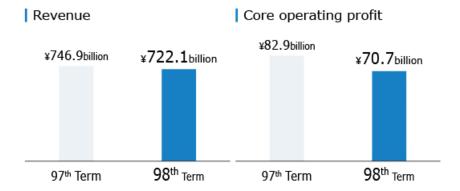
In beer-type beverages, we launched "Asahi Super Dry Nama Jokki Can," which offers a way to enjoy draft beer in a mug style typically available at bars and restaurants, and "Asahi Draft Beer" canned products, which feature a "worldview filled with warmth" and a "mellow and flavorful taste" to provide new value. In addition, we started developing the home draft beer service, "THE DRAFTERS," to accelerate the invigoration of the beer market. In happoshu (low-malt beer) and new genre (malt-type) beverages, we ramped up advertisement and sales promotion activities centered on our mainstay brands such as "Asahi Style Free," "Clear Asahi," and "Asahi THE RICH" as part of our efforts to enhance our brand value.

Aside from beer-type beverages, in RTD beverages, we renewed the core brand, "Zeitaku Shibori RTD," to enhance its fruit flavor, expanded sales channels of "Asahi The Lemon Craft," which achieved a rich lemon flavor, to all business categories, and developed advertisement and sales promotion activities to strengthen the brands. In alcohol-taste beverages, we worked to expand our new user base with "Asahi DRY ZERO" and launched "Asahi BEERY," which features the rich, flavorful taste of barley that is only made possible by using 100% beer ingredients and "Asahi HIBALLY," which delivers the authentic taste and high-quality aftertaste of whiskey as a new low-alcohol beverage category to promote our "smart drinking" concept, which proposes a more diverse range of drinking patterns.

As a result of these efforts, though sales of "Asahi Style Free," alcohol-taste beverages, etc. exceeded the previous year's results by capturing changes in consumer needs such as growing health consciousness, revenue from the Alcoholic Beverages segment decreased by 3.3% year-on-year to \$722,126 million resulting from the continued impact of restrictions on the provision of alcoholic beverages due to the COVID-19 pandemic and other factors, including a significant decrease in sales of beer to restaurants.

Core operating profit decreased by 14.7% year-on-year to ¥70,756 million due to the lower revenue which outweighed our efforts such as reducing manufacturing costs and reforming our earnings structure (Operating profit stood at ¥56,781 million, representing a year-on-year decrease of 21.2%).

\* 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, the brand value centered on core brands, which we have fostered to date, was further heightened as we sought to bolster our lineups of products matched to lifestyle changes and proposals for resolving social issues.

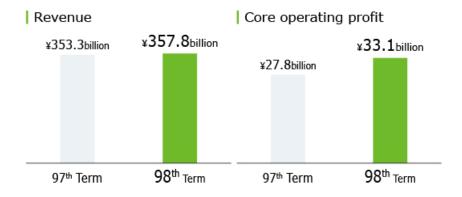
In our mainstay brands, we launched "MITSUYA Lemola," a not-too-sweet carbonated beverage that combines the deliciousness of sweetened carbonated beverages with the refreshment of unsweetened carbonated beverages, under the "MITSUYA" brand to strengthen our new value proposition. For the "WILKINSON" brand, we further enhanced the value of the brand in the well-performing carbonated beverage category, which enjoyed an increase in demand for health and household consumption, by such means as renewing "WILKINSON TANSAN EXTRA," which has the function of reducing the absorption of fat and sugar and is classified as foods with function claims. For the "CALPIS" brand, in addition to the renewal of "CALPIS WATER," which marked its 30th anniversary, we worked to reinforce our brands by promoting the proposal of recipes for arranging concentrate-type products to meet changing lifestyles.

In terms of strengthening proposals to resolve social issues, we adopted new materials and manufacturing methods together with new containers made of eco-friendly materials such as recycled PET resin and bio-material resin in the "Juroku Cha" brand. Furthermore, we launched over-the-counter sales of "Asahi OISHII MIZU Simple eco label\*," as well as a completely label-less product under the "Juroku Cha" brand, which has introduced laser marking technology for the first time in the food industry, and worked to reduce environmental impact through strengthening the development of label-less products.

As a result of these efforts, despite the impact of unseasonable weather during the peak season and the COVID-19 pandemic, revenue from the Soft Drinks segment increased by 1.3% year-on-year to \$357,809 million mainly due to sales volumes of the carbonated beverage and Tea topping the previous year's results.

Core operating profit increased by 19.2% year-on-year to \$33,139 million, mainly due to the impact of increased revenue and the effects of the streamlining of overall fixed costs through selection and concentration strategy of the brands (Operating profit stood at \$64,115 million, representing a year-on-year increase of 121.8%).

\* The simple eco label is a small-sized seal showing required labeling contents such as statutory entries.





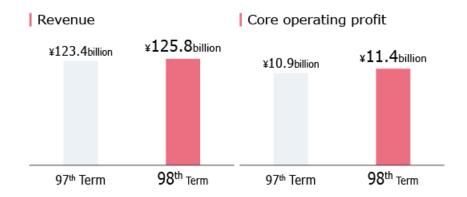
In the Food segment, we worked to build a sustainable growth foundation through value creation tailored to new lifestyles and the strengthening of each category in response to changes in the market structure.

With the tablet-type confectionary "MINTIA," we worked to enhance our brand value by proposing a new way of enjoying the breath mints, by such means as launch of products designed especially for use when wearing a mask, as well as products classified as foods with nutrient function claims and products classified as foods with function claims that address rising health consciousness. For our nutrition support food "Ippon Manzoku Bar," we promoted the expansion of the product lineup and the strengthening of sales promotion activities, particularly in the protein series, on the back of growing health consciousness and interest in building up bodies. As for freeze-dried food "AMANO FOODS," in addition to expanding the lineup of high-end products in the "Itsumono Omisoshiru" series, we launched the "Oshokuji Menu" series to meet the growing need for shorter cooking times and individual servings, to emphasize the value of freeze-dried foods as a convenient way to enjoy authentic flavors.

In baby foods, in response to customer needs, we expanded our lineup of products, including those that support the preparation of baby food, in order to expand our user base. In the category of dietary supplement, for "Dear-Natura," we expanded our product lineup to meet the rising needs for self-care and also propped up the brand power through advertising and sales promotion activities.

As a result of these efforts, revenue from the Food segment increased by 2.0% year-on-year to \$125,898 million mainly due to sales of freeze-dried miso soup, which captured demand from staying at home, and "Dear-Natura," which responded to growing self-care needs, exceeding the previous year's results, despite a decrease in sales of "MINTIA" as a result of reduced office work hours and occasions to go out.

Core operating profit increased by 4.1% year-on-year to \$11,447 million, mainly due to the impact of increased revenue and the effects of the streamlining of overall fixed costs (Operating profit stood at \$10,493 million, representing a year-on-year decrease of 6.1%).





**Main products** 

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

In the Overseas segment, we promoted premium strategies, focusing on our mainstay brands and alcohol-taste beverages in local markets, and strengthened the expansion of sales channels for global premium brands.

With regard to the expansion of our brands in the global market as a whole, we worked to bolster our ability to disseminate brand information by concluding an agreement to become the partner of the RUGBY WORLD CUP 2023 FRANCE with "Asahi Super Dry" and of the Aston Martin Cognizant FORMULA ONE<sup>TM</sup> TEAM, a motor sports team, with "Peroni Libera 0.0%."

In the Europe business, we intensified marketing activities focusing on our mainstay premium brands such as "Peroni Nastro Azzurro" and "Radegast," and promoted initiatives to reduce environmental impact in each country, such as the renewal of packaging to 100% recyclable materials for "Pilsner Urquell," in order to boost our brand value. In alcohol-taste beverages, we expanded our lineup of flavored products for "Birell," "Lech Free," etc., and reinforced our efforts to capture new drinking opportunities.

In the Oceania business, as for alcoholic beverages, we conducted aggressive marketing campaigns focusing on "Great Northern," and also launched our alcohol-taste beverage "Great Northern Zero" throughout Australia to work to strengthen our new value proposition. As for soft drinks, we strengthened sales of our no-sugar products centered on the carbonated drink category and sport drinks, and enhanced their presence in the market. We also promoted initiatives to create synergies by leveraging our solid business foundation, which included the enhancement of sales of "Asahi Super Dry" and other premium beers and non-alcohol beverages to restaurants.

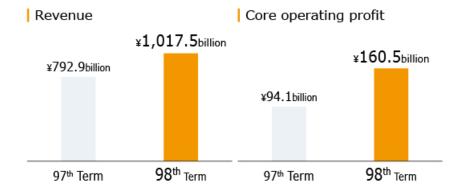
In the Southeast Asia business, we worked to increase brand awareness by launching "WONDA Brown Sugar Latte" in Malaysia and expanding our product lineup with a focus on brands owned by the Asahi Group.

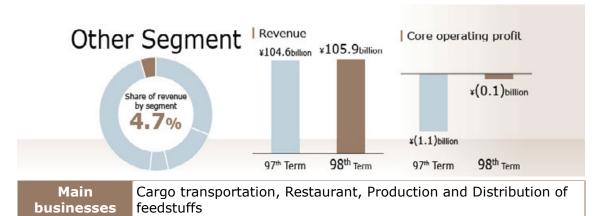
As a result of these efforts, revenue from the Overseas segment increased by 28.3% year-on-year to \$1,017,586 million mainly due to the effects of newly consolidated CUB and the recovery in sales of restaurants resulting from deregulation despite continued market contraction caused by the restriction in various countries during the COVID-19 pandemic mainly in the Europe business.

Core operating profit increased by 70.6% year-on-year to \$160,561\$ million mainly due to the effects of newly consolidated CUB and increased revenue from the Europe business despite the negative effects caused by the changes in sales mix per marketing channel (Operating profit stood at \$111,076\$ million, representing a year-on-year increase of \$113.2%).

Excluding the effects of exchange rate fluctuations, revenue rose by 17.7% year-on-year and core operating profit increased by 56.2% year-on-year.\*

\* Revenue and core operating profit are compared between the previous and current terms after foreign currency amounts in 2021 are converted to the yen using the 2020 exchange rate.





In the Other segment, revenue increased by 1.2% year-on-year to ¥105,990 million.

Core operating loss amounted to \$141 million, representing an improvement of \$1,039 million year-on-year (Operating profit stood at \$106 million, representing an improvement of \$5,119 million year-on-year).

Notes to "2 Overview of Operating Results by Business Segment":

The share of revenue by segment is calculated by dividing the revenue of each segment by the consolidated total revenue including the adjustment amount (¥93,334 million). Accordingly, the total share of revenue amounts to 104.2%.

#### 3 Progress in the Medium-Term Management Policy Guidelines

As for "Financial and Cash Flow Guidelines" set out in the Medium-Term Management Policy, despite the impact of the COVID-19 pandemic, free cash flows (FCF) for this fiscal year (FY2021) topped ¥200.0 billion and Net Debt/EBITDA showed progress exceeding the guidelines due to cash generation from the sales of non-operating assets, etc.

With EPS increasing due to improved business performance, shareholder returns are expected to exceed guidelines, paying a dividend of ¥109 per share for this fiscal year.

Furthermore, "Key Performance Indicator Guidelines" were withdrawn in February 2021 in light of the impact of the COVID-19 pandemic.

#### ■ Financial and Cash Flow Guidelines

	Guidelines for 2021 onward	2021 progress
Cash Flow	• FCF*1: Annual average of ¥200.0 billion or higher	¥319.1 billion
Investment for Growth/ Debt Reduction	<ul> <li>Prioritize allocation of free cash flow to the reduction of debt and work to enhance capacity for growth investments</li> <li>Aim for Net Debt/EBITDA*2 of around 3 times or less in 2024         <ul> <li>(after deducting 50% of outstanding subordinated debt from net debt)</li> </ul> </li> </ul>	4.24 times
Shareholder Returns	• Stable dividend increases with the aim of achieving a dividend payout ratio*3 of 35% (aiming for future dividend payout ratio of 40%)	36.0%

<sup>\*1.</sup> FCF = Cash flows from operating activities – Cash used in investing activities (excluding M&A and other business restructuring)

<sup>\*2.</sup> Net Debt / EBITDA (EBITDA net debt equity ratio) = (interest-bearing debt - cash) / EBITDA

<sup>\*3.</sup> 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 Financial and Cash Flow Guidelines for 2021 progress have been rounded to the representative unit.

#### **II Management Policy (Management Perspectives)**

#### 1 Group Philosophy

The Asahi Group, under the command of Asahi Group Holdings, Ltd., a pure holding company, conducts business for alcoholic beverages, soft drinks, and food with Japan, Europe, Oceania, and Southeast Asia as the core regions.

Based on the group philosophy, the "Asahi Group Philosophy (AGP)," we aim to be a group that is trusted even by future stakeholders. 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, Regional Head Quarters and operating companies of the Group work together to further improve 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 expectationsEmployees: 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

#### 2 Medium- to Long-Term Management Policy

To implement the AGP, we have updated the previous Medium-Term Management Policy as a new "Medium- to Long-Term Management Policy" including long-term strategies, through backcasting from megatrends. The Medium- to Long-Term Management Policy set forth the concept of the long-term strategies to "Contribute to sustainable society and respond to changing conceptions of well-being through delivering great taste and fun."

In addition to presenting the business portfolios we aim for, we will strive to achieve sustainable growth and increase corporate value together with all of our stakeholders by integrating sustainability and management and further strengthening our core strategies such as digital transformation (DX) and research and development (R&D).

(1) Medium- to Long-Term Management Policy: Overview of long-term strategies

<Basic Concept behind Long-Term Strategies>

Contribute to sustainable society and respond to changing conceptions of well-being through delivering great taste and fun

- ◆ Ideal Business Portfolio: Sustainable growth of existing businesses centered on beer category while expanding into new areas
- · Growth driven by global brands and premiumization in existing operating regions; expansion into new markets.
- · Growth in adjacent categories to capture demand from trends such as increasing health consciousness; creation and development of new businesses that draw on the Group's capabilities.
- ◆ Core Strategies: Promote core strategies aimed at achieving sustainable growth
- Integrate sustainability into management in order to positively impact both society and the Group's businesses; contributing to solving societal issues.
- · Achieve innovation in three key areas (processes, organization, and business models) by pursuing BX\* through DX.
- · Increase the value of existing products and create new products and markets through bolstering R&D (research & development).
- ◆ Strategic Foundation Strengthening: Consolidate the management foundations underpinning long-term strategies
- · Advance human resource for executing core strategies and building an ideal business portfolio.
- Enhance Group governance in order to create an optimal organizational structure; Group-wide sharing of best practices.
- \* BX: BX stands for Business Transformation.

#### ■ Ideal Business Portfolio



- \* BAC: BAC stands for Beer Adjacent Categories. It refers to beer-adjacent categories such as low-alcohol beverages and non-alcohol beer-taste beverages, and non-alcohol beverages for adults.
  - (2) Key Medium-Term Strategies for Each Regional Head Quarters [Japan]
    - 1) Expand the potential of the businesses through synergies and optimizing product portfolio to anticipate change.
  - 2) Promote smart-drinking and other initiatives to meet diversifying needs; create high-value-added services.
  - 3) Solve social issues such as carbon neutrality through business; optimize the supply chain across Japan.

#### [Europe]

- 1) Advance the premium beer strategy with expansion of the 5 global brands and focus on selective leading local brands.
- 2) Accelerate premium growth beyond core lager such as non-alcohol beer, crafted beers and RTD.
- 3) Promote initiatives to reduce environmental impact, which entail the active use of renewable energy and the adoption of recyclable containers and packages.

#### [Oceania]

- 1) Advance multi-beverage strategy through alcohol beverages and soft drinks with creating integration growth synergies.
- 2) Pursue health and well-being portfolio and innovations in growth areas such as BAC.
- 3) Propose new sustainability-focused value through introduction of new containers, packaging, etc. Advance supply chain management reforms.

#### [Southeast Asia]

- 1) Expand into growing markets of >600 million people in the region with the growth in Malaysia and using our own brand to expand into other markets.
- 2) Set up new segments such as the plant-based product segment to gradually diversify portfolio into more premiumization beverages.

- 3) Deliver sustainability agenda including rolling out eco-friendly packaging. Build value in partnership with local communities through raw material procurement initiatives.
- (3) Medium-Term Guidelines for Key Performance Indicators and Financial Policy

#### ■ Key Performance Indicator Guidelines

_ 110/ 1 0110111101100 211011001001 041100111100		
	2021 results	Guidelines for next 3 years out
Core Operating Profit	¥217.9 billion	• CAGR (Compound annual growth rate): high single digit*1
EPS (adjusted*2)	¥305.2	CAGR (Compound annual growth rate): high single digit
FCF*3	¥319.1 billion	Annual average of ¥200.0 billion or higher

<sup>\*1.</sup> Constant Currency Basis in 2021

Note: The amounts in Key Performance Indicator Guidelines for 2021 results have been rounded to the representative unit.

#### ■ Financial Policy

- Timandar Foliey			
	Guidelines for 2022 onward		
Investment for Growth/ Debt Reduction	<ul> <li>Prioritize allocation of free cash flow to the reduction of debt and work to enhance capacity for growth investments</li> <li>Aim for Net Debt/EBITDA of around 3 times or less in 2024 (after deducting 50% of outstanding subordinated debt from net debt)</li> </ul>		
Shareholder Returns	<ul> <li>Stable dividend increases with the aim of achieving a dividend payout ratio of 35% (aiming for future dividend payout ratio of 40%)</li> </ul>		

<sup>\*2.</sup> The earnings per share guideline is on an adjusted basis excluding special temporary factors, such as business portfolio restructuring and impairment losses.

<sup>\*3.</sup> FCF = Cash flows from operating activities – Cash used in investing activities (excluding M&A and other business restructuring)

#### 3 Policy for 99th term (FY2022)

In the fiscal year 2022, although it is expected that the severe business environment will continue due to the impact of the COVID-19 pandemic, significant increase in raw material cost, and other factors, based on the "Medium- to Long-Term Management Policy," we will aim for enhancement of corporate value by such means as sustainable growth of existing businesses, expansion of new growth areas, and promotion of core strategies.

In Japan, we will invest management resources in brands with the "strengths" of the alcoholic beverages, soft drinks, and food businesses, and aim for improving the value of the brands of each business through new value propositions. Furthermore, we will strengthen the foundation for sustainable growth by creating synergies across business boundaries, optimizing SCM, and bolstering sustainability initiatives in Japan as a whole.

In Europe, we will expand and develop our global brands such as "Asahi Super Dry," and promote the premiumization of the brand portfolio in each country by strengthening our mainstay local brands and further enhancing BAC with a focus on non-alcohol beer. In addition, we will further reinforce the foundation for sustainable growth by stepping up our efforts to address environmental issues and foster the desired corporate culture.

In Oceania, we will promote a multi-beverage strategy that combines the strengths of the alcoholic beverages and soft drinks businesses and aim to solidify our earnings foundation by creating integration synergies. In addition to increasing investment in new growth categories such as non-alcohol beer, we will also accelerate new value propositions with an emphasis on sustainability as well as SCM reform.

In Southeast Asia, we will further improve our presence in the countries in which we have developed our business, particularly in Malaysia, by expanding our brand investment mainly in our own brands. We will also promote initiatives to address environmental issues, such as the use of sustainable containers and packaging.

With these efforts, the Group projects revenue to be \$2,450,000 million, core operating profit to be \$240,000 million, operating profit to be \$217,500 million, profit attributable to owners of parent to be \$146,500 million, and adjusted profit attributable to owners of parent to be \$156,500 million, for the  $99^{th}$  fiscal year (FY2022).

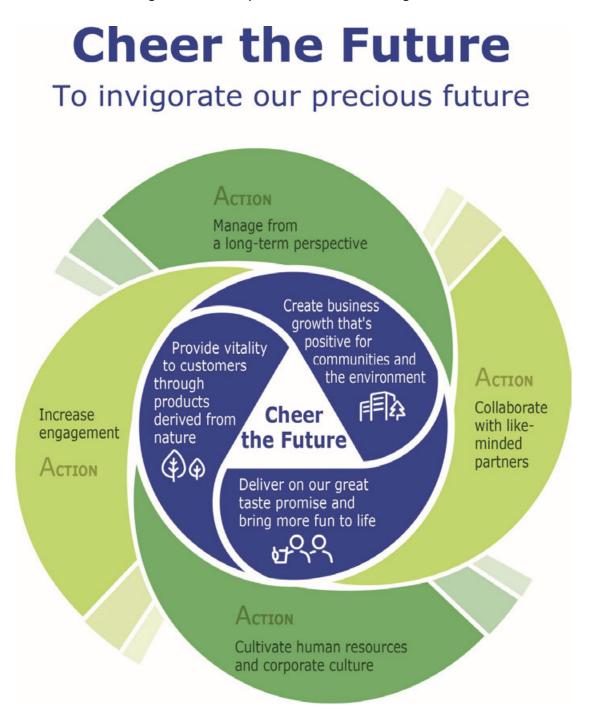
The Asahi Group cordially requests shareholders' continuing encouragement and support.

#### **III Sustainability**

The Asahi Group promotes the integration of sustainability and management and aims to grow its business through the resolution of social issues.

#### 1 Sustainability Strategies

The Asahi Group has set key policies and reviewed the themes of materiality in order to achieve the integration of sustainability and management. In addition, we established "Cheer the Future" as the promise of the Asahi Group to the future. We will invigorate the irreplaceable future through our business activities.



# Sustainability Story -Four Stories behind "Cheer the Future"-

#### Create Lasting Brand Value

For over 100 years, we have worked with the blessings and the power of nature to deliver on our great taste promise to consumers around the world. We are proud that our products have helped encourage people to people connections, create communities, and bring more fun to life for everyone a heritage we aim to continue well into the future.

#### Adapt to the Future

We accept our special responsibility to manage the potentially harmful effects our business may have on the environment and society at large. Going forward, we are committed to achieving sustainable growth while pursuing sustainability as essential synonymous with pursuing business itself.

#### **Actively Embrace Change**

Envisioning a better future, we aim to build sustainable ecosystem and circular economy through decarbonization and the effective use of water resources, connect people to their wonderful communities, and create measures and drinking opportunities to reduce the harmful use of alcohol, sharing ideas and technologies with stakeholders toward realization.

#### Our Promise to the Future

We will continue to deliver on our great taste promise and bring more fun to life for everyone by building value together with nature, community, and society at large for making the one and only future shine. With our concept "Cheer the Future," we aim to take action toward a better world for all.

#### 2 **Key Policies and Themes**

**Key Policies** 

#### Realize sustainable living for people in the entire value chain

Work to reduce risks and capture opportunities in the entire value chain to create business and social impact with our products and services

**Materiality** 











#### **Key Themes and Main Goals**

(1) Respond to climate change



(2) Respond to plastic issues



### Asahi Carbon Zero

- · Aim to reduce CO<sub>2</sub> emissions in Scope 1, 2, and 3 to zero by 2050
- · Aim to reduce CO<sub>2</sub> emissions in Scope 1 and 2 by 70%, in Scope 3 by 30% by 2030 (compared with 2019 for both targets)



### 3R+Innovation

Switch PET bottles to 100% eco-friendly materials\*1 by 2030

(3) Realize sustainable communities by creating connections between people



(4) Eradicate inappropriate drinking Resolve alcohol-induced problems by creating new drinking opportunities



### RE:CONNECTION 💔



- · Aim to resolve social issues facing local communities through our business activities
- · Create opportunities for employees to participate in community support activities

Responsible Drinking Ambassador

Achieve a 15% sales volume ratio of lowalcohol beverage\*2 and non-alcohol beverage in all products by 2025

- \*1: Recycled materials, biomass materials, biodegradable materials, and others
- \*2: Alcohol content of 3.5% or less

#### (1) Respond to climate change

Climate change issues, such as abnormal weather caused by global warming, are important social issues for the Asahi Group, as we enjoy nature's gifts in our business activities. We aim to achieve "zero (neutral)" environmental impact in our business activities and pass on the precious nature's gifts to the next generation.



#### 1) Upward Revision of Asahi Carbon Zero

Asahi Carbon Zero was formulated in 2018 as a medium- to long-term target for reducing  $CO_2$  emissions and aims to achieve carbon neutrality by reducing  $CO_2$  emissions in Scope 1, 2, and 3 to zero by 2050, with target values for 2030 also set.

With regard to the target values of Scope 1 and 2 for 2030, by promoting the active use of renewable energy, energy saving through the review of manufacturing processes, the development of new technologies, etc., we upwardly revised the target values in January 2022, aiming for a 70% reduction compared with 2019 following the revision in 2021.

The Asahi Group joined RE100, an initiative that aims to use renewable energy for 100% of the electricity consumed for business activities. By joining this initiative, we strive to realize a shift to 100% renewable energy for electricity use by 2050. In addition, we raised the target value for Scope 3 from the 2°C accreditation of the Science Based Targets (SBT) initiative\* to the accreditation of a level well below 2°C (Well Below 2°C).

As each Regional Head Quarters formulates its action plan to achieve these goals, we will aim to further accelerate our efforts by revising the target values upward.

Approximately 7,000 solar panels have been installed on the roof of Yatala Brewery of CUB in Australia.

In Australia and New Zealand, we strive to have 100% of the electricity consumed for our entire operations be renewable energy by 2025.

 International initiative to accredit the scientific evidence of CO<sub>2</sub> reduction target of corporations.



## 2) Deepening Efforts for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

The Asahi Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) with the recognition that evaluating the business impact related to the risks and opportunities associated with climate change and developing appropriate response measures are essential in terms of realizing a sustainable society and ensuring business continuity.

In 2019, we started the scenario analysis for our beer businesses and expanded the scope to include all alcoholic beverages and soft drinks businesses, including beer, in 2020.

#### Evaluation of Business Impact and Response Measures

As a result of the scenario analysis, we visualized the amount of impact caused by the risks of increased costs due to a decline in harvest of main agricultural materials, increased production costs due to the carbon tax introduction, and increased costs of PET bottles with pass-through due to the carbon tax introduction.

As response measures to the risks visualized in the scenario analysis, we are considering cooperating with suppliers, supporting farmers, and utilizing in-house technology, which are thought to be effective in reducing each risk.

Increased costs due to a decline in harvest of main agricultural materials

Increased
production costs due
to carbon tax
introduction

Increased costs of PET bottles with pass-through due to carbon tax introduction

Corn ¥1.97 billion Coffee ¥2.66 billion (as of 2050, 4°C Scenario)

¥6.47 billion in 2030 ¥6.43 billion in 2050

¥6.23 billion (as of 2050)

- Cooperate with suppliers to respond to climate change
- Support local agriculture to respond to climate change
- Reduce CO<sub>2</sub>
   emissions
   Utilize in house
   technology
   through co creation with
   stakeholders
- Switch to recycled PET bottles
- Reduce the weight of PET bottles

#### Support local agriculture to respond to climate change: "FOR HOPS"

Plzeňský Prazdroj, a liquor manufacturing subsidiary in the Czech Republic, launched "FOR HOPS," a project of supporting hop farmers using cutting-edge technologies in cooperation with Microsoft, Agritecture and others in 2021.

As for Saaz hops in the Czech Republic, in addition to the extreme cold and heat, water scarcity caused by drought, as well as intensive rainfall over a short period of time are damaging hop production with serious impact on yield and quality.

In this project, data on precipitation, humidity, and nutrients in the soil

are collected through sensors in the soil of hops-producing fields and on hop seedlings. Microsoft and Agritecture have developed proprietary software to process and evaluate these data, in order accurately to understand the state of hops. The project aims to establish efficient irrigation mechanisms to maximize the use of limited water for hops production.



#### (2) Respond to plastic issues

Marine pollution and the effects on the ecosystem due to inappropriately disposed of plastic containers and packaging are urgent social issues. The Asahi Group is addressing the marine plastic issue and other challenges, and promoting environmentally and socially conscious containers and packaging.



#### 1) Setting a target for the use of eco-friendly materials in PET bottles

The Asahi Group formulated a new target of "achieving a 100% conversion to eco-friendly materials for PET bottles by 2030" under the groupwide targets "3R + Innovation" in January 2022.

#### 2) Specific initiatives

In Japan, Asahi Soft Drinks Co., Ltd. plans to commence production with certain large PET bottles using resin 100% recycled through chemical recycling from April 2022. Accordingly, recycled PET resin will be utilized in approximately 40% of the annual production volume of large PET bottles, resulting in a reduction in  $CO_2$  emissions used in the PET bottles by approximately 47% compared to the conventional resin. Consequently, approximately 18,400 tons of  $CO_2$  are expected to be reduced per year.

Overseas, Asahi Beverages Pty Ltd in Australia has constructed a manufacturing plant for materials for recycled PET bottles in collaboration with companies in



other industries. This enables processing of used PET bottles and manufacturing of recycled PET materials in the grade suitable for food containers.

## (3) Realize sustainable communities by creating connections between people

While the economy is developing, an imbalance in the distribution of populations, including the concentration of people in urban areas and depopulation in rural areas, has been occurring around the world, resulting in weakening connections between people with a shared sense of values. Under the situation, the Asahi Group has been developing efforts to create connections between people and between people and communities in various locations.



#### 1) Craft beer made from discarded coffee beans and "bread crust"

The Asahi Group has started *UPCYCLE B* project to propose a sustainable lifestyle for the next generation in collaboration with *ECOALF*, a sustainable fashion brand, since 2021.

Under the theme of upcycling\* discarded coffee beans and "bread crust," an excess food item, the Asahi Group produced craft beer *Kuramae Black* and *Kuramae White* in cooperation with business operators in Taito-ku and Sumida-ku, Tokyo and sold them in a limited quantity. The Asahi Group promotes the reduction and effective use of waste as well as enhances the revitalization of the local economy.





\* Upcycling refers to a methodology of giving added value to unnecessary articles and waste that would be discarded under ordinary circumstances to turn them into a better item. Because this methodology can bring the best out of a material as it is, it can help reduce the burden on the environment.

#### 2) Challenge project for upland rice cultivated with brewing yeast

Asahi Biocycle Co., Ltd. has engaged in the "challenge project for upland rice cultivated with brewing yeast" jointly with Fukuda Farm in Abashiri, Hokkaido.

Agricultural materials (fertilizer materials) derived from "brewing yeast cell walls" (hereinafter the "agricultural materials of the Company"), which are a by-product of the beer brewing process, increase immune strength of paddy rice and promote stronger root growth, and hence improve root swelling and enhance the absorption of nutrients in soils necessary for growth of plants

by sprouting fine roots. In 2021, upland rice was successfully cultivated on approximately 3a (approximately 100 tsubo) of fields at the farm.

This initiative aims to revitalize the local community and planting, agriculture through harvesting and other activities with local children. In the future, with a goal of serving locally produced rice in elementary school lunch, the Company aims to increase the participation of local entities concerned and expand the scale of upland rice cultivation.



Parents and children planting seeds

## 3)Reduced feeding damage caused by "natural enemy of rice cultivation" golden apple snails on paddy rice

Asahi Biocycle Co., Ltd. conducted an assessment test to see whether feeding damage caused by golden apple snails\* on paddy rice can be reduced using the agricultural materials of the Company in wet-rice cultivation, jointly with Japan Agricultural Cooperatives Gifu (JA-Gifu).

Golden apple snails are one of non-native shells, which is known for its feeding damage on paddy rice crop. While there was feeding damage on approximately 20% of paddy rice in nearby paddies to which the agricultural materials of the Company were not used, little feeding damage was seen on paddy rice in paddies using this material.

Because the agricultural materials of the Company increase immune strength of plants and promote stronger root growth, root swelling is improved, enabling sprouting fine roots to absorb much iron in soils necessary for growth of plants. Golden apple snails are known to be poorly resistant to iron, and thought to have not eaten paddy rice containing much iron.

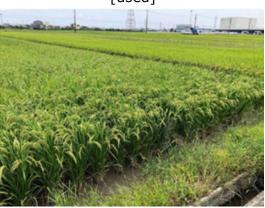
\* Scientific name: pomacea canaliculata

[unused]



Paddy field in which the agricultural materials of the Company were not used and which was feed damaged by golden apple snails

[used]



Paddy field in which the agricultural materials of the Company were used and feed damage was limited

## (4) Resolve alcohol-induced problems by creating new drinking opportunities

To meet needs of people who cannot drink alcohol for various reasons and who want to drink in moderation and solve social issues caused by alcohol, the Asahi Group has been extending the range of low-alcohol beverages and non-alcohol beverages and strengthening the provision of information.



#### 1)Smart drinking

Asahi Breweries, Ltd. has promoted "smart drinking" aiming to realize a society in which both people who drink alcohol and people who do not drink can respect each other since December 2020.

The Company has disclosed the amount of pure alcohol (g) contained in major products on its website since March 2021, and aims to complete the description on all can containers by 2023.



In addition, the Company will expand the composition ratio of sales volume of low-alcohol products containing 3.5% or less alcohol and non-alcohol beverages to 20% by 2025.

Furthermore, the Company has released video contents to enjoy drinking healthfully on its website since May 2021. A total of five episodes, "What do a heavy drinker and a light drinker mean?," "What is an adequate amount of alcohol beverages?," "Are you well aware of drink-driving?," "Who should never drink alcohol, and what are drinking patterns that you should never follow?," and "What is a good drinking pattern?," explain appropriate drinking clearly.

For people engaged in restaurants, a video content "To prevent drinking by drivers and people under age 20" was created in July 2021. This video illustrates customer-facing responses to prevent drink-driving and drinking by minors in a comprehensive way.

\* Ratio relative to the total sales volume of beer-type beverages, RTD beverages and non-alcohol products of Asahi Breweries, Ltd.





WEB [Learning about alcohol with Asahi Breweries "A wonderful time drinking alcohol in moderation with your precious one"]

https://www.asahigroup-holdings.com/pressroom/2021/1105\_2.html (in Japanese only)

#### **IV** Corporate Governance System

#### 1 Basic Policies

The Company is committed to achieving sustainable growth and increasing corporate value over the medium- to long-term by putting the group philosophy of the Asahi Group, the "Asahi Group Philosophy" into practice. In order to bring such goals to fruition, the Company has been proactive in its efforts to strengthen Group management in response to globalization, build solid relationships of trust with society including promotion of sustainability management, and enhance its social presence and transparency, such as advancement of engagement with stakeholders, while positioning the reinforcement of the Group's corporate governance at the top of management priorities. At the same time, the Company has endorsed Japan's Corporate Governance Code and incorporated it into its governance. In addition, with its sights set on the ultra-long term, the Company's Board of Directors is promoting discussions on megatrends for the purpose of strengthening foresight with respect to medium- to long-term changes in the business environment and reinforcing its proactive and decisive management by promoting the achievement of the ideal business portfolio and other means.

To promote the reinforcement of corporate governance, the Company works for sustainable enhancement of the effectiveness of the Board of Directors. The Company makes efforts for sustainable enhancement of the effectiveness of the Board of Directors by evaluating the effectiveness of the Board of Directors and the Audit & Supervisory Board periodically as well as identifying and addressing issues to ensure further enhancement of their effectiveness. Through these efforts, the Company strives to achieve sustainable growth and increase corporate value over the medium- to long-term.

WEB Corporate Governance Guidelines

https://www.asahigroup-holdings.com/en/csr/gov/internal/pdf/211210\_guidelines\_en.pdf

#### **2 Current Systems**

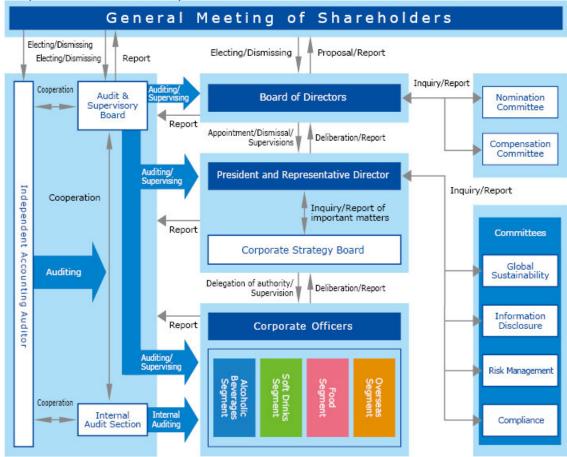
As a company with an Audit & Supervisory Board, the Company audits the execution of duties, by the Directors, by utilizing the Audit & Supervisory Board, of which a majority of the board members are independent Outside Audit & Supervisory Board Members, while taking advantage of the audit & supervisory 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 discretional bodies, the Company has created a structure that allows the Board of Directors to monitor the management of the Company with high effectiveness.

#### (1) 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. 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, high-level expertise, and ability 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 11.

#### Corporate Governance System Chart



#### (2) 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 required 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 extensive knowledge of finance and accounting or legal affairs, and in particular shall appoint 1 or more persons who have considerable 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, corporate accounting experts, attorneys at law

and persons with experience in corporate management who possess a wealth of experience and broad knowledge in their relevant fields.

#### (3) 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 cooperatively appointed as its chairperson.

The Committee held a total of 9 meetings during fiscal 2021, and provided reports on its findings and views, primarily about personnel affairs of officers, based on 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 cooperatively appointed as its chairperson.

The Committee held a total of 10 meetings during fiscal 2021, and provided reports on its findings and views primarily about the system of officers' remuneration plans in the next fiscal year and beyond, and individual evaluations of officers and bonus amounts determined on that basis.

		Nomination Committee	<b>Compensation Committee</b>
Outside	Director	<ul><li>Tatsuro Kosaka</li><li>Yasushi Shingai</li></ul>	<ul><li>Yasushi Shingai</li><li>Christina L. Ahmadjian</li></ul>
Outside Audit & Supervisory Board Member		Katsutoshi Saito	Yumiko Waseda
Internal	Director	Akiyoshi Koji Atsushi Katsuki	Ryoichi Kitagawa Keizo Tanimura

Note: @ denotes committee chairpersons

#### 3) Global Sustainability Committee

The Global Sustainability Committee provides 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 2021, intensively discussed on "responding to plastic issues," one of major themes in its sustainability strategy, and provided reports on its findings and views primarily about achieving a 100% conversion to eco-friendly materials for PET bottles by 2030.

#### 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 9 meetings during fiscal 2021, 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 risk management 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 2021, 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), and action plans and the evaluation of the status of implementation in that regard, and improvement of a system to make a transition to crisis management without any disruptions at the outbreak of crisis.

#### **6) Compliance Committee**

The Compliance Committee provides reports on its findings and views on the promotion and supervision of corporate ethics and compliance for the overall Asahi Group in response to inquiries referred from the President and Representative Director, 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 2021, 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 52 meetings during fiscal 2021, and provided reports on its findings and views primarily about development of corporate strategies and status of business executions by Group companies.

#### **Nomination and Election of Officers**

#### (1) Skill matrix of the Board of Directors

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, high-level expertise, and ability required by the Company. The content of the "Skill Matrix of the Board of Directors" is described on page 11.

#### (2) 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.

#### **Personal Image** Ideal perceptions from inside and outside the Company, and ideal presence • 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 **Capabilities Personal traits Performance record** Personality, attitude and Knowledge, ability, Necessary experience **Necessary** stance conductive to expertise required to and successes skills of CEO accomplish duties serving duties Sincerity and humility Experience as a top Foresight, Mental toughness decisiveness, management of operating company or competency Open-mindedness RHQ\* Organizational Experience in leadership international Learning skills operations Experience in addressing discontinuous growth Long-term Management of Glocal Finance, Outlook & Management the Company's Accounting & Strategic Skill **Director Business** Internal Control Mindset

#### (3) 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.

# 4 Officers' Remuneration (Policies concerning the setting of remunerations paid to Directors and Audit & Supervisory Board Members)

#### (1) Directors' remunerations

The Company established the policies concerning the setting of remunerations paid to Directors by a resolution of its Board of Directors. Prior to the Board of Directors passing the resolution, the Compensation Committee is consulted regarding the contents of the resolution and provides reports on its findings and views.

#### 1) 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

#### 2) 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.

#### 3) 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.

#### 4) 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).

#### 5) 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.

#### ■ List of variable remunerations

	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

#### 6) 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.

#### 7) Amount of remunerations for individual Directors

The determination of the amount of remunerations for individual Directors has been left to the Compensation Committee by a resolution of the Board of Directors. Authority delegated to the Compensation Committee is for "individual evaluation" and "determination of the individual remuneration amount in accordance with the evaluation."

#### (2) Audit & Supervisory Board Members' remunerations

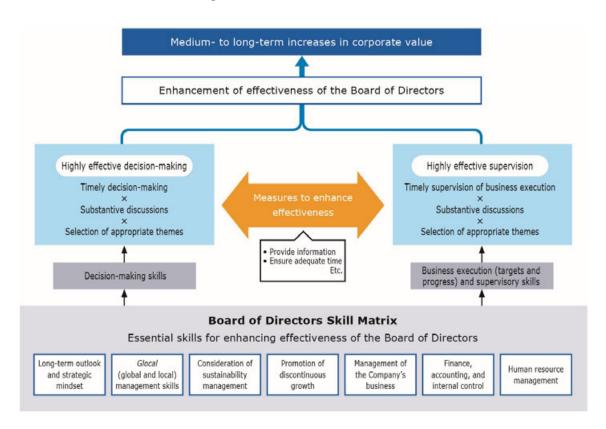
Audit & Supervisory Board Members' remunerations are set by discussion by the Audit & Supervisory Board Members within the total amount of remunerations resolved in advance at a General Meeting of Shareholders.

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.

### 5 Initiatives Carried Out to Enhance Effectiveness of the Board of Directors

Based on the notion that a highly effective board is "one that continues to pursue increases in corporate value over the medium- to long-term," the Company's Board of Directors is working for sustainable improvement of the effectiveness of the Board of Directors under the "framework for enhancing effectiveness of the Board of Directors" below. Under this framework, Directors possessing a wealth experience, extensive knowledge, high-level expertise, and ability required by the Company with reference to the "Skill Matrix of the Board of Directors" implement "highly effective decision-making" and "highly effective supervision." Moreover, "measures to enhance effectiveness," together with these practices, helps enhance the effectiveness of the Board of Directors in a sustainable manner, and hence increase corporate value over the medium- to long-term.

■ Framework for enhancing effectiveness of the Board of Directors



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

To make the above "framework for enhancing effectiveness of the Board of Directors" work effectively and 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 Evaluation of Effectiveness

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

#### 7 Policy of Reducing Cross-Shareholdings

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.

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)	¥1,759,148 million
Total amounts recorded in the balance sheet (b)	¥97,637 million
Ratio (b/a)	5.6%

#### **V** Risk Management

With the aim of ensuring sustainable growth and enhancing corporate value over the medium- to long-term in an uncertain management environment, the Asahi Group is working to promote appropriate risk-taking while controlling overall risk through the following risk management measures.

#### 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 newly formulated Medium- to Long-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 "Mediumto Long-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

In order to achieve sustained corporate value enhancement, the Asahi Group has made it its Medium- to Long-Term Management Policy to "Contribute to sustainable society and respond to changing conceptions of well-being through delivering great taste and fun," based on the Asahi Group Philosophy (AGP). To this end,

- The Asahi Group achieves organic growth by building high-valueadded 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.

#### **VI Other Status of the Asahi Group**

#### **1** Financing Activities

The Company financed the capital requirements including capital expenditures and funds for acquiring CUB through loans from financial institutions, and the issuance of commercial papers and bonds.

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 15th issue of Unsecured Corporate Bonds (3 years)	March 15, 2021	¥50,000 million
The 16th issue of Unsecured Corporate Bonds (5 years)	March 15, 2021	¥50,000 million
Euro denominated senior unsecured bonds due 2024	April 19, 2021	EUR 800 million
Euro denominated senior unsecured bonds due 2027	April 19, 2021	EUR 600 million

#### **2 Status of Principal Lenders**

(As of December 31, 2021)

	(7.5 6) December 31/2021/
Lender	Outstanding balance (million yen)
Sumitomo Mitsui Banking Corporation	76,397
Mizuho Bank, Ltd.	43,200
Sumitomo Mitsui Trust Bank, Limited	36,000
The Norinchukin Bank	36,000
MUFG Bank, Ltd.	19,287

#### 3 Status of Capital Expenditures

Consolidated capital expenditures in this fiscal year totaled ¥109,021 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	18,973
Soft Drinks	13,079
Food	4,542
Overseas	57,456
Other	7,416
Company-wide (common)	7,552
Total	109,021

## 4 Status of Major Establishments and Principal Subsidiaries

(As of December 31, 2021)

(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 Europe and International Ltd	Surrey, the United Kingdom	1,020,760 (EUR 8,375,187 thousand)	100.0	Overseeing alcoholic beverages operations in Europe
Asahi International Ltd	London, the United Kingdom	0 (EUR 0 thousand)	100.0	Sales of alcoholic beverages in whole global market
Asahi Holdings (Australia) Pty Ltd	Victoria, Australia	1,385,448 (AUD 18,926,514 thousand)	100.0	Overseeing alcoholic beverages and soft drinks operations in Oceania

#### Notes:

- Asahi Breweries Europe Ltd changed its name to Asahi Europe and International Ltd on September 29, 2021.
- 2. Asahi International Ltd made a capital reduction on December 21, 2021 toward the integration with Asahi Europe and International Ltd during 2022, resulting in a decrease in issued capital.
- 3. There were 211 consolidated subsidiaries of the Company as of the end of this fiscal year, including those listed above. There were 27 companies accounted for using equity method.
- 4. There were no wholly owned specified subsidiaries of the Company as of the end of this fiscal year.

Status of significant subsidiaries as of January 1, 2022 is as follows:

Status of significante substantives as of surracity 17 2022 to as follows:				
Company name	Location of head office	Issued capital (million yen)	Shareholdings (%)	Main operations
Asahi Group Japan, Ltd.	Sumida-ku, Tokyo	50	100.0	Overseeing operations of alcoholic beverages, soft drinks, foods, etc. in Japan
Asahi Europe and International Ltd	Surrey, the United Kingdom	1,020,760 (EUR 8,375,187 thousand)	100.0	Overseeing alcoholic beverages operations in Europe and marketing of alcoholic beverages in the entire global market
Asahi Holdings (Australia) Pty Ltd	Victoria, Australia	1,385,448 (AUD 18,926,514 thousand)		Overseeing alcoholic beverages and soft drinks operations in Oceania

### 5 Significant Developments such as Corporate Reorganization

- (1) The Company completed the acquisition of all the issued shares of Allpress Espresso NZ Limited and Allpress Espresso International Limited through Asahi Holdings (Australia) Pty Ltd on May 31, 2021.
- (2) The Company transferred part of the issued shares of TING HSIN (CAYMAN ISLANDS) HOLDING CORP. held by the Company on December 14, 2021.
- (3) The Company transferred the businesses relating to the business management of domestic operations to Asahi Group Japan, Ltd. by way of an absorption-type split on January 1, 2022.

## 6 Employees

(As of December 31, 2021)

Business segment	Number of employees	Increase (decrease) from the end of the previous term	
Alcoholic Beverages	4,780	(974)	
Soft Drinks	3,622	(33)	
Food	1,365	12	
Overseas	16,269	297	
Other	3,306	869	
Company-wide (common)	678	(1)	
Total	30,020	170	

Note: Following the business reorganization conducted in this fiscal year, the Company changed classification of certain companies included in the Alcoholic Beverages segment to the Other segment, resulting in large changes in the number of employees in the Alcoholic Business segment and the Other segment compared to the end of the previous fiscal year.

## **7 Shares Outstanding** (As of December 31, 2021)

### (1) Total number of authorized shares

972,305,309

(common stock)

### (2) Total number of issued shares

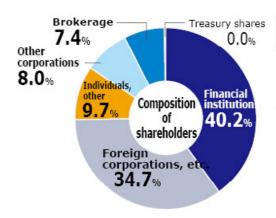
507,003,362

(including 182,705 treasury shares)

### (3) Total number of shareholders

136,945

(Increased by 7,621 from the end of the previous fiscal year)



Shareholder classification	Number of shares held (in hundreds)	Number of shareholders (individuals)
Financial institutions	2,036,290	149
Foreign corporations, etc.	1,758,095	1,086
■Individuals, other	490,284	133,649
Other corporations	407,548	2,007
■Brokerage	375,988	53
Treasury shares	1,827	1

## (4) Major shareholders

Name of shareholder	Number of shares held (in hundreds)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	868,463	17.1
Custody Bank of Japan, Ltd. (Trust Account)	242,428	4.8
SMBC Nikko Securities Inc.	149,090	2.9
The Dai-ichi Life Insurance Company, Limited	112,000	2.2
Fukoku Mutual Life Insurance Company	100,000	2.0
Sumitomo Mitsui Banking Corporation	80,280	1.6
STATE STREET BANK WEST CLIENT - TREATY 505234	77,109	1.5
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	71,898	1.4
Sumitomo Mitsui Trust Bank, Limited	71,260	1.4
SSBTC CLIENT OMNIBUS ACCOUNT	68,534	1.4
Total	1,841,064	36.3

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

## (5) Status of shares delivered to officers of the Company as consideration for execution of duties during this fiscal year

Classification	Number of shares	Number of recipients
Directors (excluding Outside Directors)	29,950	1

Note to "7 Shares Outstanding":

The shares of the Company held by Custody Bank of Japan, Ltd. as trust property for stock compensation (80,482 shares) are excluded from the treasury shares (182,705 shares).

## 8 Directors and Audit & Supervisory Board Members of the Company

## (1) Directors and Audit & Supervisory Board Members

(As of December 31, 2021)

	(AS OI D	ecember 31, 2021)
	Position	Attended Board of Directors [D]/
Name	Areas of responsibility and significant concurrent positions	Audit & Supervisory Board [A] meetings
Akiyoshi Koji	Chairman of the Board	[D] 12/12
	Outside Director of Imperial Hotel, Ltd.	[D] 12/12
Atsushi Katsuki	President and Representative Director, CEO	
	Overall Management Senior Department Head, Japan Headquarters Corporate Communications Domestic Alcoholic Beverages Business, Domestic Soft Drinks Business, Domestic Food Business	[D] 12/12
Ryoichi Kitagawa	Managing Director and Managing Executive Officer, CFO (Chief Financial Officer)	[D] 6/9
	Corporate Strategy, Finance, Procurement	
Taemin Park	Director and Executive Officer, CAO (Chief Alliance Officer)	
	Alliance and M&A International Alcoholic Beverages Business, International Non- Alcohol Beverages Business	[D] 12/12
Keizo Tanimura	Director and Executive Officer, CHRO (Chief Human Resources Officer)	[D] 12/12
	Administration and Governance, Sustainability, IT, Research & Development	[D] 12/12
Tatsuro Kosaka	Outside Director	
	Representative Director, Chairman of Chugai Pharmaceutical Co., Ltd.	[D] 12/12
Yasushi Shingai	Outside Director	
	Outside Director of Mitsubishi UFJ Financial Group, Inc. Outside Director, Dai-ichi Life Holdings, Inc.	[D] 12/12
Christina L.	Outside Director	
Ahmadjian	Professor of Graduate School of Business Administration, Hitotsubashi University Outside Director of Japan Exchange Group, Inc. Outside Director of Sumitomo Electric Industries, Ltd. Outside Director of NEC Corporation	[D] 12/12
Yoshihide Okuda	Standing Audit & Supervisory Board Member	[D] 12/12
	Outside Director of I'LL Inc.	[A] 13/13
Naoko Nishinaka	Standing Audit & Supervisory Board Member	[D] 12/12 [A] 13/13
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.	[D] 12/12 [A] 13/13
Yumiko Waseda	Outside Audit & Supervisory Board Member	
	Partner and Attorney at Law of Tokyo Roppongi Law & Patent Offices Outside Audit & Supervisory Board Member of IHI Corporation	[D] 12/12 [A] 13/13
Yutaka Kawakami	Outside Audit & Supervisory Board Member	[D] 12/12
	Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc.	[D] 12/12 [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.
- Directors Naoki Izumiya and Yutaka Henmi retired upon the expiry of their terms of office at the conclusion of the 97<sup>th</sup> Annual General Meeting of Shareholders held on March 25, 2021.
- 9. Ryoichi Kitagawa was newly elected as a Director, and he assumed his office at the 97<sup>th</sup> Annual General Meeting of Shareholders held on March 25, 2021. Accordingly, for Director Ryoichi Kitagawa, the number of Board of Directors meetings held is different from that of the other Directors and Audit & Supervisory Board Members.
- 10. Changes in Directors' responsibilities after the end of this fiscal year are as follows:

Name	Before change	After change	Date of change
Atsushi Katsuki	Overall Management Senior Department Head, Japan Headquarters Corporate Communications Domestic Alcoholic Beverages Business, Domestic Soft Drinks Business, Domestic Food Business	Overall Management Corporate Communications Domestic Alcoholic Beverages Business, Domestic Soft Drinks Business, Domestic Food Business	January 1, 2022

## (2) Remunerations paid to Directors and Audit & Supervisory Board Members

		ed eration		٧	′ariable re	muneratio	n		
Category	Basic rem	uneration	Annual	bonus	Mediur bor	n-term nus		ock nsation	Total amount
Category	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)	(million yen)
Directors [of which, Outside Directors]	10 [3]	318 [51]	7 [-]	260 [-]	7 [-]	111 [-]	5 [-]	77 [-]	767 [51]
Audit & Supervisory Board Members [of which, Outside Audit & Supervisory Board Members]	5 [3]	117 [40]	- [-]	- [-]	- [-]	- [-]	- [-]	- [-]	117 [40]

#### Notes:

- 1. The figures above include Directors Naoki Izumiya and Yutaka Henmi who retired upon the expiry of their terms of office at the conclusion of the 97<sup>th</sup> Annual General Meeting of Shareholders held on March 25, 2021.
- 2. 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 95<sup>th</sup> Annual General Meeting of Shareholders held on March 26, 2019; 9 Directors at the time of resolution). Other than those listed above, the Company has passed the resolution, at the 95<sup>th</sup> 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) (6 Directors (excluding Outside Directors) at the time of resolution). The Company may grant up to a total of 25,000 shares of the Company per fiscal year to all eligible Directors.
- 3. The amounts of annual bonus and medium-term bonus are the amount that was recorded as cost in this fiscal year.
- 4. 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 95<sup>th</sup> Annual General Meeting of Shareholders held on March 26, 2019.
- 5. 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 95<sup>th</sup> Annual General Meeting of Shareholders held on March 26, 2019; 5 Audit & Supervisory Board Members at the time of resolution).

# 1) Reason for the judgment of the Board of Directors that the content of remunerations for individual Directors for this fiscal year is in accordance with the determination policy

As the content of remunerations for individual Directors is determined by the Compensation Committee following the standards established by the Board of Directors and based on the policy established by the Board of Directors for determining remunerations for Directors, the Board of Directors has judged that the content is in accordance with the policy established by the Board of Directors.

# (3) Major activities of Outside Directors and Outside Audit & Supervisory Board Members

Category	Name	Form of participation, etc.
	Tatsuro Kosaka	At the Board of Directors meetings, Tatsuro Kosaka has proactively expressed his opinions about discussions on enhancement of corporate value of the Group over the long to ultra-long term and contributed to the formulation of mediumto long-term management strategy. In addition, 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.  Furthermore, as the chairperson of the Nomination Committee, he 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 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.
Outside Directors	Yasushi Shingai	At the Board of Directors meetings, Yasushi Shingai has proactively expressed his opinions about discussions on enhancement of corporate value of the Group over the long to ultra-long term and contributed to the formulation of mediumto long-term management strategy. In addition, 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. Furthermore, as the chairperson of the Compensation Committee, he 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 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. Moreover, as a member of the Nomination Committee, he gave specific opinions and recommendations based on his experience in overseas company management.

Category	Name	Form of participation, etc.
Outside Directors	Christina L. Ahmadjian	At the Board of Directors meetings, Christina L. Ahmadjian has proactively expressed her opinions about discussions on enhancement of corporate value of the Group over the long to ultra-long term and contributed to the formulation of medium-to long-term management strategy. In addition, 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.  Furthermore, as a member of the Compensation Committee, she 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.
	Katsutoshi Saito	At the Audit & Supervisory Board, Katsutoshi Saito 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. Furthermore, as an Outside Audit & Supervisory Board Member, he proactively made suggestions from a point of view based on his experience as a manager at global corporations and institutional investors at the Board of Directors meetings. In addition, as a member of the Nomination Committee, he gave specific opinions and recommendations using his experience as a manager.
Outside Audit & Supervisory Board Members	Yumiko Waseda	At the Audit & Supervisory Board, Yumiko Waseda 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 the status of activities of overseas group companies' audit committees, etc., and interviewing and exchanging opinions with the legal affairs section. Furthermore, as an Outside Audit & Supervisory Board Member, she proactively made suggestions from an expert point of view as an experienced attorney at law at the Board of Directors meetings.  In addition, as a member of the Compensation Committee, she 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.

Category	Name	Form of participation, etc.
Outside Audit & Supervisory Board Members	Yutaka Kawakami	At the Audit & Supervisory Board, Yutaka Kawakami 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 interviewing and exchanging opinions on a quarterly basis with the finance section. Furthermore, as an Outside Audit & Supervisory Board Member, he 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 at the Board of Directors meetings.

### (4) 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.

## (5) Summary of contents of a directors and officers liability insurance policy

### 1) Scope of insureds

Directors, Audit & Supervisory Board Members, Executive Officers and organization heads of the Company as well as officers of domestic and overseas group companies

### 2) Summary of the policy

The Company has entered into a directors and officers liability insurance policy as prescribed in Paragraph 1, Article 430-3 of the Companies Act with an insurance company. This policy covers the insured's losses and such costs as related litigation expenses incurred from claims for damages arising from acts (including nonfeasance) carried out by the insured in relation to his/her duties as an officer of the company stated in 1). The insurance premiums are fully borne by the Company.

### 9 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	¥249 million	¥12 million
Remunerations by the Company's subsidiaries for this fiscal year	¥148 million	-
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Accounting Auditor	¥398 million	¥12 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 Europe and International Ltd paid KPMG, which belongs to the same network as the Company's Independent Accounting Auditor, a total of ¥520 million in audit fees and compensation for tax and related services, etc.

### (3) Consecutive audit period

52 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 61 years.

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

Hiroyuki Yamada (Number of years of audit: 3 years)
Hiroshi Tani (Number of years of audit: 1 year)
Kei Sakayori (Number of years of audit: 7 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: 30 Others: 36

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 non-audit services involve preparation of comfort letter regarding 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 ven)

(million y		(million yen)
	As of December 31, 2021	As of December 31, 2020 [Reference]
ASSETS		
Current assets:		
Cash and cash equivalents	52,743	48,460
Trade and other receivables	395,974	378,924
Inventories	200,828	183,166
Income tax receivables	2,232	24,403
Other financial assets	7,119	4,226
Other current assets	34,081	32,252
Subtotal	692,980	671,434
Assets held for sale	7,196	17,652
Total current assets	700,176	689,086
Non-current assets:		
Property, plant and equipment	818,398	810,264
Goodwill and intangible assets	2,819,634	2,701,985
Investments accounted for using equity method	6,640	5,256
Other financial assets	126,295	160,064
Deferred tax assets	34,549	27,596
Net defined benefit assets	23,981	19,278
Other non-current assets	18,071	25,846
Total non-current assets	3,847,572	3,750,292
Total assets	4,547,748	4,439,378

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		(million yen)
	As of December 31, 2021	As of December 31, 2020 [Reference]
LIABILITIES and EQUITY		
LIABILITIES		
Current liabilities:		
Trade and other payables	531,573	477,098
Bonds and borrowings	423,652	924,760
Income tax payables	36,841	35,683
Provisions	13,253	12,019
Other financial liabilities	111,585	89,519
Other current liabilities	125,985	113,440
Subtotal	1,242,891	1,652,521
Liabilities directly associated with assets held for sale	-	134
Total current liabilities	1,242,891	1,652,655
Non-current liabilities:		
Bonds and borrowings	1,172,551	898,867
Net defined benefit liabilities	24,053	24,093
Deferred tax liabilities	203,579	205,275
Other financial liabilities	139,194	134,729
Other non-current liabilities	6,330	5,941
Total non-current liabilities	1,545,709	1,268,906
Total liabilities	2,788,600	2,921,562
EQUITY		
Issued capital	220,044	220,044
Share premium	161,731	161,783
Retained earnings	1,064,644	967,230
Treasury shares	(923)	(1,031)
Other components of equity	311,607	168,097
Total equity attributable to owners of parent	1,757,104	1,516,124
Non-controlling interests	2,043	1,691
Total equity	1,759,148	1,517,816
Total liabilities and equity	4,547,748	4,439,378

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

(million ven)

(million ye		
	For the year ended December 31, 2021	For the year ended December 31, 2020 [Reference]
Revenue	2,236,076	2,027,762
Cost of sales	(1,383,195)	(1,283,150)
Gross profit	852,881	744,612
Selling, general and administrative expenses	(634,940)	(576,789)
Other operating income	46,055	14,870
Other operating expense	(52,096)	(47,526)
Operating profit	211,900	135,167
Finance income	5,754	7,230
Finance costs	(18,516)	(14,982)
Share of profit (loss) of investments accounted for using equity method	687	285
Gain (loss) on sales of investments accounted for using equity method	-	(2,300)
Profit before tax	199,826	125,399
Income tax expense	(46,003)	(32,815)
Profit	153,823	92,584
Profit attributable to:		
Owners of parent	153,500	92,826
Non-controlling interests	322	(241)
Total	153,823	92,584

# [Reference] CONSOLIDATED STATEMENT OF CASH FLOWS (Summary)

(million ye		(million yen)
	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash flows from (used in) operating activities:		
Profit before tax	199,826	125,399
Depreciation and amortization expenses	134,815	123,277
Loss (gain) on sales of investments accounted for using equity method	_	2,300
Decrease (increase) in trade receivables	(11,812)	48,666
Decrease (increase) in inventories	(14,566)	3,306
Increase (decrease) in trade payables	9,598	(3,302)
Increase (decrease) in accrued alcohol tax	9,106	(16,609)
Increase (decrease) in net defined benefit assets and liabilities	2,084	1,627
Other	67,483	52,315
Subtotal	396,535	336,982
Interest and dividends received	3,116	4,182
Interest paid	(11,224)	(10,049)
Income taxes paid	(50,615)	(55,256)
Net cash flows from (used in) operating activities	337,812	275,859
Cash flows from (used in) investing activities:		
Purchase of fixed assets	(92,635)	(90,743)
Proceeds from sales of fixed assets	65,061	12,095
Purchase of investment securities	(464)	(10,237)
Proceeds from sales of investment securities	30,159	11,869
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	(14,762)	(1,165,974)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	396	83
Other	(2,103)	(2,017)
Net cash flows from (used in) investing activities	(14,348)	(1,243,372)

	For the year ended December 31, 2021	For the year ended December 31, 2020
Cash flows from (used in) financing activities:		
Increase (decrease) in financial liabilities	(264,958)	850,440
Proceeds from issuance of shares	-	75,027
Purchase of treasury shares	(26)	(309)
Proceeds from disposal of treasury shares	135	81,307
Dividends paid	(54,220)	(46,265)
Other	(1,254)	(3,441)
Net cash flows from (used in) financing activities	(320,325)	956,759
Effect of exchange rate changes on cash and cash equivalents	1,144	10,725
Net increase (decrease) in cash and cash equivalents	4,283	(29)
Cash and cash equivalents at beginning of period	48,460	48,489
Cash and cash equivalents at end of period	52,743	48,460

## NON-CONSOLIDATED FINANCIAL STATEMENTS (Japanese GAAP)

## NON-CONSOLIDATED BALANCE SHEET

		(million yer
	As of	As of
	December 31, 2021	December 31, 2020
100FT0		[Reference]
ASSETS		
Current assets:		
Cash and deposits	20,485	21,633
Short-term loans receivable	213,643	246,972
Prepaid expenses	1,334	1,799
Accounts receivable - other	38,217	9,042
Income taxes receivable	456	21,849
Other	149	179
Allowance for doubtful accounts	(3,757)	(5,556
Total current assets	270,528	295,920
Non-current assets:		
Property, plant and equipment:		
Buildings	17,068	15,830
Structures	388	402
Machinery and equipment	8	7
Vehicles	0	(
Tools, furniture and fixtures	956	303
Land	15,037	15,037
Leased assets	1,661	1,717
Construction in progress	5	60
Total property, plant and equipment	35,125	33,358
Intangible assets:		
Right to use facilities	39	39
Trademark right	7,013	7,981
Software	13,269	11,262
Leased assets	60	102
Other	4	6
Total intangible assets	20,386	19,392
Investments and other assets:		
Investment securities	12,455	38,192
Shares of subsidiaries and associates	2,674,981	2,680,491
Investments in capital of subsidiaries and associates	4,519	4,519
Deferred tax assets	25,141	14,648
Other	2,682	2,469
Allowance for doubtful accounts	(169)	(183
Total investments and other assets	2,719,611	2,740,138
Total non-current assets	2,775,124	2,792,889
otal assets	3,045,652	3,088,810

## **NON-CONSOLIDATED BALANCE SHEET**

(million yen		
	As of December 31, 2021	As of December 31, 2020 [Reference]
LIABILITIES		
Current liabilities:		
Short-term borrowings	172,270	650,585
Commercial papers	105,000	176,000
Current portion of bonds payable	140,020	88,328
Lease obligations	608	573
Accounts payable - other	2,199	1,424
Accrued expenses	9,605	4,688
Deposits received	206,198	144,371
Provision for bonuses	455	299
Provision for bonuses for directors	440	2.42
(and other officers)	418	342
Other	1,096	521
Total current liabilities	637,872	1,067,133
Non-current liabilities:		
Bonds payable	1,029,832	881,396
Long-term borrowings	145,820	24,200
Lease obligations	1,281	1,418
Other	1,097	1,126
Total non-current liabilities	1,178,031	908,140
Total liabilities	1,815,904	1,975,274
NET ASSETS		
Shareholders' equity:		
Share capital	220,216	220,216
Capital surplus	194,511	194,511
Legal capital surplus	87,977	87,977
Other capital surplus	106,533	106,533
Retained earnings	822,728	703,383
Other retained earnings	822,728	703,383
General reserve	195,000	195,000
Retained earnings brought forward	627,728	508,383
Treasury shares	(923)	(1,031)
Total shareholders' equity	1,236,533	1,117,079
Valuation and translation adjustments:	_,,	
Valuation difference on available- for-sale securities	1,882	(458)
	-	
Deferred gains or losses on hedges	(8,667)	(3,085)
	-	(3,085) (3,543)
Deferred gains or losses on hedges  Total valuation and translation	(8,667)	
Deferred gains or losses on hedges  Total valuation and translation adjustments	(8,667) (6,785)	(3,543)

## **NON-CONSOLIDATED STATEMENT OF INCOME**

(million yen)

	(million yen)		
	For the year ended December 31, 2021	For the year ended December 31, 2020	
		[Reference]	
Operating revenue	210,060	191,290	
Operating income of the Group	39,083	34,764	
Real estate lease revenue	1,711	1,795	
Dividends from subsidiaries and associates	169,264	154,730	
Operating expenses	37,461	32,215	
Operating profit	172,598	159,075	
Non-operating income	2,738	1,209	
Interest and dividend income	1,287	1,000	
Foreign exchange gains	107	_	
Reversal of allowance for doubtful accounts	954	-	
Other	389	208	
Non-operating expenses	9,445	14,435	
Interest expenses	7,414	5,726	
Foreign exchange losses	_	226	
Bond issuance costs	1,178	3,582	
Provision of allowance for doubtful accounts	558	2,654	
Other	294	2,245	
Ordinary profit	165,891	145,848	
Extraordinary income	1,959	1,438	
Gain on sale of non-current assets	_	1	
Gain on sale of investment securities	1,959	23	
Gain on sale of shares of subsidiaries and associates	-	1,414	
Extraordinary losses	8,151	910	
Loss on sale and retirement of non- current assets	153	270	
Loss on sale of investment securities	3,932	-	
Loss on valuation of shares of subsidiaries and associates	874	-	
Loss on sale of shares of subsidiaries and associates	_	90	
Loss on write-off of loans receivable from subsidiaries and associates	1,121	-	
Business restructuring expenses	1,944	_	
Other	125	549	
Profit before income taxes	159,700	146,377	
Income taxes - current	(4,358)	(17)	
Income taxes - deferred	(9,515)	(1,412)	
Profit	173,574	147,806	

## **AUDIT REPORTS**

## Independent accounting auditor's report on consolidated financial statements

### **Independent Auditor's Report**

February 4, 2022

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

KPMG AZSA LLC Tokyo Office, Japan

Hiroyuki Yamada Designated Limited Liability Partner Engagement Partner Certified Public Accountant

Hiroshi Tani
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kei Sakayori
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, 2021 and for the year from January 1, 2021 to December 31, 2021 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 with regard to 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. The selection and application of audit procedures depend on the auditor's judgment.
- 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, 2022

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

KPMG AZSA LLC Tokyo Office, Japan

Hiroyuki Yamada Designated Limited Liability Partner Engagement Partner Certified Public Accountant

Hiroshi Tani
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kei Sakayori
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, 2021 and for the year from January 1, 2021 to December 31, 2021 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 with regard to 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. The selection and application of audit procedures depend on the auditor's judgment.
- 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 98th fiscal year, the period from January 1, 2021 to December 31, 2021, 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, while making use of telephones, the internet and other means. 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 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 sheet, 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 7, 2022 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

