

CONVOCATION NOTICE OF THE 96th ANNUAL GENERAL MEETING OF SHAREHOLDERS

DATE AND TIME

March 25 (Wednesday), 2020 at 1:00 p.m. (JST)
(Reception start time: 11:30 a.m.)

PLACE

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

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

No later than 5:30 p.m., March 24 (Tuesday), 2020 (JST)

English Translation of Original Japanese
This is a translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.

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ASAHI GROUP HOLDINGS, LTD.

Securities Code: 2502



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Banquet Room "Tsuru," Banquet Floor of "The Main" of Hotel New Otani,
4-1, Kioi-cho, Chiyoda-ku, Tokyo
(Please note that if Banquet Room "Tsuru" becomes full, you will be guided to another venue.)

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 96th term, from January 1, 2019 to December 31, 2019.

Items to be resolved:

Item 1: Appropriation of Retained Earnings
Item 2: Election of nine (9) Directors
Item 3: Election of one (1) Audit & Supervisory Board Member

I would like to take the opportunity of sending this Convocation Notice of the 96th Annual General Meeting of Shareholders to offer a short greeting.

Last year, Asahi Group Holdings, Ltd. (the "Company") established the new group philosophy, the "Asahi Group Philosophy," and revised the "Medium-Term Management Policy," which had been used until that time. In the "Medium-Term Management Policy," the Company set the 3 key priorities of "Strengthening Earnings Power" driven by high added value enhancement and earning structure reform, "Sophisticating Management Resources" aimed at expansion of the new foundation for growth, and "Reinforcing ESG Initiatives" supporting sustainable value creation process. The Company enhances "*Glocal* Value Creation Management," which fuses "global" and "local," to grow with high-value-added brands.

Going forward, the Company will deepen dialogue with our stakeholders such as shareholders and aim to achieve sustainable growth and enhance its corporate value over the medium- to long-term by positioning these 3 key priorities as a stakeholder engagement agenda.

In that regard, you are cordially invited to attend the 96th Annual General Meeting of Shareholders of Asahi Group Holdings, Ltd., which will be held as described in the following particulars.

Sincerely,

March 3, 2020

Measures against the novel coronavirus infection

Currently there is an outbreak of a novel coronavirus. As a response to the current situation looking forward to the date of the Annual General Meeting of Shareholders, we will take measures to prevent infection, such as putting in alcohol disinfectant. We look forward to the understanding of the shareholders who attend this Annual General Meeting of Shareholders.

Note: Among attached materials to be provided with this notice, "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements; and "Non-Consolidated Statement of Changes in Net Assets" and "Notes to the Non-Consolidated Financial Statements" of the Non-Consolidated Financial Statements, are posted on the Company's website in accordance with the provisions of relevant laws and regulations and the Article 15 of the Company's Articles of Incorporation, and they are not attached to this notice.
Accordingly, the attached materials to this notice are part of the Consolidated Financial Statements and Non-Consolidated Financial Statements, which have been audited by the Independent Accounting Auditor in preparing their audit reports and Audit & Supervisory Board Members and Audit & Supervisory Board in preparing their audit reports.
If there are any corrections to Reference Materials for General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements, they will be posted on the Company's website.

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

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

Guide to Exercising Voting Rights

A voting right at the General Meeting of Shareholders is an important right that entitles shareholders to participate in the Company's management. Please refer to the following and exercise your voting rights by either method.

1 Attending the General Meeting of Shareholders in person

Date and time of the General Meeting of Shareholders:
March 25 (Wednesday), 2020, at 1:00 p.m. (JST)
(Reception start time: 11:30 a.m.)

- Please submit the voting form at the reception desk at the venue.
- Please also bring this notice with you, to help us preserve resources.
- You are advised to arrive at the venue early, as the reception desk is expected to become extremely crowded immediately before the commencement of the meeting.
- Please note that anyone other than a shareholder who is entitled to exercise voting rights (e.g., non-shareholding proxy, person accompanying the shareholder) will not be allowed inside the venue.

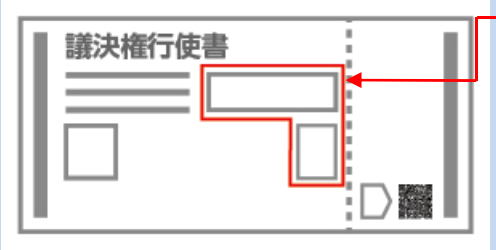
If you are unable to attend the meeting in person, you may exercise your voting rights via either postal mail or the internet, etc.
Please review the attached "REFERENCE MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS," and exercise your voting rights no later than 5:30 p.m., March 24 (Tuesday), 2020 (JST) as instructed in 2 and 3 below on pages 4 - 6.

2 Voting via Postal Mail

Deadline for exercising voting rights:
To be received by 5:30 p.m., March 24 (Tuesday), 2020 (JST)

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

<Guide to filling in the voting form for exercising voting rights>



Please indicate your consent/dissent with respect to each item here.

* If you exercise your voting rights in duplicate (i.e., voting online as well as voting by using the voting form), only the online vote will be counted.

* If you submit a voting form without indicating your consent/dissent with respect to each item, you will be deemed to have voted *in favor of* the Company's proposal(s).

Items 1 and 3	
If you consent: Mark a ○ in the box marked **"賛"**	If you dissent: Mark a ○ in the box marked **"否"**

Item 2		
For all candidates		If you selectively veto certain candidates: Mark a ○ in the box marked **"賛"** and write the number of each candidate you choose to veto.
If you consent: Mark a ○ in the box marked **"賛"**	If you dissent: Mark a ○ in the box marked **"否"**	

Regarding the video of the General Meeting of Shareholders of the Company

A video of the proceedings of the 96th Annual General Meeting of Shareholders will be available on the "About the General Meeting of Shareholders" page of our website.
https://www.asahigroup-holdings.com/ir/shareholders_guide/shareholders_meeting.html
(Japanese only)
Date and time that the video will be made available: Noon March 26 (Thursday), 2020 (JST) (Planned)

3 Voting via Internet, etc.

Deadline for exercising voting rights via the Internet, etc.:
Sent by 5:30 p.m., March 24 (Tuesday), 2020 (JST)

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

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

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

Deadline for exercising voting rights via the Internet, etc.:
Sent by 5:30 p.m., March 24 (Tuesday), 2020 (JST)

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

Method 1: "Smart Voting" Recommendation

1. **If you intend to exercise your voting rights by smartphone, you can simply exercise voting rights without entering your voting code and password by scanning the QR code® located on the bottom right of the voting form.**



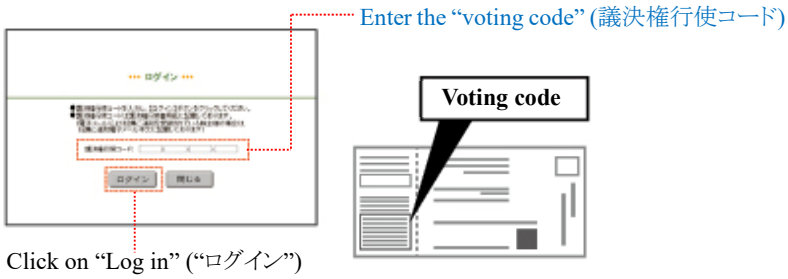
2. **Indicate your consent/dissent concerning each item by following the instructions displayed on the screen.**



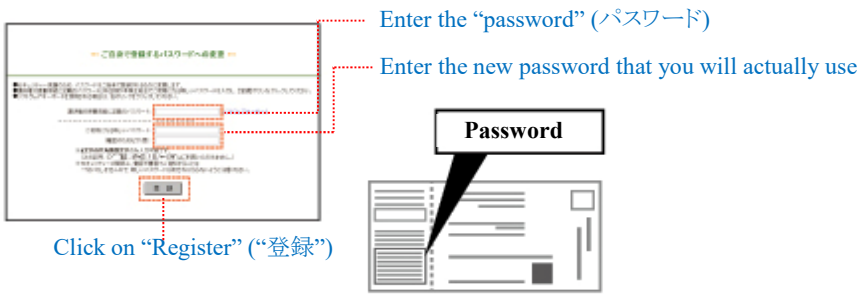
Note: If you need to make a correction to the content of your vote after you have exercised your voting rights, please access the website in accordance with "Method 2: Entering voting code and password" noted on the next page, login by entering your voting code and password, and correct your vote.

Method 2: "Entering voting code and password"

1. **You can exercise your voting rights by accessing the online voting website https://www.web54.net from a computer, smartphone or cellular phone, and entering the voting code and password.**
2. **Enter the "voting code" (議決権行使コード) indicated on the voting form.**



3. **Enter the "password" (パスワード) indicated on the voting form.**



* Please note that shareholders who received the Convocation Notice of the Annual General Meeting of Shareholders for this fiscal year by e-mail will not find the "password" on their voting form. Such shareholders are asked to enter the "password" that they specified when registering their e-mail addresses.

4. **Indicate your consent/dissent concerning each item by following the instructions displayed on the screen.**

*** If you exercise your voting rights online more than once, only the most recent vote will be counted.**

If you are unclear about the procedure for voting via the Internet using a PC, smartphone or mobile phone, please contact the following Help Desk for inquiries.

Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Web Support Phone No.
Toll-free (within Japan): 0120-652-031 (9:00 a.m. to 9:00 p.m.) (JST)

* "QR code" is a registered trademark of DENSO WAVE INCORPORATED.

To Receive the Notices by E-mail

Shareholders who wish to receive the convocation notices of Annual General Meetings of Shareholders by e-mail beginning with the next meeting may so register on the e-mail address registration website noted below. Please note that the site cannot be accessed via cellular phone.

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

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"), as a holding company of the Group (the Company and its subsidiaries are collectively or individually referred to as the "Group" or the "Asahi Group"), has been working toward enhancing "*Glocal* Value Creation Management" based on Asahi Group Philosophy, and has been using the generated free cash flows for investing in foundation for growth including M&A deals while seeking stronger financial conditions. Meanwhile, in terms of shareholder returns, the Company's policy is to stably increase dividends aiming to achieve a dividend payout ratio* of 35% by fiscal year 2021.

Based on the aforementioned policy and taking into consideration a variety of factors, including the Company's consolidated financial condition and achievement for this fiscal year, the Company proposes a year-end dividend of ¥48 per share, and as a result, the annual dividend, including the interim-period dividend of ¥52 per share that has been previously paid out, will amount to ¥100 per share, which is an increase of ¥1 per share from the previous fiscal year, for a dividend payout ratio of 32.2%.

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

(1) Type of dividend asset

Cash

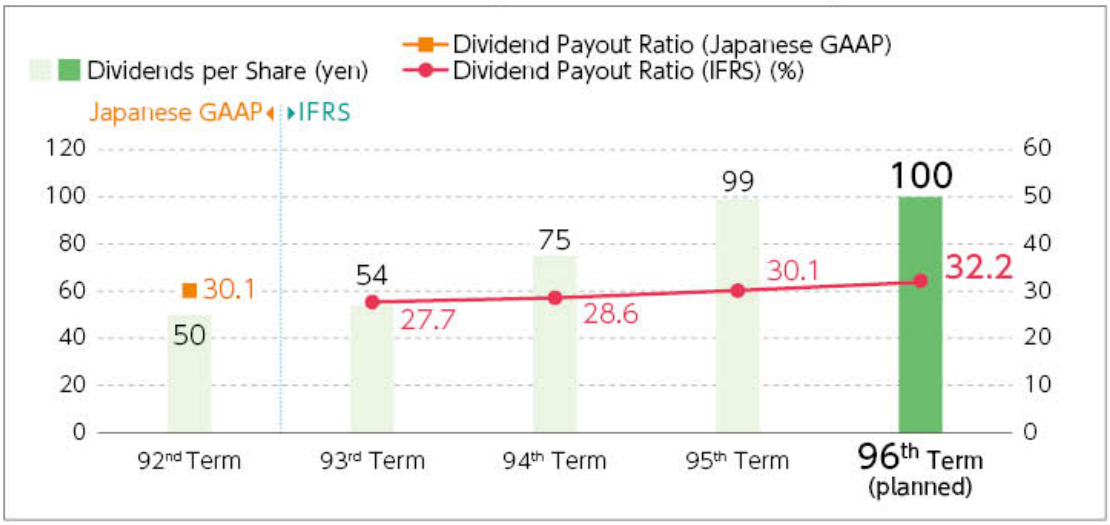
(2) Allocation of dividend assets to shareholders and total amount of allocation

¥48 per share of common stock Total amount of payout: ¥21,989,387,136

(3) Effective date of dividends of Retained Earnings

March 26, 2020

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



Note: Starting from the 93rd term (FY2016), the Asahi Group has adopted International Financial Reporting Standards (IFRS).

Item 2 Election of nine (9) Directors

At the conclusion of this Annual General Meeting of Shareholders, the terms of office of all Directors will expire.

To ensure balance and diversity in terms of the knowledge, experience, and ability of the entire board deemed necessary for the sustainable growth and the increase of corporate value over the medium- to long-term of the Company, the Company has decided that the Board of Directors is to be composed of persons suitable as the Company's Directors who have a wealth of experience, excellent insight, expertise, and ability required by the Company, with reference to the requirements for Directors and Audit & Supervisory Board Members, which are determined based on the group philosophy, the "Asahi Group Philosophy," and management strategies. Furthermore, Outside Directors shall be persons who meet the requirements of independent officers as defined by the Company such as corporate managers, experts, and others, and at least 1/3 of the Directors.

The Company therefore asks the shareholders to elect the following nine (9) candidates to fill the Director positions.

The nomination of the candidates for the positions of Director has been deliberated at the voluntary "Nomination Committee," of which independent officers form a majority of the members and which is chaired by an Outside Director who is an independent officer.

Candidate Number	Name (Age)	Position and Responsibilities in the Company	Attended Board of Directors meetings
1	**Naoki Izumiya** (71) Reappointment	Chairman of the Board	12/12
2	**Akiyoshi Koji** (68) Reappointment	President and Representative Director, CEO Overall Management Investor Relations Research & Development	12/12
3	**Atsushi Katsuki** (60) Reappointment	Managing Director and Managing Corporate Officer CFO Corporate Strategy Finance Public Relations ESG (ES Sectors) Alcoholic Beverages Business Soft Drinks Business	12/12
4	**Yutaka Henmi** (56) Reappointment	Director and Corporate Officer Supply Chain Quality Assurance Foods Business	9/9
5	**Taemin Park** (56) Reappointment	Director and Corporate Officer Alliance and M&A International Beer Business International Non-Alcohol Beverages Business	9/9
6	**Keizo Tanimura** (54) Reappointment	Director and Corporate Officer Administration and Governance ESG (G Sector)	9/9
7	**Tatsuro Kosaka** (67) Reappointment Outside Independent	Outside Director	12/12
8	**Yasushi Shingai** (64) Reappointment Outside Independent	Outside Director	12/12
9	**Christina L. Ahmadjian** (61) Reappointment Outside Independent	Outside Director	9/9

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 FY2019.
3. As 4 candidates for Director Yutaka Henmi, Taemin Park, Keizo Tanimura and Christina L. Ahmadjian were newly elected at the 95th Annual General Meeting of Shareholders held on March 26, 2019, the above number of Board of Directors meetings held that they could attend is different from other Directors.

Reappointment: candidate for reappointment

Outside: candidate for Outside Director

Independent: candidate for independent officer



Candidate Number

1

Naoki Izumiya

Date of Birth (Age): August 9, 1948 (71 years old)

Reappointment

Owned Shares of the Company:	52,200 shares
Tenure (at the conclusion of this Annual General Meeting of Shareholders):	17 years
Attended BOD* meetings (FY2019):	12/12

Reasons for recommending Naoki Izumiya as a candidate for Director

Since being appointed a Director of the Company in 2003, Naoki Izumiya has served as President and Representative Director, CEO of the Company; Chairman and Representative Director of the Company; and since 2019, as Chairman of the Board of the Company. He has taken a central role in increasing the effectiveness of the Board of Directors for this fiscal year by essentially engaging in the fair and open operation of the Board of Directors, promoting the active involvement of and the opinions and recommendations from 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 mechanisms to increase the sustainable effectiveness 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 manager of the Company over many years. In particular, he possesses a high level of insight and expertise regarding corporate governance and risk management, and imagination for sustainable management.

Accordingly, we deem that Naoki Izumiya is a necessary human resource who is indispensable to the composition of the Board of Directors as the human resource who connects Outside Directors and internal Directors 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: Chairman of the Board

◤ Career Summary

Apr. 1972	Joined the Company
Mar. 2000	Corporate Officer, Senior General Manager of Group Management Strategy Headquarters
Oct. 2000	Corporate Officer, Senior General Manager of Strategy Planning Headquarters
Sep. 2001	Corporate Officer, Deputy General Manager of Tokyo Metropolitan Headquarters, General Manager of Tokyo Branch
Mar. 2003	Director
Mar. 2004	Managing Director
Mar. 2006	Managing Director, Managing Corporate Officer, Senior General Manager of Sales & Marketing Headquarters for Alcoholic Beverages
Mar. 2009	Senior Managing Director, Senior Managing Corporate Officer
Mar. 2010	President and Representative Director
Mar. 2014	President and Representative Director, CEO
Mar. 2016	Chairman and Representative Director, CEO
Mar. 2018	Chairman and Representative Director
Mar. 2019	Chairman of the Board (to the present)

◤ Significant Concurrent Positions: External Board Director of Recruit Holdings Co., Ltd.
Outside Director of Obayashi Corporation

◤ Candidate's special interests in the Company

There are no special interests between Naoki Izumiya and the Company.

*BOD stands for Board of Directors.



Candidate Number

2

Akiyoshi Koji

Date of Birth (Age): November 8, 1951 (68 years old)

Reappointment

Owned Shares of the Company: 15,900 shares

Tenure (at the conclusion of this Annual General Meeting of Shareholders): 13 years

Attended BOD meetings (FY2019): 12/12

Reasons for recommending Akiyoshi Koji as a candidate for Director

Since being appointed a Director of the Company in 2007, Akiyoshi Koji has served as President and Representative Director of Asahi Breweries, Ltd., President and Representative Director, COO of the Company, and since 2018, President and Representative Director, CEO. He has been promoting sustainable growth and increased corporate value over the medium- to long-term by constructing a growth platform through the dramatic expansion of overseas business and revision of business portfolio, as well as giving overall direction of the Company's management through the establishment of a new group philosophy and group code of conduct. In particular, for this fiscal year, he has a track record that includes creating a sustainable and strong foundation for growth of the Group through forming an agreement to acquire an Australian beer and cider business, and maintaining and enhancing competitiveness by strengthening regional headquarter function of the overseas business in response to the globalization of the Company.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as a Director of the Company due to his experience as a manager of the Company over many years. In particular, he possesses the high level of "foresight, decisiveness, and executive ability" required as a CEO, and the "ability to provide vision (aim and objective)" required in an environment that is subject to extreme changes and difficult to predict.

Accordingly, we deem that Akiyoshi Koji is a necessary human resource who is indispensable to the composition of the Board of Directors as the human resource who plays a central role within the executive directors 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 and Responsibilities

Position: President and Representative Director, CEO

Responsibilities: Overall Management
Investor Relations, Research & Development

Career Summary

Apr. 1975	Joined the Company
Sep. 2001	Corporate Officer
Mar. 2003	Managing Director, Senior General Manager of Planning Division of Asahi Soft Drinks Co., Ltd.
Mar. 2006	Senior Managing Director, Senior General Manager of Planning Division of Asahi Soft Drinks Co., Ltd.
Mar. 2007	Managing Director, Managing Corporate Officer of the Company
Jul. 2011	Director of the Company President and Representative Director of Asahi Breweries, Ltd.
Mar. 2016	President and Representative Director, COO of the Company
Mar. 2018	President and Representative Director, CEO (to the present)

Candidate's special interests in the Company

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



Candidate Number

3

Atsushi Katsuki

Date of Birth (Age): March 17, 1960 (60 years old)

Reappointment

Owned Shares of the Company:	2,598 shares
Tenure (at the conclusion of this Annual General Meeting of Shareholders):	3 years
Attended BOD meetings (FY2019):	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 served as Managing Director and Managing Corporate Officer since 2018, and as CFO his responsibilities have included finance, corporate strategy, risk management, the Alcoholic Beverages Business and the Soft Drinks Business. In the acquisition agreement for the Australian beer and cider business, he played an important role, making use of his high expertise and knowledge of global management as a CFO. He also has a track record that includes introducing a risk management system (Enterprise Risk Management (ERM)), which is vital to the Company's sustainable growth and enhancement of 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 Group CEO of an overseas regional headquarters company. In particular, he has a high level of insight and expertise regarding finance and M&As, the ability to understand and accommodate diverse cultures, and management competence in overseas businesses.

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 and Responsibilities

Position: Managing Director and Managing Corporate Officer, CFO

Responsibilities: Corporate Strategy, Finance, Public Relations, ESG (ES Sectors)
Alcoholic Beverages Business, Soft Drinks 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	Corporate Officer of the Company Director, Group CEO of Asahi Holdings (Australia) Pty Ltd
Mar. 2017	Director, Corporate Officer of the Company
Mar. 2018	Managing Director, Managing Corporate Officer (to the present)

Candidate's special interests in the Company

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



Candidate Number

4

Yutaka Henmi

Date of Birth (Age): August 22, 1963 (56 years old)

Reappointment

Owned Shares of the Company:	3,240 shares
Tenure (at the conclusion of this Annual General Meeting of Shareholders):	1 year
Attended BOD meetings (FY2019):	9/9

Reasons for recommending Yutaka Henmi as a candidate for Director

Since being appointed as a Director of the Company in 2019, Yutaka Henmi's responsibilities have included supply chains (procurement, production and logistics), quality assurance, and the Food Business. His track record includes promoting construction of globally optimized production and logistics systems and quality assurance management systems, and achieving efficiency gains by reforming procurement duties.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as a Director of the Company due to his extensive experience in the production section, including plant management primarily related to engineering and as President of a company supporting the production technology, including overseas. In particular, he has a high level of insight and expertise regarding production technology and plant productivity, as well as supply chain management skills. (productivity improvement management, production and logistics cost optimization, etc.)

Accordingly, we deem that Yutaka Henmi 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 and Responsibilities

Position: Director and Corporate Officer

Responsibilities: Supply Chain, Quality Assurance
Foods Business

Career Summary

Apr. 1987	Joined the Company
Apr. 2015	Senior Officer of the Company President of Asahi Group Engineering Co., Ltd.
Mar. 2016	Senior Officer, General Manager of Production Section of the Company
Mar. 2017	Corporate Officer, General Manager of Production Section
Sep. 2018	Corporate Officer responsible for Supply Chain Optimization
Mar. 2019	Director, Corporate Officer (to the present)

Candidate's special interests in the Company

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



Candidate Number

5

Taemin Park

Date of Birth (Age): January 25, 1964 (56 years old)

Reappointment

Owned Shares of the Company:	61 shares
Tenure (at the conclusion of this Annual General Meeting of Shareholders):	1 year
Attended BOD meetings (FY2019):	9/9

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 (Oceania and Southeast Asia). His track record includes promoting the transformation of the Oceania business into a steady growth engine, and leading the acquisition agreement for the Australian beer and cider business to a swift conclusion using his high level of expertise and capabilities as the Director responsible for alliances and M&As.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as a Director of the Company due to his extensive experience in overseas business over many years, including in alliances and M&As and as Director of overseas regional headquarters companies. In particular, he has a high level of insight and expertise regarding trends and new movements in the overseas alcoholic beverage and soft drink industries, and strategy formulation skills for envisaging business formations centered on alliances and M&As.

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 and Responsibilities

Position: Director and Corporate Officer

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

Career Summary

Apr. 1991	Joined Hitachi, Ltd.
Apr. 2003	Joined Renesas Technology Corp. (current Renesas Electronics Corporation)
Jul. 2005	Joined the Company
Apr. 2015	Senior Officer of the Company Director of Asahi Group Holdings Southeast Asia Pte. Ltd.
Mar. 2016	Senior Officer, General Manager of Business Development Section of the Company
Mar. 2017	Corporate Officer, General Manager of Business Development Section
Mar. 2019	Director, Corporate Officer (to the present)

Candidate's special interests in the Company

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



Candidate Number

6

Keizo Tanimura

Date of Birth (Age): August 11, 1965 (54 years old)

Reappointment

Owned Shares of the Company:	5,123 shares
Tenure (at the conclusion of this Annual General Meeting of Shareholders):	1 year
Attended BOD meetings (FY2019):	9/9

Reasons for recommending Keizo Tanimura as a candidate for Director

Since being appointed as a Director of the Company in 2019, Keizo Tanimura's responsibilities have included administration and governance (Human Resources, Legal Affairs, General Affairs, IT, and Audit). His track record includes promoting the creation of a succession planning system (education and placement) for management of overseas regional headquarters companies 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.

Furthermore, he sufficiently possesses the insight, expertise, and ability required as a Director of the Company due to his extensive experience in human resource sections at multiple companies, including as Director of an overseas regional headquarters company. In particular, he has a high level of insight and expertise regarding human resources and governance from a global perspective and ability to understand and accommodate diverse cultures.

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 and Responsibilities

Position: Director and Corporate Officer

Responsibilities: Administration and Governance, ESG (G Sector)

Career Summary

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

Candidate's special interests in the Company

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



Candidate Number

7

Tatsuro Kosaka

Date of Birth (Age): January 18, 1953 (67 years old)
Reappointment Outside Director Independent Director
Owned Shares of the Company: — shares
Tenure (at the conclusion of this Annual General Meeting of Shareholders): 4 years
Attended BOD meetings (FY2019): 12/12

Reasons for recommending Tatsuro Kosaka as a candidate for Outside Director

Since being appointed as an Outside Director of the Company in 2016, Tatsuro Kosaka has used his extensive experience, including as a CEO of a global company, to provide appropriate oversight for business execution through active opinions and recommendations. In this fiscal year in particular, he has contributed to increasing the effectiveness of the Board of Directors by providing opinions and recommendations based on his experience and insight, and through dialogue, with respect to important issues such as the agreement to acquire the Australian beer and cider business. Furthermore, as the chairperson of the Nomination Committee, he has played a leading role in making fair and transparent decisions on succession plans for management team including the CEO and on personnel affairs of officers.

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

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

◤ Position Outside Director

◤ Career Summary

Apr. 1976	Joined Chugai Pharmaceutical Co., Ltd.
Oct. 2002	Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd.
Oct. 2004	Senior Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd.
Mar. 2005	Senior Vice President, Deputy Managing Director of Sales & Marketing Group of Chugai Pharmaceutical Co., Ltd.
Jul. 2005	Senior Vice President, Head of Strategic & Marketing Unit of Chugai Pharmaceutical Co., Ltd.
Mar. 2008	Senior Vice President, Head of Lifecycle Management & Marketing Unit of Chugai Pharmaceutical Co., Ltd.
Mar. 2010	Director, Executive Vice President of Chugai Pharmaceutical Co., Ltd.
Mar. 2012	Representative Director, President of Chugai Pharmaceutical Co., Ltd. (to the present)
Mar. 2016	Director of the Company (to the present)

◤ Significant Concurrent Positions Representative Director, President of Chugai Pharmaceutical Co., Ltd.

◤ Candidate's special interests in the Company

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

Views on independence

The Group maintains transactional relationships with neither Tatsuro Kosaka nor entities where he concurrently serves, and based on the "Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members" which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders. Moreover, as Tatsuro Kosaka meets the requirements for independent officers as defined by the Tokyo Stock Exchange, we have registered him as an independent officer as stipulated by the said Exchange.

Regarding agreements limiting the liability

To enable him to contribute fully in his role as an Outside Director, the Company has entered into an agreement with Tatsuro Kosaka that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, his liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If his election is approved, the current agreement will be extended.



Candidate Number

8

Yasushi Shingai

Date of Birth (Age): January 11, 1956 (64 years old)
Reappointment Outside Director Independent Director
Owned Shares of the Company: — shares
Tenure (at the conclusion of this Annual General Meeting of Shareholders): 2 years
Attended BOD meetings (FY2019): 12/12

Reasons for recommending Yasushi Shingai as a candidate for Outside Director

Since being appointed as an Outside Director of the Company in 2018, Yasushi Shingai has used his extensive experience, including as Executive Deputy President and CFO of a global company and Deputy CEO of an overseas tobacco business headquarters company, to provide appropriate oversight for business execution through active opinions and recommendations. In this fiscal year in particular, he has contributed to increasing the effectiveness of the Board of Directors by providing opinions and recommendations based on his experience and insight, and through dialogue, with respect to important issues such as the agreement to acquire the Australian beer and cider business. Furthermore, as the chairperson of the Compensation Committee, he has played a leading role in making fair and transparent decisions on formulation and implementation of a new officers' remuneration plan. (determining bonus amounts, etc.)

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

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

◤ Position Outside Director

◤ Career Summary

Apr. 1980	Joined Japan Tobacco and Salt Public Corporation (current Japan Tobacco Inc.)
Jul. 2001	Vice President of Financial Planning Division of Japan Tobacco Inc.
Jun. 2004	Senior Vice President, Head of Finance Group of Japan Tobacco Inc.
Jul. 2004	Senior Vice President, Chief Financial Officer of Japan Tobacco Inc.
Jun. 2005	Member of the Board, Senior Vice President, and Chief Financial Officer of Japan Tobacco Inc.
Jun. 2006	Member of the Board of Japan Tobacco Inc., Executive Vice President of JT International S.A.
Jun. 2011	Executive Deputy President and Representative Director of Japan Tobacco Inc.
Jan. 2018	Member of the Board of Japan Tobacco Inc.
Mar. 2018	Director of the Company (to the present)

◤ Significant Concurrent Positions Outside Director of Mitsubishi UFJ Financial Group, Inc.
Outside Director of Dai-ichi Life Holdings, Inc.

◤ Candidate's special interests in the Company

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

Views on independence

Although the Group maintains transactional relationships with a group company of Japan Tobacco Inc., where Yasushi Shingai served as an Executive Director, the amounts involved in such transactions account for less than 1% of the consolidated revenue (or consolidated net sales) of the Company and the 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 Yasushi Shingai meets the requirements for independent officers as defined by the Tokyo Stock Exchange, we have registered him as an independent officer as stipulated by the said Exchange.

Regarding agreements limiting the liability

To enable him to contribute fully in his role as an Outside Director, the Company has entered into an agreement with Yasushi Shingai that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, his liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If his election is approved, the current agreement will be extended.



Candidate Number

9

Christina L. Ahmadjian

Date of Birth (Age): March 5, 1959 (61 years old)

Reappointment Outside Director Independent Director

Owned Shares of the Company: — shares

Tenure (at the conclusion of this Annual General Meeting of Shareholders): 1 year

Attended BOD meetings (FY2019): 9/9

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

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, and dialogue from perspectives including ESG, covering the Environment, Social, and Governance matters overall, and global human resource development. Furthermore, as a member of the Compensation Committee, she has contributed to making fair and transparent decisions on formulation and implementation of a new officers' remuneration plan. (determining bonus amounts, etc.)

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 a 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

Jan. 1995	Assistant Professor, Columbia Business School
Oct. 2001	Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
Jan. 2004	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
Apr. 2010	Dean of Graduate School, Graduate School of International Corporate Strategy, Hitotsubashi University
Apr. 2012	Professor, Graduate School of Commerce and Management, Hitotsubashi University
Apr. 2018	Professor, Graduate School of Business Administration, Hitotsubashi University (to the present)
Mar. 2019	Director of the Company (to the present)

◤ Significant Concurrent Positions

Professor of Graduate School of Business Administration, Hitotsubashi University
Outside Director of Mitsubishi Heavy Industries, Ltd.
Outside Director of Japan Exchange Group, Inc.
Outside Director of Sumitomo Electric Industries, Ltd.

◤ 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 transactional relationships with neither Christina L. Ahmadjian nor Hitotsubashi University, and based on the “Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members” which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that she maintains sufficient independence with no potential for conflict of interests with general shareholders. Moreover, as Christina L. Ahmadjian meets the requirements for independent officers as defined by the Tokyo Stock Exchange, we have registered her as an independent officer as stipulated by the said Exchange.

Regarding agreements limiting the liability

To enable her to contribute fully in her role as an Outside Director, the Company has entered into an agreement with Christina L. Ahmadjian that limits her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, her liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If her election is approved, the current agreement will be extended.

Item 3 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 Tetsuo Tsunoda will expire.

To ensure balance and diversity in terms of the knowledge, experience, and ability for the entire Audit & Supervisory Board deemed necessary for sustainable growth and the increase of corporate value of the Company over the medium- to long-term, the Company has decided that the Audit & Supervisory Board is to be composed of suitable persons reflecting the requirements of Directors and Audit & Supervisory Board Members derived from the group philosophy, the "Asahi Group Philosophy," and management strategy, and that the Audit & Supervisory Board will include at least 1 Audit & Supervisory Board Member with an appropriate knowledge of finance/accounting and at least 1 Audit & Supervisory Board Member with an appropriate knowledge of legal affairs. Furthermore, 3 of the Audit & Supervisory Board Members will be Outside Audit & Supervisory Board Members who meet the requirements for independent officers which have been established by the Company, and be elected from among accounting experts, lawyers and corporate managers who possess abundant experience and comprehensive knowledge in relevant fields.

The Company therefore asks the shareholders to elect the following one (1) candidate to fill the Audit & Supervisory Board Member position.

The nomination of the candidate for the position of Audit & Supervisory Board Members 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.

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



Candidate for Audit & Supervisory Board Member

Naoko Nishinaka

Date of Birth (Age): August 11, 1965 (54 years old)

New candidate

Owned Shares of the Company: 1,301 shares

Reasons for recommending Naoko Nishinaka as a candidate for Audit & Supervisory Board Member

Naoko Nishinaka sufficiently possesses the insight, expertise, and ability required as an Audit & Supervisory Board Member of the Company due to her deep understanding of the Group's business, advanced expertise regarding supply chains and quality assurance, and a high level of insight regarding compliance, risk management and internal audits, which she acquired through her experience serving in the fields of quality assurance, brewing technology, and beer development, including responsibility for the Quality Assurance Section at the Company and Group companies.
Accordingly, we deem that Naoko Nishinaka is a necessary human resource for strengthening the composition and functions of the Company's Audit & Supervisory Board, and recommend her appointment as a new Audit & Supervisory Board Member.

Career Summary

Apr. 1988	Joined the Company
Apr. 2016	Senior Officer of the Company General Manager of Quality Assurance Department of Asahi Group Foods, Ltd.
Apr. 2017	Senior Officer, General Manager of Quality Assurance Section of the Company General Manager of Quality Assurance Department of Asahi Professional Management Co., Ltd.
Mar. 2018	Corporate Officer, General Manager of Quality Assurance Section of the Company General Manager of Quality Assurance Department of Asahi Professional Management Co., Ltd. (to the present)

Candidate's special interests in the Company

There are no special interests between Naoko Nishinaka and the Company.

Notes:

1. The age is as of this Annual General Meeting of Shareholders.
2. Candidate for Audit & Supervisory Board Member Naoko Nishinaka will retire from the positions of Corporate Officer and General Manager of the Quality Assurance Section of the Company and General Manager of the Quality Assurance Department of Asahi Professional Management Co., Ltd. at the conclusion of this Annual General Meeting of Shareholders.

[Reference] Criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members

The Company has established standards as set forth below for objectively assessing the independence of its Outside Directors and Outside Audit & Supervisory Board Members (herein this section the "Outside Directors/Audit & Supervisory Board Members") and accordingly deems that an Outside Director/Audit & Supervisory Board Member lacks sufficient independence for the Company if any of the following apply, such that he or she is:

1. A party who serves as an executive[*1] of the Company or a subsidiary of the Company (herein this section collectively referred to as the "Group") or has served as an executive of the Group in the past;
2. A party for whom the Group is a major business partner[*2] (or if the business partner is an incorporated entity, an executive thereof);
3. A party who is a major business partner of the Group[*3] (or if the business partner is an incorporated entity, an executive thereof);
4. A consultant, certified public accountant or other accounting professional, or an attorney at law or other legal professional who has been paid substantial amounts of money or other financial benefits[*4] other than Directors' and Audit & Supervisory Board Members' remuneration paid by the Group (or if the party receiving such financial benefits is an incorporated entity, association or other organization, then persons belonging to such organization);
5. A certified public accountant who belongs to the auditing firm which serves as the Independent Accounting Auditor of the Group;
6. A major shareholder[*5] of the Group (or if the major shareholder is an incorporated entity, an executive thereof);
7. An executive of an incorporated entity that is a major shareholder of the Group;
8. An executive of a company which has a relationship involving cross-assumption of office of Outside Directors/Audit & Supervisory Board Members[*6];
9. A party who receives substantial donations[*7] from the Group (or if the party receiving such donations is an incorporated entity, association or other organization, then an executive thereof);
10. A close relative[*9] of a party who falls under any of the above items from 1 to 9 (limited to important persons[*8], with the exception of item 1);
11. A party who has fallen under any of the above items from 2 to 10 during the past five (5) years;
12. A party who has exceeded the tenure of Outside Directors/Audit & Supervisory Board Members stipulated by the Company[*10]; or
13. Notwithstanding the provisions of the respective items above, a party with respect to whom there are special grounds for deeming there to be potential for conflict of interests with general shareholders.

*1. "Executive" refers to an executive as defined in Item 6, Paragraph 3, Article 2 of the Regulation for Enforcement of the Companies Act, and includes both executive directors and employees, but does not include Audit & Supervisory Board Members.

*2. "Party for whom the Group is a major business partner" refers to a party whose transactions in the most recent fiscal year amount to 2% or more of the consolidated net sales of the business partner's group.

*3. "Party who is a major business partner of the Group" refers either to a party whose transactions in the most recent fiscal year amount to 2% or more of the Company's consolidated revenue, or a party who loans to the Group an amount equivalent to 2% or more of the Company's consolidated total assets as of the end of the most recent fiscal year.

*4. "Substantial amounts of money or other financial benefits" refers to money and other financial benefits amounting to 10 million yen or more annually, excluding Directors' and Audit & Supervisory Board Members' remuneration, for the most recent fiscal year (if such financial benefits are obtained by an incorporated entity, association or other organization, it refers to money or other financial benefits amounting to 2% or more of such

organization's total revenues for the most recent fiscal year).

*5. "Major shareholder" refers to a person or incorporated entity that directly or indirectly holds 10% or more of the Company's total voting rights.

*6. "Relationship involving cross-assumption of office of Outside Directors/Audit & Supervisory Board Members" refers to a relationship where an executive of the Group serves as an outside director/audit & supervisory board member of another company, and an executive of that company serves as an Outside Director/Audit & Supervisory Board Member of the Company.

*7. "Substantial donations" refers to annual donations of 10 million yen or more made during the most recent fiscal year.

*8. "Important person" refers to Directors (excluding Outside Directors), executive officers, Corporate Officers, and other executives in positions of General Manager or above; certified public accountants belonging to auditing firms or accounting offices; attorneys at law belonging to legal professional corporations or law firms; councilors, directors or other officers belonging to incorporated foundations, incorporated associations, educational institutions and other incorporated entities; and other persons objectively and reasonably deemed to be in positions of similar importance.

*9. "Close relative" refers to a spouse or persons within the second degree of consanguinity.

*10. "Tenure of Outside Directors/Audit & Supervisory Board Members stipulated by the Company" means ten (10) years with respect to Directors and twelve (12) years with respect to Audit & Supervisory Board Members.

(Attached Materials)

BUSINESS REPORT

From January 1, 2019 to December 31, 2019

1. Overview of Operations of the Asahi Group

(1) Business Progress and Results

During this fiscal year, driven by factors such as solid economic growth in the US with increases in the number of employees and consumer spending, the overall recovery in the global economy continued, despite the weak economic growth seen in Asia and Europe. While weak exports continued, the Japanese economy recovered at a moderate pace with an uptick in consumer spending and other factors on the back of the improved employment/income environment.

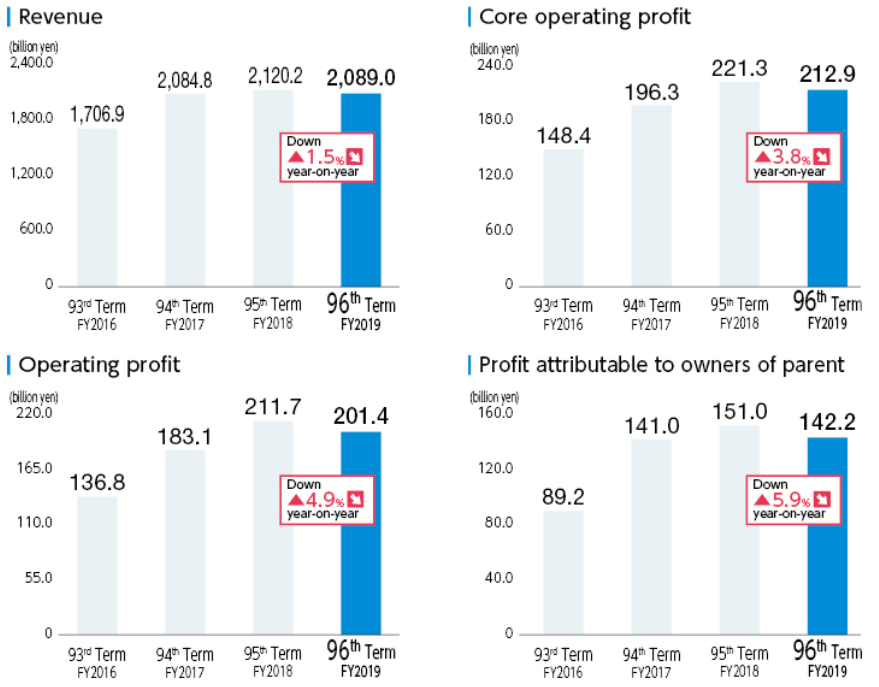
Under these circumstances, the Asahi Group is working on enhancing its "*Glocal* Value Creation Management" based on the "Medium-Term Management Policy" under its group philosophy "Asahi Group Philosophy." In the "Medium-Term Management Policy," the Group has set three key priorities: i) "Strengthening Earnings Power," ii) "Sophisticating Management Resources," and iii) "Reinforcing ESG Initiatives." Particularly in "Strengthening Earnings Power," the Group worked on initiatives such as developing brands with high added value and reforming earnings structures in each business segment both in Japan and overseas.

As a result, while the Group increased the value of our mainstay brands and offered new value proposals to our customers, unseasonable weather during our peak season and more intense competition in Japan and, negative effects of exchange rate fluctuations and other factors overseas, in spite of the shift to more premium products centered on Europe, led the Asahi Group to post revenue of ¥2,089,048 million, a year-on-year decrease of 1.5%. Core operating profit*1 decreased by 3.8% year-on-year to ¥212,971 million, and operating profit fell by 4.9% to ¥201,436 million. Profit attributable to owners of parent totaled ¥142,207 million, a decrease of 5.9% year-on-year.

Furthermore, excluding the negative effects of exchange rate fluctuations, revenue increased by 0.8% year-on-year and core operating profit decreased by 1.0% 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 2019 are compared after conversion to the yen equivalent using the 2018 exchange rate.



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

■ Financial and Profit/Loss Indicators of the Asahi Group

	93rd term FY2016	94th term FY2017	95th term FY2018	96th term FY2019 (current year)
Revenue	1,706,901	2,084,877	2,120,291	(million yen) **2,089,048**
Core operating profit	148,486	196,368	221,383	(million yen) **212,971**
Operating profit	136,889	183,192	211,772	(million yen) **201,436**
Profit attributable to owners of parent	89,221	141,003	151,077	(million yen) **142,207**
Operating profit ratio	8.0	8.8	10.0	(%) **9.6**
EBITDA*1	205,803	285,394	318,463	(million yen) **304,848**
Basic earnings per share*2	194.75	307.78	329.80	(yen) **310.44**
Total assets*3	2,094,332	3,346,822	3,079,315	(million yen) **3,140,788**
Total equity	846,105	1,152,748	1,149,647	(million yen) **1,248,279**
Equity attributable to owners of parent per share*4	1,825.57	2,499.62	2,502.67	(yen) **2,720.76**
ROE (Profit ratio to equity attributable to owners of parent)	11.0	14.2	13.2	(%) **11.9**
Adjusted profit attributable to owners of parent*5	89,221	120,133	150,688	(million yen) **142,207**
Adjusted earnings per share*6	194.75	262.23	328.95	(yen) **310.44**
Adjusted ROE (Adjusted profit ratio to equity attributable to owners of parent)*7	11.2	13.7	15.2	(%) **13.0**

*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 Japan Trustee Services Bank, Ltd. as trust property for stock compensation are included in the treasury shares to be deducted in the calculation for the 95th term (FY2018) and subsequent periods.
*3. As acquisition cost allocation was revised following the finalization of the provisional accounting treatment relating to a business combination carried out in the 93rd term (FY2016), this has been reflected in total assets of the 93rd term (FY2016).
*4. 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 Japan Trustee Services Bank, Ltd. as trust property for stock compensation are included in the treasury shares to be deducted in the calculation for the 95th term (FY2018) and subsequent periods.
*5. Adjusted profit attributable to owners of parent is profit attributable to owners of parent less a one-time profit or loss on the restructuring of business portfolio (net of tax expenses), etc.
*6. Adjusted earnings per share is calculated based on adjusted profit attributable to owners of parent.
*7. Adjusted ROE is calculated based on adjusted profit attributable to owners of parent divided by total equity attributable to owners of parent (net of exchange differences on translation of foreign operations, and changes, etc. of fair value of investment in financial assets measured at fair value through other comprehensive income).

■ Overview by Business Segment for 96th Term

Asahi Group Revenue by Business Segment

Business Segment	95th term FY2018 (million yen)	96th term FY2019 (current year) (million yen)	Change in amount (million yen)	Change in percentage (%)
Alcoholic Beverages*1	913,387	**886,860**	(26,527)	(2.9)
Soft Drinks*1	370,776	**376,240**	5,463	1.5
Foods	115,973	**117,645**	1,672	1.4
International Operations*1	710,403	**699,596**	(10,807)	(1.5)
Other Business	109,467	**109,191**	(276)	(0.3)
Adjustment*2	(99,718)	**(100,485)**	(767)	–
Total	2,120,291	**2,089,048**	(31,243)	(1.5)

*1. In line with the business reorganization in the 96th term (FY2019), the Company changed classification for the export operations of certain companies included in the alcoholic beverages segment to the international operations segment, while changing the classification of certain companies included in the international operations segment to the soft drinks segment. The changes have been reflected in the revenue by segment for the 95th term (FY2018).

*2. 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), Whisky and other spirits, RTD*1, Wine, Shochu, Beer-taste beverages

In the alcohol beverages segment, under the theme of "reinforcing core brands and creating new demand," we worked to invigorate the entire market by providing products of the highest quality and expanding drinking opportunities, and worked to propose products aimed at creating new demand.

In beer-type beverages sector, we worked to invigorate the beer market by such means as defining the brand slogan of "Asahi Super Dry" as "THE JAPAN BRAND" and enhancing our advertising promotions, and releasing products specially designed to promote the Tokyo 2020 Olympic and Paralympic Games*2. Furthermore, to expand demand among the younger generation, we enhanced our initiatives including launch of sales of "Asahi Super Dry The Cool," which proposes new consumption opportunities at bars and restaurants. In new genres, we enhanced our sales promotion activities of "Clear Asahi" brand for which we improved the malty flavor and pleasant aroma. We also launched sales of "Asahi Gokujo <Kireaji>," realizing a taste with a clear and sharp finish, and with satisfaction created by 100% barley*3, working to enhance our presence in the market.

Aside from beer-type beverages, in RTD beverages, in addition to launching sales of "WILKINSON Dry Seven" and "WILKINSON High-ball," characterized by the freshness of strong carbonation, in whisky and other spirits, we enhanced our consumption proposals in various scenes for our core brand "Black Nikka." We also worked to enhance and develop our mainstay brands in each category, including activities aimed at creating new demand for "Asahi DRY ZERO" in the alcohol-taste beverages sector.

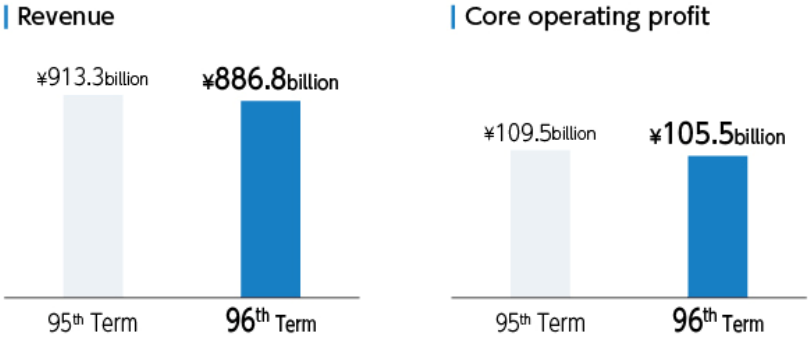
As a result of these efforts, despite increased sales for alcohol beverages other than beer-type beverages such as RTD beverages and whisky and other spirits, revenue from the alcoholic beverages segment decreased by 2.9% year-on-year to ¥886,860 million due to lower-than-previous-year sales volumes for beer and happoshu, reflecting the contraction in the market and other factors.

Core operating profit decreased by 3.6% year-on-year to ¥105,543 million mainly due to the lower revenue which outweighed our efforts such as reforming our earnings structure by reducing manufacturing costs and introducing zero-based budgeting (ZBB) (Operating profit stood at ¥102,957 million, representing a year-on-year decrease of 3.0%).

*1. 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.

*2. Asahi Breweries, Ltd. is a Gold Partner for the Tokyo 2020 Olympic and Paralympic Games for beer and wine.

*3. Uses malt, barley, and spirits (barley). Excludes hops usage volume.





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

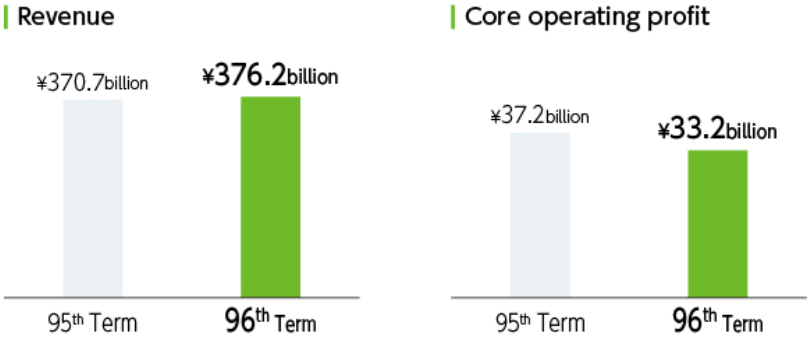
In the soft drinks segment, we worked to reform our earnings structure by constructing new foundations for growth through concentrating the allocation of management resources on mainstay brands and reinforcing high-added-value products in the health function domain, etc. In addition, we also worked to reform our earnings structure by constructing new foundations for growth by building optimal production and logistics systems.

In our mainstay brands, for our "MITSUYA" brand, we enhanced sales of our "Tokusan MITSUYA" series, which uses selected fruits native to regions throughout Japan. In our "WILKINSON" brand, we proactively advertised and improved our product lineup. In our "CALPIS" brand, which welcomed its 100th anniversary, in addition to launching sales of the limited-edition "Takumi no CALPIS," we also proactively developed new initiatives including the "Hito wo omou kinenbi ACTION!" campaign to support various anniversaries, and the "Hakko BLEND PROJECT" to communicate the appeal of fermented foods, working to enhance our brand value.

For the field of the health function domain, we enhanced initiatives in high-added-value products across our brands such as "WONDA" and "CALPIS" by such means as launching sales of our "Hataraku Atamani" series, foods with function claims that incorporates lactononadecapeptide, created from our cognitive function research of "CALPIS fermented milk."

Accordingly, despite lower-than-previous-year results for the "MITSUYA" and "CALPIS" mainly due to unseasonable weather during our peak season, revenue from the soft drinks segment increased by 1.5% year-on-year to ¥376,240 million due to such factors as strong sales of the "WILKINSON" brand, which enjoyed continued growth in the no-sugar carbonated beverage market, and of high-added-value products in the health function domain.

Core operating profit decreased by 10.8% year-on-year to ¥33,239 million. This was mainly due to increasing manufacturing costs from a decline in the operational efficiency of our factories, and proactive investment in advertising and sales promotion costs to invigorate the market with the unseasonable weather during our peak season (Operating profit stood at ¥30,576 million, representing a year-on-year decrease of 11.9%).





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

In the foods segment, we sought to solidify our foundations for growth. Initiatives to this end included concentrating management resources on mainstay brands and categories to improve our market position and constructing optimal production and logistics systems to boost profitability.

For the tablet-type confectionary "MINTIA," in addition to renewing our core products, we worked to expand our user base by such means as launching sales of "MINTIA Breeze Clear Plus," combining the deliciousness of mints with a clean and clear taste that lasts from start to finish.

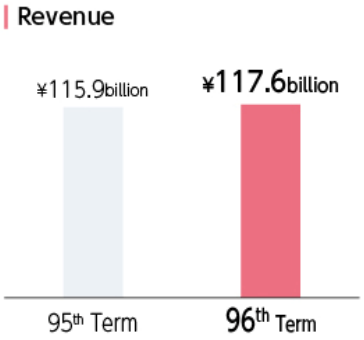
In the category of dietary supplements, for "Dear-Natura," we worked to increase its brand strength by such means as proactively engaging in sales promotion activities centered on the core product and expanding its product lineup.

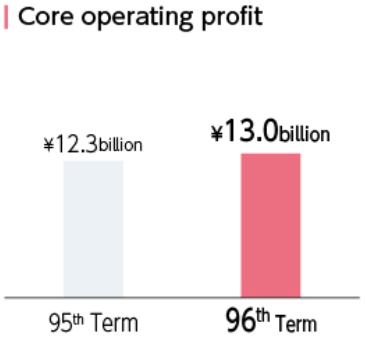
In the baby foods sector, we proposed new value by launching the "WAKODO GLOBAL" series which supports the development of the sense of taste by allowing 30 different ingredients to be experienced during the weaning period.

In the freeze-dried foods sector, we worked to further elevate our market position by such means as launching sales of the new miso soup series "Juppinmoku-no-Ippai," which combines 8 colorful ingredients and 2 aromatic ingredients, and by such means as opening 2 new antenna shops.

As a result of the above, revenue from the foods segment increased by 1.4% year-on-year to ¥117,645 million. This was mainly due to strong sales for core brands such as "MINTIA" and "Dear-Natura," as well as proposals for new value using the strength of our baby food and freeze-dried food products.

Core operating profit increased by 5.3% year-on-year to ¥13,013 million, by mainly virtue of increased revenue, the streamlining of fixed costs in general, and improvement in product category composition (Operating profit stood at ¥12,622 million, representing a year-on-year increase of 7.3%).







Main products	Beer, Low-alcohol beverages, Carbonated drinks, Mineral water, Sport drinks, Condensed milk, Fruit drinks, Coffee

In the international operations segment, the Group worked to further expand the foundation for growth through initiatives that included enhancing the brand strength that forms the core of high-added-value products in each business segment and creating synergies through cross-regional offerings.

In the Europe business segment, in Western Europe, the Group promoted premiumization centered on "Peroni Nastro Azzurro" and "Asahi Super Dry." The Group also enhanced the foundation for growth by such means as enhancing its brand portfolio centered on high-added-value products by offering "London Pride," a mainstay product of the UK's "The Fuller's Beer Company Limited," which it acquired in April. In Central and Eastern Europe, the Group worked to strengthen its marketing activities around its mainstay premium brands including the Czech "Pilsner Urquell," Polish "Lech," etc. In addition to working to increase its brand value through a renewal of the Polish "Tyskie" and other initiatives, the Group worked to promote premiumization in each country and to develop new growth drivers through initiatives including strengthening our offerings of beer-taste beverages.

In the Oceania business segment, as to the soft drinks sector, the Group proactively developed its no-sugar products centered on the carbonated drink category, its premium products and others. As for the alcohol beverages sector, it boosted its marketing activities for premium beers centered on "Asahi Super Dry" and "Peroni Nastro Azzurro" and worked to increase its brand value.

In the Southeast Asia business segment, in Malaysia, amid a trend of health consciousness due to factors that included the introduction of taxes on beverages with added sugar, we boosted our offerings of health function products with higher added value.

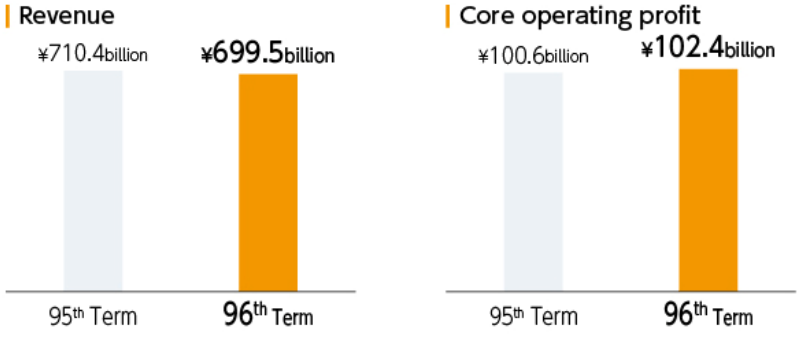
In the China business segment, we worked to boost our presence in the premium beer market by enhancing sales of "Asahi Super Dry" and "Peroni Nastro Azzurro" and "Pilsner Urquell."

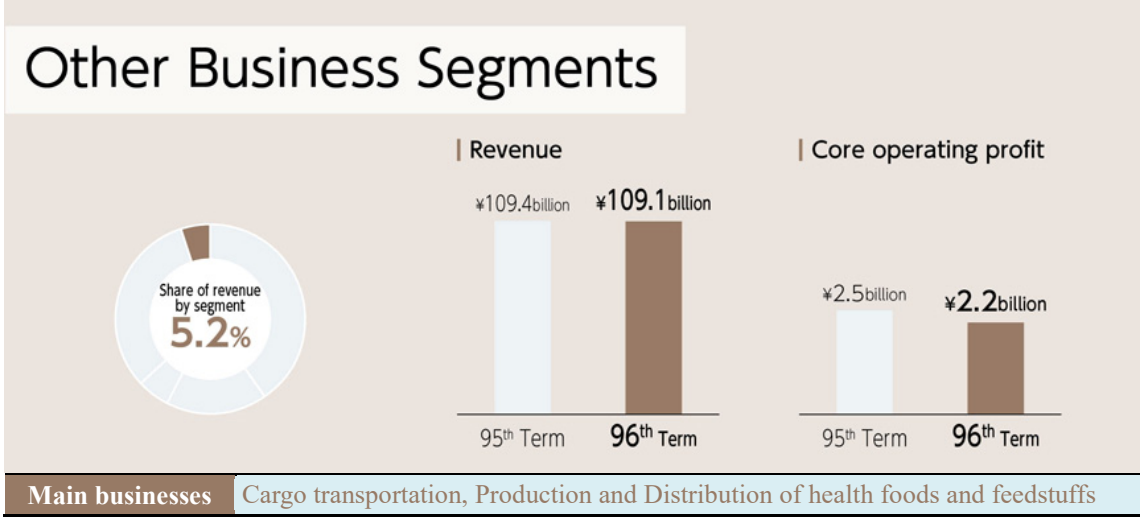
As a result of the above, the international operations segment posted revenue of ¥699,596 million, a decrease of 1.5% year-on-year. While the Europe business segment and the Oceania business segment were strong due to the promotion of premiumization and the expanded offerings of high-added-value products, this was offset by the negative effects of yen appreciation in each region, the transition of a portion of a Chinese operating subsidiary to a company accounted for using the equity method, a decrease in sales resulting from the effects of a boycott in South Korea, and other factors.

Core operating profit increased by 1.8% year-on-year to ¥102,448 million by virtue of the increased profit from the Europe business segment and the Oceania business segment, which remained strong, despite factors that acted to reduce profit including yen appreciation and reduced revenue from the South Korea business segment (Operating profit stood at ¥76,118 million, representing a year-on-year decrease of 1.6%).

Excluding the negative effects of exchange rate fluctuations, revenue rose by 5.4% year-on-year and core operating profit rose by 9.1% year-on-year.*

* Revenue and core operating profit are compared between the previous and current terms after foreign currency amounts in 2019 are converted to the yen using the 2018 exchange rate.





Main businesses Cargo transportation, Production and Distribution of health foods and feedstuffs

In the other business segments, revenue decreased by 0.3% year-on-year to ¥109,191 million mainly due to a decrease in sales of health foods.

Core operating profit decreased 10.3% year-on-year to ¥2,267 million due to increased fixed costs such as personnel costs (Operating profit stood at ¥1,910 million representing a year-on-year decrease of 17.5%).

Notes to (1) Business Progress and Results:

1. From the current fiscal year, in accordance with changes in the disclosure methods, the amounts of IFRS adjustments are reflected in the core operating profit and operating profit by segment for the 95th term (FY2018).
2. The share of revenue by segment is calculated by dividing the revenue of each segment by the consolidated total revenue including the adjustment amount (¥100,485 million). Accordingly, the total share of revenue amounts to 104.8%.

(2) Status of Capital Expenditures

Consolidated capital expenditures in this year totaled ¥108,012 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	23,999
Soft Drinks	21,452
Foods	5,589
International Operations	48,252
Other Business	4,531
Company-wide (common)	4,186
Total	108,012

(3) Financing Activities

The Company financed the capital requirements including capital expenditures detailed in item (2) above through loans from financial institutions and the issuance of commercial papers.

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

(4) Status of Principal Lenders

(As of December 31, 2019)

Lender	Outstanding balance (million yen)
Sumitomo Mitsui Banking Corporation	127,081
Mizuho Bank, Ltd.	46,794
Sumitomo Mitsui Trust Bank, Limited	31,400
The Norinchukin Bank	31,400
MUFG Bank, Ltd.	30,905

(5) Status of Major Establishments and Principal Subsidiaries

(As of December 31, 2019)

1) Asahi Group Holdings, Ltd.

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

2) 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
Asahi Soft Drinks Co., Ltd.	Sumida-ku, Tokyo	11,081	100.0	Production and marketing of soft drinks
Asahi Group Foods, Ltd.	Shibuya-ku, Tokyo	5,000	100.0	Production and marketing of foods
Asahi Europe Ltd	Surrey, the United Kingdom	290,994 (EUR 2,431,546 thousand)	100.0	Overseeing alcoholic beverages operations in Western Europe
Asahi Breweries Europe Ltd	Surrey, the United Kingdom	904,609 (EUR 7,405,000 thousand)	100.0	Overseeing alcoholic beverages operations in Central and Eastern Europe
Asahi Holdings (Australia) Pty Ltd	Victoria, Australia	198,519 (AUD 2,623,514 thousand)	100.0	Overseeing soft drinks and alcoholic beverages operations in Oceania
Asahi Beer (China) Investment Co., Ltd.	Shanghai, China	9,996 (CNY 737,487 thousand)	100.0	Overseeing alcoholic beverages operations, and marketing of alcoholic beverages in China
Asahi Professional Management Co., Ltd.	Sumida-ku, Tokyo	50	100.0	Contracting of clerical work

Notes:
1. There were 148 consolidated subsidiaries of the Company as of the end of this year, including those listed above. There were 24 companies accounted for using equity method.
2. There were no wholly owned specified subsidiaries of the Company as of the end of this year.
3. Asahi Europe Ltd was renamed Asahi International Ltd effective January 1, 2020.

(6) Significant Developments such as Corporate Reorganization

1) The Company completed the acquisition of all the issued shares of 4 companies including The Fuller's Beer Company Limited through Asahi Europe Ltd on April 27, 2019.

2) The Company agreed to acquire 123 companies including CUB Pty Ltd with Anheuser-Busch InBev SA/NV and concluded a sale and purchase agreement on July 19, 2019.

(7) Employees

(As of December 31, 2019)

Business segment	Number of employees	Increase (decrease) from the end of the previous term
Alcoholic Beverages	5,693	(267)
Soft Drinks	3,529	112
Foods	1,289	(14)
International Operations	15,677	1,314
Other Business	2,446	81
Company-wide (common)	693	46
Total	29,327	1,272

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

Medium-Term Management Policy

Enhancing "*Glocal* Value Creation Management" based on Asahi Group Philosophy

Key Performance Indicator (KPI) Guidelines

	FY2017 results	Guidelines for next 3 years out
Revenue	¥2,084.9 billion	• Stable growth from existing businesses – Business restructuring + New M&As
Core Operating Profit	¥196.4 billion	• CAGR (Compound annual growth rate): mid to high single digit
EPS (adjusted *)	¥262.2	• CAGR (Compound annual growth rate): mid to high single digit
ROE (adjusted*)	13.7%	• Maintain 13% or above

* "After adjustment" refers to figures that exclude one-time extraordinary factors such as restructuring of business portfolio and exchange rate fluctuations.

Note: The amounts for FY2017 results have been rounded to the representative unit.

Financial and Cash Flow Guidelines

	Guidelines for FY2019 onward
Cash Flow	• Free cash flows: above ¥170.0 billion (annual average)
Investment for Growth	• Prioritize M&As for expansion of foundations for growth and promote debt reduction for enhancing investment capacity
Debt Reduction	• Net debt/EBITDA[*1]: below 2 times by the end of FY2021
Shareholder Returns	• Stable dividend increases with the aim of a dividend payout ratio[*2] of 35% (- FY2021) (Aimed at a dividend payout ratio of 40% in the future)

*1. Net debt / EBITDA (EBITDA net debt equity ratio) = (interest-bearing debt - cash) / EBITDA

*2. Dividend payout ratio is calculated as profit attributable to owners of parent less a one-time profit or loss on the restructuring of business portfolio (net of tax expenses), etc.

In terms of progress in the "Key Performance Indicator Guidelines" set out in the "Medium-Term Management Policy," core operating profit decreased mainly due to the effects of yen appreciation and unseasonable weather during our peak season during FY2019, leading CAGR (compound annual growth rate) to be 4.1% and resulting in progress falling below the guidelines (progress was in line with the guidelines when excluding the effects of exchange rate fluctuations). The EPS (adjusted) CAGR (compound annual growth rate) was 8.8%, and ROE (adjusted) was 13.0%, each progressing in line with the guidelines.

In terms of progress in our "Financial and Cash Flow Guidelines," regarding cash flow, while profit before tax fell due to a decline in core operating profit in FY2019, our efforts that included improving asset efficiency allowed us to create ¥173.0 billion in free cash flows, progressing in line with the guidelines. Regarding investment for growth and debt reduction, applying free cash flows to debt reduction resulted in net debt/EBTIDA of 2.93 times, progressing in line with the guidelines. Regarding shareholder returns, we have progressively raised returns toward achieving the guidelines (stable dividend increases with the aim of a dividend payout ratio of 35% by FY2021) and are planning a dividend payout ratio of 32.2% in the current fiscal year (FY2019).

Note: The Company reached an agreement with Anheuser-Busch InBev SA/NV on the beer and cider business (hereinafter, the "CUB") acquisition (hereinafter, the Transaction"), owned by the Anheuser-Busch InBev SA/NV in Australia and concluded a sale and purchase agreement on July 19, 2019. However, the Transaction is premised on the fulfilment of the conditions precedent to execute the transaction, including the approval of the relevant Australian government organizations such as the Australian Competition and Consumer Commission. As such, at the time of the writing of this Business Report, the execution of the closing of the Transaction is planned for the first quarter of FY2020. Furthermore, related to the Transcation, although the Company evaluates a financing plan including financing, the contents of the above "Medium-Term Management Policy" guidelines do not consider the effects of the acquisition of the CUB or financing thereof. After the closing of the Transaction is executed, the Company plans to consider these effects and revise the "Medium-Term Management Policy." Furthermore, in the event the closing of the Transaction is delayed, and effective financial policy cannot be implemented, the forecasted values for ROE (adjusted) for the 97th term (FY2020) described in the "Medium-Term Management Policy" will fall below the guidelines, meaning we will work to achieve the guidelines through our management efforts.

(9) Management Perspectives

Management Basic Policy

The Asahi Group, under the command of Asahi Group Holdings, Ltd., a pure holding company, conducts business activities globally in the Alcoholic Beverages, Soft Drinks and Foods segments.

Establishing a group philosophy, the "Asahi Group Philosophy (AGP)" in 2019, the Group aims to achieve sustainable growth and enhance its corporate value over the medium-term. The AGP consists of 4 elements: Mission, Vision, Values and Principles. It articulates the Group's mission and vision for the future, reaffirms values cherished and handed down over the years, and serves as a code of conduct for our stakeholders and the Group's commitments to them. By generating and implementing strategies based on the AGP, domestic and overseas operating companies of the Group will work together to further improve its corporate value.



Medium-Term Management Policy

While providing "Key Performance Indicator Guidelines" and "Financial and Cash Flow Guidelines" for the coming 3 years or so, the "Medium-Term Management Policy," revised based on the AGP, sets the following three key priorities. Under this policy, the Group enhances "*Glocal* Value Creation Management."

A "Strengthening Earnings Power" by further enhancing added value and earnings structure reform

- Enhancing high-added-value brands in Japan and overseas and achieving revenue growth through expanded cross-selling initiatives*1
- Reforming the earnings structure through the introduction of zero-based budgeting and optimization of procurement systems
  (Target impact of earnings structure reform including zero-based budgeting [total for 2019–2021]: over ¥30.0 billion)
- Enhancing business management through ROIC*2 and improving asset and capital efficiency through cash flow maximization

B "Sophisticating Management Resources" aimed at expanding new foundations for growth

- Reforming the corporate culture to realize disruptive innovation*3 and investing in intangible assets (R&D, human resources, etc.)
- Promoting bolt-on M&As complementing existing businesses and expanding alliance with competitors and companies in other industries
- Implementing business structure reform by leveraging digital transformation and advancing our business model

C "Reinforcing ESG Initiatives" supporting our sustainable value creation process

- Formulating "Asahi Group Environmental Vision 2050" and improving our sustainable activities through value creation that leverages the Group's unique strengths
- Promoting *glocal* talent management and diversity and developing a human rights management system
- Enhancing risk management systems (Enterprise Risk Management) and reforming corporate governance systems supporting Group and global growth

Going forward, the Company will deepen dialogue with our stakeholders and aim to achieve sustainable growth and enhance its corporate value over the medium- to long-term by positioning these 3 key priorities as a stakeholder engagement agenda.

*1 Policies to sell the Group's products available in individual countries in all other areas in which we operate through establishments.

*2 Return on invested capital: An indicator obtained by dividing after-tax core operating profit by invested capital.

*3 Disrupting existing markets and creating new markets using digital technology.

Policy for 97th Term (FY 2020)

In the fiscal year 2020, based on the "Medium-Term Management Policy," we will continue to promote "*Glocal* Value Creation Management."

In terms of "Strengthening Earnings Power," in Japan, we aim to increase the value of our mainstay brands such as "Asahi Super Dry" and create new markets while continuing to pursue the reform of earnings structures by building optimal production and logistics systems. Overseas, we will work to both further enhance our global premium brands and to expand the foundation for growth in local markets, by restructuring the international beer business and by transition to systems capable of focusing on both global and local markets, etc.

In terms of "Sophisticating Management Resources," we will complete the acquisition of Anheuser-Busch InBev SA/NV's Australian beer and cider business that was decided in July 2019, promoting the establishment of a global business platform with 3 core pillars in Japan, Europe, and Oceania. Moreover, we promote the reform of corporate culture for realizing innovation and disruption, and investment in intangible assets (R&D, human resources and others).

In terms of "Reinforcing ESG Initiatives," in addition to initiatives for environmental, human

rights, and alcohol-related issues, we aim to create a sustainable society with value creation using the Asahi Group's strengths. Furthermore, through enterprise risk management (ERM) and the effective management of risk appetite*, we are promoting appropriate risk management and risk taking.

With these efforts, the Group projects revenue to be ¥2,135,000 million, core operating profit to be ¥218,500 million, operating profit to be ¥203,500 million, profit attributable to owners of parent to be ¥143,000 million, and adjusted profit attributable to owners of parent to be ¥143,000 million, for the 97th fiscal year (FY2020).

* Details on enterprise risk management (ERM) and risk appetite are provided on pages 49 - 50.

Note: The Company reached an agreement with Anheuser-Busch InBev SA/NV on the acquisition (hereinafter, the "Transaction") of the beer and cider business (hereinafter, the "CUB") owned by the Anheuser-Busch InBev SA/NV in Australia and concluded a sale and purchase agreement on July 19, 2019. However, the Transaction is premised on the fulfilment of conditions precedent to execute the transaction, including the approval of the relevant Australian government organizations such as the Australian Competition and Consumer Commission. As such, at the time of the writing of this Business Report, the execution of the closing of the Transaction is planned for the first quarter of FY2020. Furthermore, related to the Transaction, while a financing plan including equity finance is under consideration, the contents of the above consolidated earnings forecast for the 97th term (FY2020) do not consider the effects of the Transaction or financing thereof. After the closing of the Transaction is executed, the Company plans to consider these effects and revise its earnings forecast for the current fiscal year.

The Group cordially requests shareholders' continuing encouragement and support.

Reference Acquisition of the Australian Beer and Cider Business

In July 2019, the Company agreed with Anheuser-Busch InBev SA/NV to acquire the Australian beer and cider business owned by Anheuser-Busch InBev SA/NV (hereinafter, the "CUB"), and the companies concluded a sale and purchase agreement.

CUB has a range of products such as "Carlton" and "Great Northern" which are leading brands in Australian beer business, as well as superior marketing, product development capabilities and high profitability.

Since 2009, the Company has been promoting business acquisition in Australia, which has enjoyed sustainable economic growth, and in addition to the non-alcoholic beverage category, has been developing global premium brands such as "Asahi Super Dry," "Peroni Nastro Azzurro," "Vodka Cruiser" and "Woodstock."

Going forward, in addition to these initiatives, we aim for further growth in the Australian market by developing products such as "Carlton" and "Great Northern," part of CUB, which has strong brands. The acquisition also further enhances the Company's management resources by bringing with it a wealth of *glocal* talent management.

After the conclusion of this transaction, the EBITDA of the Oceania business segment, which includes the Company's existing businesses, will increase to around ¥100.0 billion, creating a third core pillar alongside the Japanese business with ¥200.0 billion of EBITDA and the European business with around ¥100.0 billion of EBITDA. The Company aims to deliver sustained growth and enhanced corporate value in the medium- to long-term as a "*Glocal* Value Creator" by integrating the strengths such as the brands and human resources that it has developed in each of its 3 core pillars.

* The Transaction is premised on the fulfilment of the conditions precedent to execute the transaction, including the approval of the relevant Australian government organizations such as the Australian Competition and Consumer Commission.



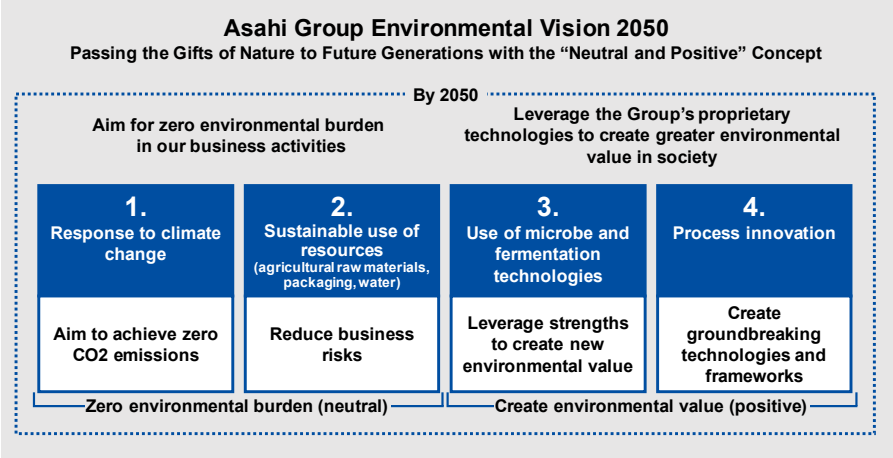
Reference ESG initiatives of the Asahi Group

1 ESG of the Asahi Group

Based on its group philosophy, the "Asahi Group Philosophy," stipulated in January 2019, the Asahi Group has listed "Reinforcing ESG Initiatives" as one key priority in the "Medium-Term Management Policy" revised in 2019. Furthermore, as our business foundation has become more global, the social issues faced by the Group are becoming more complex and varied than ever before.

Amid these conditions, the Asahi Group is strongly focused on the "environment," "human rights," and "responsible drinking" to realize sustainable growth and improvement in corporate value over the medium- to long-term, and to pursue the possibility of a sustainable society.

We are advancing concrete initiatives based on the "Asahi Group Environmental Vision 2050" (image below), "The Asahi Group Human Rights Principles," and the "Asahi Group Responsible Drinking Principles."



2 Initiatives for the Environment

1) Addressing climate change

Toward our goals of achieving a 30% reduction in CO_2 emissions by 2030 (compared to 2015) and "Asahi Carbon Zero" (zero CO_2 emissions) by 2050, the Asahi Group is proactively advancing initiatives for climate change such as making further use of renewable energy.

Furthermore, in May 2019, the Group agreed to support the recommendations of the "Task Force on Climate-related Financial Disclosures (TCFD)." We are proactively working on analyzing and addressing the business risks and opportunities caused by climate change, and going forward, we plan to disclose information in our website, etc.

2) Addressing the marine plastic issue

To address the marine plastic issue, which has become a global issue due to marine pollution and the effects on the ecosystem, the Asahi Group aims to create sustainable containers and packaging and to advance a range of initiatives in Japan and overseas.

In Japan, Asahi Soft Drinks Co., Ltd. has established its "Packaging 2030" initiatives. It is working to use recycled PET and environmentally friendly materials, to promote the reduction of plastic usage, to develop new containers premised on environmental awareness, to develop "label-less bottles," and to sell "Calpis Water" packaged in PET bottles using 20% recycled materials. Asahi Beverages Pty Ltd, our Australian soft drink subsidiary, sells "Cool Ridge" mineral water bottled in 100%-recycled PET bottles.



Label-less bottles



100%-recycled PET bottles

3) Addressing sustainable water resources

The Asahi Group takes steps to realize sustainable use of water resources, such that include drawing up Group targets for water usage on a per production unit basis at its respective factories, carrying out water risk surveys to help ensure sustainability of water resources, and extending water resource conservation activities of its domestic breweries.

Moreover, the Asahi Group's individual initiatives will involve enhancing groundwater recharge capabilities (the forest's capacity to capture and store water) at our company-owned Asahi Forest where we practice sustainable forest management.



"Asahi Forest," broadly located in Shobara City and Miyoshi City, Hiroshima Prefecture (2,165ha).

Through such initiatives, we aim to attain water neutrality* at our domestic breweries by 2025.

* Water neutrality refers to returning the same amount of water as used amount by such means as combining reduction of water use and water replenishment through conservation of water resources.

3 Initiatives for human rights

Having drawn up "The Asahi Group Human Rights Principles" which are based on the United Nations "Guiding Principles on Business and Human Rights," the Asahi Group will contribute to the realization of social sustainability on a global basis through implementation of its commitment to human rights.

In 2019, with regard to human rights management, we promoted initiatives such as by holding a stakeholder dialogue between officers and experts, reflecting advice from the experts on the establishment for the human rights management system and the implementation of human rights due diligence.

The Asahi Group Human Rights Principles

The Asahi Group Human Rights Principles are based on the Asahi Group Philosophy and the Asahi Group Code of Conduct. The principles represent the Group's foremost policy on human rights and will form the foundation for all of the Asahi Group's business activities.

Outline of the Asahi Group Human Rights Principles

Approach to respecting human rights	Commitment to respecting human rights and position of policies, targets (directors, employees, business partners), awareness of scope of impact, responsibilities of the Board of Directors, adherence to international rules, and policies related to discrepancies between laws
Carrying out human rights due diligence	Implementation of human rights due diligence, prevention, mitigation, and correction of adverse impacts, and dialogue with stakeholders
Human rights-related issues for the Asahi Group's business activities	Discrimination, harassment, forced labor and child labor, freedom of association and right to collective bargaining, occupational safety and health, working hours and wages, impact on supply chain, impact on local communities
Mechanisms for handling complaints	Contact point and response structure inside and outside the Company
Education and training	Target: Officers and employees Language: Language spoken in each country and region of operations
Monitoring and reporting	Tracking of progress and disclosure via the Company's corporate website

(Established May 8, 2019)

4 Initiatives for responsible drinking

The Asahi Group promotes the initiatives for responsible drinking, under its "Asahi Group Responsible Drinking Principles" enacted in January 2019, through supporting the "Global Strategy to Reduce the Harmful Use of Alcohol" adopted by the World Health Organization (WHO).

In the respective geographic regions where we engage in the alcoholic beverages operations, we carry out initiatives dedicated to eliminating harmful alcohol consumption through our cooperation with the International Alliance for Responsible Drinking (IARD), a global nonprofit organization to which the world's leading alcoholic beverage companies belong, and accordingly fulfill our responsibilities as a corporate group that manufactures and sells alcoholic beverages.

(Other initiatives of the Asahi Group)



Distribution of awareness-raising tools for prevention of alcohol consumption for elementary school students in Japan



Campaign to prevent alcohol consumption by pregnant women in Romania



2. Corporate Governance System

(1) Basic Concept

With the belief that "growth-oriented governance" by which to make transparent, fair, swift and bold decisions is indispensable for striving to achieve sustainable growth and increase corporate value over the medium- to long-term, the Company has established its Corporate Governance Guidelines, and makes efforts primarily in the following areas:

WEB Corporate Governance Guidelines
https://www.asahigroup-holdings.com/en/csr/gov/internal/pdf/190516_guidelines_en.pdf

1) Ensuring rights of and equality among shareholders

Recognizing that "a shareholder is equal in accordance with his/her equity interest," the Company strives to ensure substantial equality of shareholders and conduct appropriate information disclosure by posting various information for shareholders and/or individual investors with updates, as needed, on its website. Information disclosure is also ensured for overseas investors using the English website, as well as the preparation of the English-version Convocation Notice of the General Meeting of Shareholders in view of the convenience of exercising of shareholders' rights by foreign shareholders. Furthermore, the Company has streamlined a system that allows for employees assigned to assist the Audit & Supervisory Board, who are not subject to directives or orders from Directors or employees, under the control of the Audit & Supervisory Board, so that Audit & Supervisory Board Members can handle claims from any minority shareholders against the Company or any Director and Audit & Supervisory Board Member, independently from the Board of Directors and management to substantially ensure the rights of minority shareholders.

2) Appropriate Collaboration with Stakeholders

The Company has identified corporate value not only as financial value, but also as a summation of financial value and social value that is closely related to each other, and has set the following as its action guidelines for enhancing corporate value, by working with its customers, employees, society, partners, shareholders, and all other stakeholders, in its group philosophy, the Asahi Group Philosophy.

Customers:	Win customer satisfaction with products and services that exceed expectations
Employees:	Foster a corporate culture that promotes individual and company growth
Society:	Contribute to a sustainable society through our business
Partners:	Build relationships that promote mutual growth
Shareholders:	Increase our share value through sustainable profit growth and shareholder returns

3) Ensuring Proper Information Disclosure and Transparency Thereof

The Company formulated the "Disclosure Policy" and proactively addresses the voluntary disclosure of information. The Company strives to provide well-balanced information disclosure between financial information, such as accounting, and non-financial information, such as management strategies, risks and governance, by preparing the Integrated Report, in addition to the statutory disclosure, timely disclosure and other information disclosures on the website.

4) Responsibilities of the Board of Directors

The Company's Board of Directors appropriately fulfills their roles and responsibilities to ensure the sustainable growth and the increase of corporate value over the medium- to long-term of the Company, as well as to promote the improvement of earning capacity and capital efficiency by taking into account their fiduciary responsibility and accountability to shareholders. Such initiatives include determining the Medium-Term Management Policies and promoting their execution, while also properly supporting management's risk taking by streamlining the internal control system and risk management system.

The Board of Directors, in deliberating management strategies etc., mainly prepared by management, engages in planning the meetings as a venue for constructive discussion by avoiding ritual discussion with measures such as sharing information with Outside Directors and a preliminary explanation of agenda items thereto in the review process or receiving reports on the results of discussion from the Audit & Supervisory Board, thereby aiming for the sustainable growth and the increase of corporate value over the medium- to long-term of the Company.

5) Dialogues with Shareholders

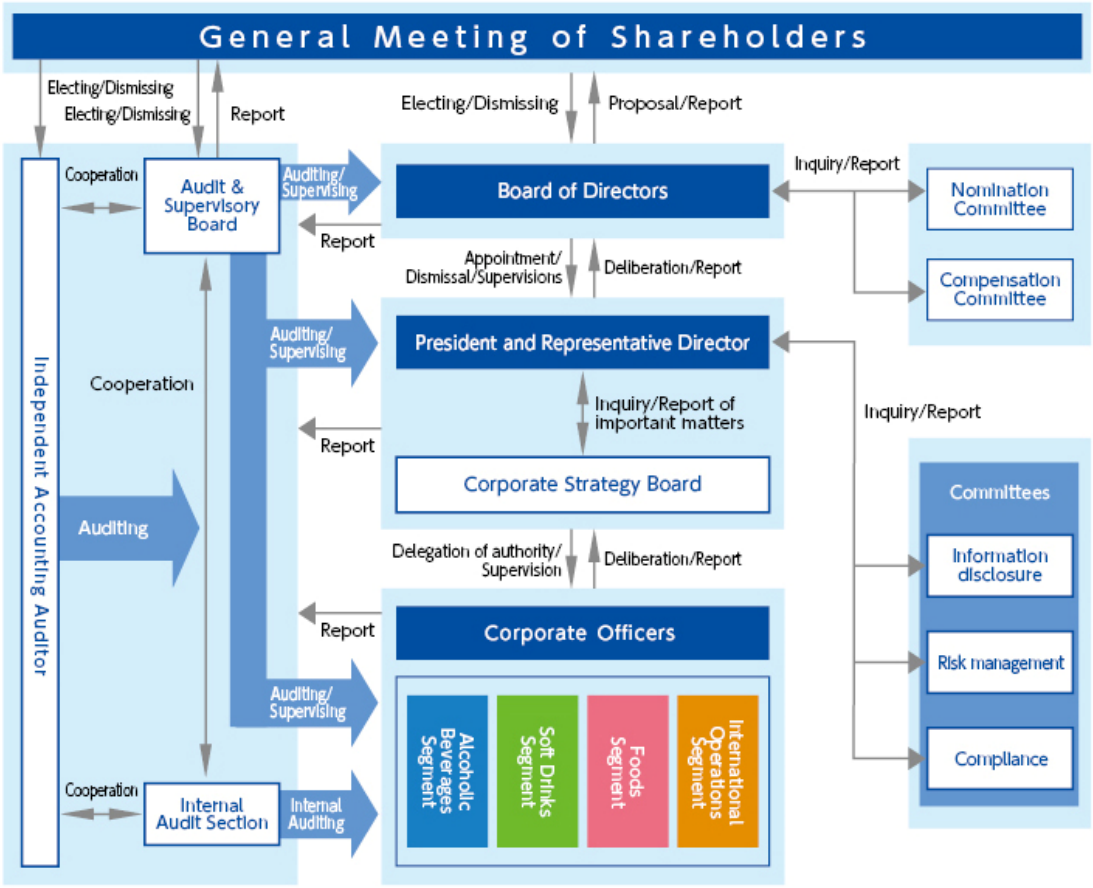
For promoting constructive dialogues with shareholders, the Company shall appoint an officer as a responsible executive in charge of dialogues with shareholders and ensure well-organized collaboration among the auxiliary departments by providing the information for the dialogues. In addition, the Company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

Measures for Enhancing Corporate Governance

2000	• Number of Directors was reduced from 40 to 10. • Nomination Committee and Compensation Committee were established. • Corporate Strategy Board was established. • Corporate Officer System was introduced. • Number of Outside Directors was increased from 1 to 3.
2007	• Terms of Directors were shortened to 1 year. • Retirement benefits for Directors and Audit & Supervisory Board Members was abolished.
2011	• The Company transitioned to a pure holding company structure.
2013	• Takeover defense measures were abolished.
2015	• Corporate Governance Guidelines were formulated. • Evaluations of the effectiveness of the Board of Directors were commenced.
2016	• Performance-linked stock compensation was introduced for internal Directors.
2018	• Title of CEO was transferred from Chairman and Representative Director to President and Representative Director to improve the effectiveness of management supervision from operational execution. • Outside Directors/Audit & Supervisory Board Members account for the majority of the members of the Nomination Committee and the Compensation Committee. Both committees are chaired by Outside Directors. • Evaluations of the effectiveness of the Audit & Supervisory Board were commenced.
2019	• The Company transitioned to a structure in which the Chairman and Director does not serve concurrently as a representative director and serves exclusively as the chairman of the Board of Directors. • Standards and guidelines were formulated for the resignation of the CEO, the appointment of representative directors, and terms of office for officers. • The number of Outside Directors on the Board of Directors was raised, now constituting 1/3 or more of total Board members. • A compensation plan to incentivize internal Directors to further work towards sustainable growth and enhancement of corporate value over the medium to long term was introduced.

(2) Characteristics of Current Systems

As a company with an Audit & Supervisory Board, the Company audits the execution of duties by the Directors utilizing the Audit & Supervisory Board, of which a majority of the board members are independent Outside Audit & Supervisory Board Members, while taking advantage of the audit & supervisory board members system with its independence, and in which the power of final decision making is given to each person and which has Standing Audit & Supervisory Board Members. In addition, the Nomination Committee and the Compensation Committee have been established to act as advisory bodies to the Board of Directors, of which a majority of the members of each committee are independent Outside Directors/Audit & Supervisory Board Members. Under the system of these discretional bodies, the Company has created a structure that allows independent Outside Directors/Audit & Supervisory Board Members to monitor the management of the Company with high effectiveness.



(3) Structure of the Board of Directors

In order to ensure balance and diversity in terms of the knowledge, experience and ability of the entire board necessary for the sustainable growth and the increase of corporate value of the Company over the medium- to long-term, the Company shall make the Board of Directors composed of persons suitably qualified to be Directors of the Company who possess a wealth experience, extensive knowledge and high-level expertise required by the Company, and who reflect the requirements for officers that were introduced from the group philosophy of the Asahi Group, “Asahi Group Philosophy,” the action guidelines, and the management strategies. 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.

(4) Structure of the Audit & Supervisory Board

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

The Company shall appoint as Audit & Supervisory Board Members those who have appropriate experience and skills, and requisite knowledge of finance, accounting and legal affairs, and in particular shall appoint 1 or more persons who have sufficient expertise related to finance and accounting. In addition, the Company shall ensure that at least 3 of the Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members who meet the Company's requirements for independent officers and select for those positions, accounting experts, attorneys at law and corporate managers who possess a wealth experience and broad knowledge in their relevant fields.

(5) Roles and compositions of the advisory bodies

The roles and compositions of the advisory committees and deliberative bodies are as described below:

1) Nomination Committee

Nomination Committee provides reports on its findings and views about candidates, etc. for Directors, Audit & Supervisory Board Members and Corporate Officers in response to the inquiries referred from the Board of Directors. The Committee consists of 2 Outside Directors, 1 Outside Audit & Supervisory Board Member, and 2 internal Directors, and an Outside Director is co-operatively appointed as its chairperson.

The Committee held 8 meetings during fiscal 2019, 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 for Directors and Corporate Officers in response to the inquiries referred from the Board of Directors. The Committee consists of 2 Outside Directors, 1 Outside Audit & Supervisory Board Member, and 2 internal Directors, and an Outside Director is co-operatively appointed as its chairperson.

The Committee held a total of 9 meetings during fiscal 2019, and provided reports on its findings and views primarily about the new remuneration plan for officers (revision of the medium-term bonus plan and stock compensation plan, formulation of benchmarks for variable remuneration), individual evaluations of officers and bonus amounts determined on that basis, and disclosure of officers' remunerations.

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

Note: ◎ denotes committee chairpersons

3) 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 executive directors and Corporate Officers excluding the President and Representative Director, and the Director in charge of public relations serves as its chairperson.

The Committee held a total of 8 meetings during fiscal 2019, 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.

4) Risk Management Committee

The Risk Management Committee provides reports on its findings and views on the promotion and supervision of enterprise risk management (ERM) for the overall Asahi Group, in response to inquiries referred from the President and Representative Director. The Committee consists of the President and Representative Director and other executive directors, as well as executive officers who are appointed by the committee chairperson, and the President and Representative Director serves as its chairperson. Standing Audit & Supervisory Board Members also attend this Committee's meetings.

The Committee held a total of 6 meetings during fiscal 2019, and provided reports on its findings and views primarily about identification, evaluation and action plans regarding major risks of the entire Group, the status of implementation in that regard, and risk appetite plans proposed to the Board of Directors.

5) Compliance Committee

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. 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 7 meetings during fiscal 2019, and provided reports on its findings and views primarily about compliance promotion plans and the operational status of the whistle blowing system.

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

The Board held a total of 42 meetings during fiscal 2019, and provided reports on its findings and views primarily about development of corporate strategies and status of business executions by Group companies.

(6) Evaluation of Effectiveness of Board of Directors and Audit & Supervisory Board

To contribute to the creation of corporate value over the medium- to long-term, the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors on an annual basis, and discloses the summary of the evaluation results.

As a company with an Audit & Supervisory Board, to contribute to the creation of corporate value over the medium- to long-term, the Audit & Supervisory Board Members and the Audit & Supervisory Board shall analyze and evaluate the effectiveness of the Audit & Supervisory Board, and disclose the summary of the evaluation results.

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

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

(7) Succession Plan and Training

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

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

For the Directors and Audit & Supervisory Board Members, the Company provides training required for their roles and responsibilities on a regular basis. The Company provides Outside Directors/Audit & Supervisory Board Members with information relating to the overview of the Asahi Group including its businesses, financial affairs and organizations, and implements measures, such as office visits, to facilitate their understanding of the Group and human resources as needed.

(8) Policy of Reducing Cross-Shareholdings

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

Cross-shareholdings are regularly 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 result of said review shall be disclosed and 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 stocks 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.

Reference Risk Management Initiatives of the Asahi Group

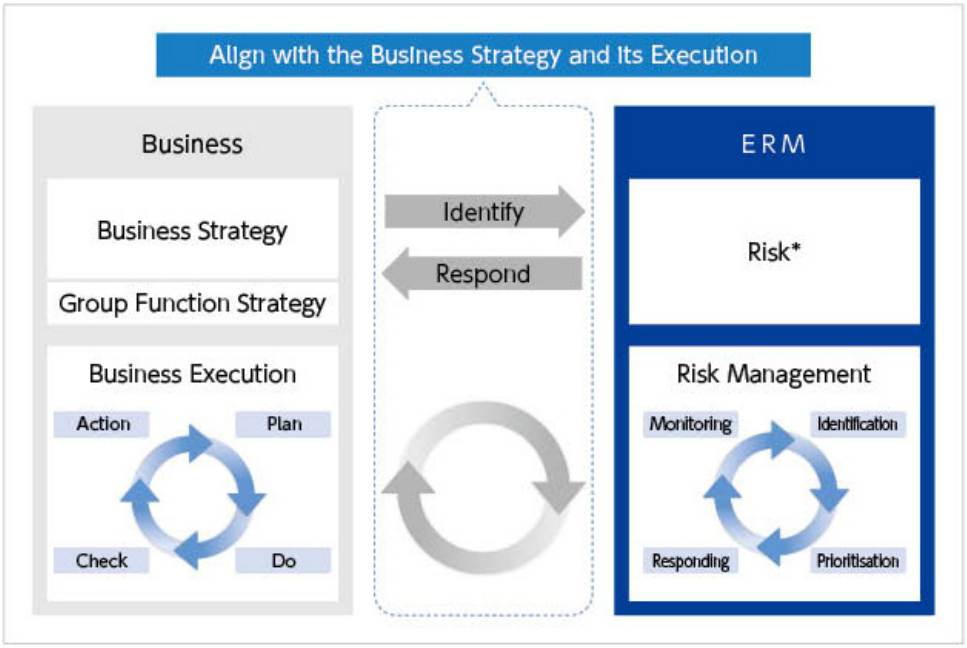
1 Risk management structure of the Asahi Group

In January 2019, the Asahi Group introduced enterprise risk management (ERM), coordinated activities to direct and control an overall organization with regard to risks for achieving business objectives. The Asahi Group effectively and efficiently controls its overall risk that could impede execution of strategies and achievement of objectives defined in the Medium-Term Management Policy based on the Asahi Group Philosophy through activities such as identifying and evaluating critical risks across all areas that include strategy, operations, finance, and compliance, building up responding plans, and executing and monitoring the plans.

The Company has established the Risk Management Committee to promote ERM, which consists of the President and Representative Director and other executive directors, as well as executive officers who are appointed by the President and Representative Director. The President and Representative Director, as the chairperson of the Risk Management Committee, is responsible for executing ERM across the entire Group.

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. 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.

The Asahi Group Enterprise Risk Management



*Definition: The effect of uncertainty on the ability of Asahi Group to achieve the strategic objectives defined in the Medium-Term Management Policy based on "The Asahi Group Philosophy"

2 The Asahi Group's risk appetite

The Asahi Group Risk Appetite Statement

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

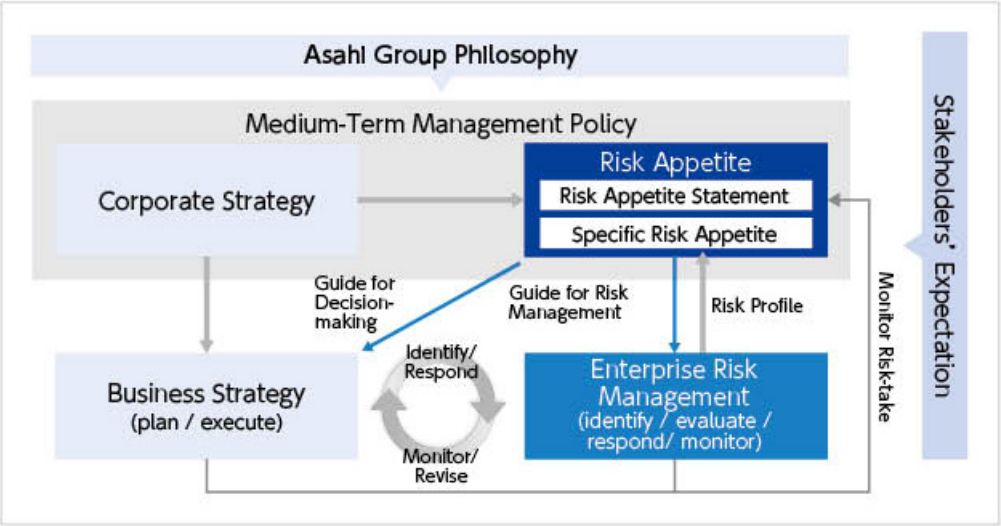
In order to achieve the strategic objectives defined in the Policy:

- **the Asahi Group achieves organic growth by building high value-added brands, and with regard to inorganic 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.**

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

"The Asahi Group Risk Appetite" is a policy related to risk management of the Asahi Group. It serves as a guideline for engaging in ERM and a guideline for opting whether or not to take risks when decisions are made. It consists of the "Risk Appetite Statement" which shows the Group's basic stance toward risk, and the "Specific Risk Appetite" which shows each stance (appetite) for major categories of risk that greatly affect business execution, premised on the assumption of practical application. The Company has developed the Appetite through consideration on its Group strategy, risk culture, risk profile, and stakeholder 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 Framework



3. Systems to Ensure Appropriate Execution of Directors' Duties in Conformity With Laws and Regulations and the Articles of Incorporation, and Other Systems to Ensure Appropriate Business Operations

Overview of the resolution regarding systems to ensure appropriate business operations

The Board of Directors passed the following resolution with respect to the above-mentioned systems.

To "Deliver on our great taste promise and bring more fun to life" as stipulated in its group philosophy, the "Asahi Group Philosophy," the Company shall:

- establish, in accordance with the Companies Act and the Regulation for Enforcement of the Companies Act, the following basic policies (the "Basic Policies") to improve systems designed to ensure the appropriate execution of Directors' duties in conformity with laws and regulations and the Articles of Incorporation of the Company and its subsidiaries (herein this section the "Group Companies") and ensure the appropriate business operations of the Group Companies (herein this section the "Internal Control System");
- recognize that it is the Representative Director(s) who shall assume the ultimate responsibility for the improvement of the Internal Control System in accordance with this resolution and demand the Representative Director(s) to cause the Directors and Corporate Officers, through the respective departments and organizations they are in charge of, to develop and fully enforce individual internal regulations that will be applied to the Company and the entire Asahi Group and are required based on the Basic Policies; and
- take steps to maintain and enhance the effectiveness of the Internal Control System by reviewing the Basic Policies and relevant internal regulations that will be applied to the Company or the entire Asahi Group in a timely and appropriate manner in accordance with changes in conditions and circumstances.

(1) System to ensure execution of duties by Directors and employees of the Company and the Group Companies in conformity with laws and regulations and the Articles of Incorporation of the Company and the Group Companies

1) In order to promote "Building value together with all our stakeholders" as stipulated in the "Asahi Group Philosophy," the Company shall establish "The Asahi Group Code of Conduct" and ensure its Directors, Audit & Supervisory Board Members and employees abide by these regulations.
2) The Company shall establish a "Compliance Committee" to oversee compliance of the Asahi Group based on the "The Asahi Group Ethics/Compliance Policies."
3) An officer of the Company in charge shall have authority over compliance within the Asahi Group. The section in charge of legal affairs shall handle day-to-day compliance and risk management tasks.
4) The Company shall assign responsible persons in charge of compliance in the Company and the Group Companies. The responsible person shall make efforts to prioritize compliance in all aspects of business activities at each Group Company.
5) The Company shall establish a "Clean Line System" and other systems for employees in Japan and overseas, enabling them to blow the whistle on illicit behavior of others.
6) The Company shall establish "The Asahi Group Sustainable Procurement Principles & Sourcing and Purchasing Policies" addressing mutual cooperation for fair and equitable deals and social responsibilities between each Group Company and suppliers and a system that enables suppliers to blow a whistle on breaches of the Policy as necessary. The Company shall inform and spell out these measures to its suppliers to enable the Company to develop an Internal Control System in cooperation with its suppliers.
7) To ensure antisocial forces do not exert any undue influence on the Group, all relevant information shall be shared within the Asahi Group and the Company shall establish an internal

system on the measures. The Company shall also cooperate closely with industry bodies, local communities, the police and other external specialist organizations in this field.

8) The operational details of the aforementioned agencies and systems shall be spelled out under a separately prepared set of internal regulations that will be applied to the Company or the entire Asahi Group.

(2) System to ensure the preservation and management of information related to execution of duties by Directors

1) Information related to execution of duties by Directors shall be properly preserved and managed in accordance with "Document-Management Policies" and other related internal regulations that will be applied to the Company or the entire Asahi Group.

2) The aforementioned information shall be preserved and managed in a way accessible by Directors and Audit & Supervisory Board Members for inspection at any time.

3) Control over the clerical tasks related to preservation and management of the aforementioned information shall be determined in accordance with internal regulations that will be applied to the Company or the entire Asahi Group.

(3) Regulations and other organizational structures of the Asahi Group to manage risk of loss

1) The Company shall position risk management as a core element of its corporate management in "The Asahi Group Risk Management Policies," and implement it in a continuous manner.

2) In addition to having the appropriate sections manage risk in their respective areas, the Company shall establish a "Risk Management Committee" to identify and evaluate cross-sectional material risk for the entire Asahi Group, and design countermeasures accordingly.

3) With regard to the risk of failing to maintain product quality, as a food and drink manufacturing group, the Asahi Group strongly recognizes their social responsibility to consumers to ensure the safety and security of their products and shall establish sufficient control systems.

4) In the event of any major accident, disaster, scandal, etc., the Company shall establish an "Emergencies Response Headquarters" chaired by the President and Representative Director.

(4) System to ensure efficient execution of duties by Directors of the Company and the Group Companies

1) To ensure efficient performance of duties by Directors, the Board of Directors shall divide duties in a reasonable way to be delegated to respective Directors and shall appoint appropriate persons as Corporate Officers in charge of respective sections.

2) The Company shall establish "Delegation of Authority" and "The Asahi Group's Delegation of Authority" stipulating rules of delegation of power and for a mutual checks-and-balances mechanism among sections and among Group Companies.

3) The Company shall ensure the effective utilization of the "Corporate Strategy Board," consisting of the Company's internal Directors, Corporate Officers, and Standing Audit & Supervisory Board Members by such means as formulating the Asahi Group's corporate strategy and implementing progress management.

4) To maximize operational efficiency, the Company shall utilize indices that provide an objective and rational way of measuring its management and control of operations; and it shall employ a unified system of follow-up and evaluation.

5) To use funds efficiently, a global cash management system among the Company and the Group Companies is introduced.

(5) System to ensure appropriate operations of the Asahi Group

1) All systems required for the Internal Control, including those for risk management, compliance and crisis management system, shall apply comprehensively across the entire Asahi Group. As the holding company, the Company shall manage the said systems of the Group Companies while respecting their autonomy, and supporting the development and operation of the Internal

Control System, in accordance with the conditions and circumstances with which individual companies are facing.

2) While cooperating with the internal auditing organs established within the Asahi Group, the section in charge of internal auditing in the Company shall get a grasp of and evaluate the Internal Control System and discipline in day-to-day tasks within the Asahi Group by directly and indirectly auditing the Group Companies, and this section shall also conduct the evaluation of internal control related to financial reporting of the Group Companies and submit the relevant reports.

3) Decision-making authority related to business activities of the Group Companies shall be subject to the document entitled "Asahi Group's Delegation of Authority."

4) Each of the Group Companies will provide reports at the "Corporate Strategy Board" one or more times each quarter on performance of its operations including risk-related information.

(6) Securement of employees in the event that Audit & Supervisory Board Members request staff to assist in their auditing duties

The "Audit & Supervisory Board" shall appoint staff to serve the Audit & Supervisory Board, for assistance in the activities of the Audit & Supervisory Board Members.

(7) Independence of employees assigned to assist the Audit & Supervisory Board Members from the Directors and ensuring the effectiveness of instructions given to relevant staff

1) When a member of the staff who serves the Audit & Supervisory Board, as stipulated in the previous paragraph, receives an order from an Audit & Supervisory Board Member in relation to auditing duties, he/she shall not be subject to directives or orders from Directors or other employees regarding that order.

2) Any issuance of orders to, personnel transfers of, merit evaluations of, or reprimands of a member of the staff who serves the Audit & Supervisory Board shall require the prior concurrence of Audit & Supervisory Board Members.

(8) System for Directors' and employees' reporting to Audit & Supervisory Board Members

1) Directors and employees shall report regularly to Audit & Supervisory Board Members on matters related to the Internal Control System, and shall report on an as-needed basis when a significant event occurs. When necessary, the Audit & Supervisory Board Members shall be entitled to request reports from the Directors and employees (including from Directors and employees of the Group Companies).

2) Directors shall ensure that Audit & Supervisory Board Members have every opportunity to participate in discussions of important bodies, etc. such as the Board of Directors meetings, the "Corporate Strategy Board" meetings, the "Risk Management Committee" meetings, and the "Compliance Committee" meetings. Directors shall provide details of the agenda items of such meetings beforehand for Audit & Supervisory Board Members.

3) Audit & Supervisory Board Members shall at all times have the right to review documents such as the minutes of important meetings and the documents of approval.

(9) System for reporting, by the Group Companies' Directors, Corporate Auditors, employees or persons receiving reports, to the Company's Audit & Supervisory Board Members

1) The Group Companies' Directors, Corporate Auditors, employees or persons receiving reports from them shall report regularly to the Company's Audit & Supervisory Board Members on matters related to the Internal Control System and, shall report on an as-needed basis when a significant event occurs. When necessary, the Audit & Supervisory Board Members shall be entitled to request reports from the Directors and employees of the Group Companies.

2) The Company's or the Group Companies' sections in charge of internal auditing shall report the results of the Group Companies' internal audits to the Audit & Supervisory Board Member of the Company without delay.

3) The whistle blowing contacts under the Clean Line System shall be the Company's Audit & Supervisory Board Members, section in charge of general and legal affairs, or external attorneys at law designated by the Company ("external attorneys at law"), and the information reported to the Company's section in charge of general and legal affairs or the external attorneys at law shall be reported to the Company's Audit & Supervisory Board Members.

4) The Company prohibits any party from treating the whistle blower prescribed in the preceding item and this item in any manner disadvantageous to him/her on the ground of the whistle blow.

(10) Policy on procedures for advance or reimburse expenses incurred in association with Audit & Supervisory Board Members' execution of their duties, and treatment of other expenses or debts incurred in association with the execution of their duties

To defray expenses incurred in association with the Audit & Supervisory Board Members' execution of their duties, the Company shall secure a certain specific amount of budget and shall, in response to the request of the Audit & Supervisory Board or the Standing Audit & Supervisory Board Members concerned, advance or reimburse expenses or otherwise treat debts incurred in association with the Audit & Supervisory Board Members' execution of their duties.

(11) Other systems ensuring effective auditing by Audit & Supervisory Board Members

To ensure the effectiveness of auditing activities, Directors shall ensure opportunities for Audit & Supervisory Board Members to exchange information and opinions regularly with members of the section in charge of internal auditing of the Company and with the Independent Accounting Auditor.

Overview of operation of systems to ensure appropriate business operations

(1) Overall Internal Control System

1) In order to develop and operate the Internal Control Systems of the Company and the Group Companies and effectively achieve the objectives of internal control, the section of the Company in charge of internal auditing cooperates with the internal auditing organs established within the Asahi Group in conducting audits to determine whether business operations are executed properly and efficiently in accordance with annual audit plans.

2) With respect to internal control over financial reporting, the section of the Company in charge of evaluation of internal control cooperates with the organs in charge of evaluation of internal control established within the Asahi Group and performs evaluations of the Group Companies' internal control activities pursuant to the "Policies of Management Assessment and Reporting of Internal Controls over Financial Reporting."

(2) Compliance System

1) The Company established "The Asahi Group Code of Conduct," and tries hard to keep its employees informed about it.

2) The Company promotes awareness of compliance by putting managers responsible for compliance in place in the Company and the Group Companies and conducting education by job class.

3) The Company conducts multifaceted and multilayered surveys of compliance awareness and behavior by conducting a "Compliance Questionnaire" to the employees of the Company and the Group Companies. In fiscal 2019, the questionnaire results continued to reveal that: "Compliance awareness remained at a high level."

4) By keeping in place the "Clean Line System," the Company detects and resolves risk problems early, and effectively prevents risk problems themselves from occurring.

(3) Risk Management System

1) The Risk Management System adopts enterprise risk management (ERM) for the overall Asahi Group.
2) The respective companies of the Asahi Group identify and evaluate critical risks that could impede achievement of business objectives across all risk categories such as strategy and operations. They also draw up action plans and continually implement and monitor such plans. The respective companies of the Asahi Group report details of such initiatives to the Company's Risk Management Committee, which monitors such initiatives, while its members identify and evaluate critical risk across the Group, draw up action plans, and execute and monitor such plans. They also report to the Board of Directors with the aim of ascertaining effectiveness of such initiatives.
3) The Company has a system in place to deal with any major accident, disaster, scandal, etc. by setting up an "Emergency Response Headquarters" under the management of the President and Representative Director.

(4) Business Management of Group Companies

1) With respect to the Group Companies' business management, the Company has put in place a system whereby, pursuant to the "Asahi Group's Delegation of Authority," the Group Companies' business executions are subject to resolutions of the Company's Board of Directors or decisions of an individual Director or the responsible persons of the responsible sections of the Company, depending on the degree of their importance.
2) Once a month, the "Corporate Strategy Board" receives reports from main Group Companies on the status of their business executions.

(5) Execution of Directors' Duties

In order to ascertain the efficiency of Directors' duties, the Board of Directors conducts rational assignment sharing of services to be performed by Directors and Corporate Officers, and has each Director and Corporate Officer report on the status of his/her business execution once every 3 months.

(6) Execution of Audit & Supervisory Board Members' Duties

1) Audit & Supervisory Board Members attend meetings of the Board of Directors, the "Corporate Strategy Board," the "Risk Management Committee," the "Compliance Committee" and other important organs, and receive reports from Directors, employees, thereby confirming the status of development and operation of the Internal Control System.
2) Audit & Supervisory Board Members work to enhance the effectiveness of auditing by finding opportunities regularly or as needed for exchanging information and views with the section in charge of internal auditing, the Independent Accounting Auditor, etc. During fiscal 2019, Audit & Supervisory Board Members had opportunities to exchange information and views with the section in charge of internal auditing for a total of 11 times, with the Independent Accounting Auditor for a total of 15 times. Audit & Supervisory Board Members also find opportunities to exchange information and views with Audit & Supervisory Board Members of the main Group Companies once a month.
3) The Company ensures that Audit & Supervisory Board Members will be able to smoothly perform their duties by posting 3 dedicated employees to the Audit & Supervisory Board.

4. Basic Policy Concerning the Persons Who Control Decisions on the Company's Financial and Business Policy

(1) Basic policy

According to the Company's view, the persons who control decisions on its financial and business policy must properly grasp various matters concerning its business, including the initiatives to "create appealing products," to "care about quality and craftsmanship" and to "convey the inspiration to customers," which form the source of the corporate value of the Asahi Group, and other tangible and intangible management resources thereof, potential effects of forward-looking measures and other items that constitute the corporate value, and must enable the Company to maintain and increase the Asahi Group's corporate value as well as the common interests of shareholders continuously and sustainably.

Upon facing a proposal of large-scale share purchases, the Company is not always in a position to automatically object to the purchases even if it is a so-called hostile takeover, which is pursued without approval from the Board of Directors, provided that such takeover contributes to the increase of the corporate value and the common interests of shareholders of the Company. Also, the Company recognizes that the final decision as to whether to accept a proposal for an acquisition of shares in the Company that would lead to a transfer of control of the Company should be made based on the will of the shareholders as a whole.

It shall be noted, however, that there are not a few cases of large-scale share purchases that would not contribute to the increase of the corporate value and the common interests of shareholders of a company, including ones that would, in light of their purposes, etc., cause obvious damage to the corporate value and the common interests of shareholders or could effectively coerce shareholders to sell their shares, ones that the purchaser does not provide information and/or time reasonably necessary for the target company's board of directors and shareholders to review and examine details of the proposed purchase or for the target company's board of directors to make an alternative proposal, and ones where the target company's board of directors would have to conduct negotiation with the purchaser so as to seek more favorable terms than those initially proposed by the purchaser.

The person who intends to conduct a large-scale purchase of shares in the Company must have an understanding of the source of the Asahi Group's corporate value and have the capability to maintain and enhance it in the medium- and long-term; otherwise, the Asahi Group's corporate value and the common interests of shareholders would be damaged.

The Company thus believes that it is necessary to protect the Asahi Group's corporate value, and in turn, the common interests of shareholders, from such large scale share purchases.

(2) Framework that contributes to realization of the basic policy

1) Special Measures Contributing to Realization of the Basic Policy

In 2019, the Company will establish a group philosophy, the "Asahi Group Philosophy," which articulates the Group's mission and vision for the future, reaffirms values cherished and handed down over the years, and serves as a code of conduct for our stakeholders and the Group's commitments to them. At the same time, the Company will establish a "Medium-Term Management Policy" for the realization of the "Asahi Group Philosophy" and put group-wide efforts in line with them. The details of the "Asahi Group Philosophy" and the "Medium-Term Management Policy" are as described on pages 35 and 39.

The Company believes that it will be able to assure the flexibility of its corporate strategy by setting and carrying out such management policy and will be able to increase its sustained corporate value and ultimately secure common interests of its shareholders by setting such a policy as "Engagement Agenda" (agenda for constructive dialogs) and making dialogs with the stakeholders even more firm, and is striving to further strengthen its corporate governance. Please refer to pages 43 - 48 for an overview.

2) Efforts to prevent decisions on the Company's financial and business policy from being controlled by any person who is inappropriate according to the basic policy

The Company will take appropriate measures against any person who attempts to make a large-scale purchase in accordance with the Financial Instruments and Exchange Act, the Companies Act and other related laws and regulations such as requesting provision of necessary and sufficient information for shareholders to properly determine whether to approve or disapprove the large-scale purchase, disclosing the opinions, etc. of the Board of Directors of the Company and endeavoring to secure enough time for shareholders to contemplate the large-scale purchase.

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

The measures described above in 1) of (2) conform to the basic policy of the Company as described above (1), are fully compatible with the corporate value and the common interests of shareholders of the Asahi Group including the Company, and are never implemented for the purpose of maintaining the status of Directors and Audit & Supervisory Board Members of the Company.

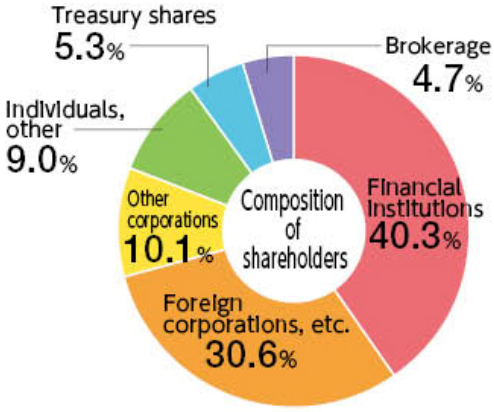
5. Overview of the Company

(1) Shares Outstanding (As of December 31, 2019)

1) Total number of authorized shares 972,305,309 (common stock)

2) Total number of issued shares 483,585,862 (including 25,473,630 treasury shares)

3) Total number of shareholders 106,544 (Decreased by 4,041 from the end of the previous term)



Shareholder classification	Number of shares held (in hundreds)	Number of shareholders (individuals)
Financial institutions	1,947,906	159
Foreign corporations, etc.	1,482,103	935
Other corporations	486,376	1,791
Individuals, other	437,684	103,611
Treasury shares	254,736	1
Brokerage	227,051	47

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)	458,917	10.0
Japan Trustee Services Bank, Ltd. (Trust Account)	244,386	5.3
The Dai-ichi Life Insurance Company, Limited	160,000	3.5
Fukoku Mutual Life Insurance Company	100,000	2.2
Asahi Kasei Corporation	97,853	2.1
SSBTC CLIENT OMNIBUS ACCOUNT	85,421	1.9
Japan Trustee Services Bank, Ltd. (Trust Account 5)	85,269	1.9
Sumitomo Mitsui Banking Corporation	80,280	1.8
Sumitomo Mitsui Trust Bank, Limited	71,260	1.6
STATE STREET BANK WEST CLIENT – TREATY 505234	65,102	1.4
Total	**1,448,488**	**31.6**

Notes:

1. The Company holds treasury shares numbering 254,736 hundred shares. However, the Company is excluded from the above list of major shareholders. The shares of the Company held by Japan Trustee Services Bank, Ltd. as trust property for stock compensation (357 hundred shares) are excluded from the treasury shares (254,736 hundred shares).
2. Shareholding percentages are calculated based on the total number of issued shares less the number of treasury shares.

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

1) Directors and Audit & Supervisory Board Members

(As of December 31, 2019)

Name	Position	Areas of responsibility and significant concurrent positions	Attended Board of Directors [D]/ Audit & Supervisory Board [A] meetings
Naoki Izumiya	Chairman of the Board	External Board Director of Recruit Holdings Co., Ltd. Outside Director of Obayashi Corporation	[D] 12/12
Akiyoshi Koji	President and Representative Director CEO	Overall Management IR, Research & Development	[D] 12/12
Atsushi Katsuki	Managing Director Managing Corporate Officer CFO	Corporate Strategy, Finance, Public Relations, ESG (ES sectors) Alcoholic Beverages Business Soft Drinks Business	[D] 12/12
Yutaka Henmi	Director Corporate Officer	Supply Chain, Quality Assurance Foods Business	[D] 9/9
Taemin Park	Director Corporate Officer	Alliance and M&A International Beer Business International Non-Alcohol Beverages Business	[D] 9/9
Keizo Tanimura	Director Corporate Officer	Administration and Governance, ESG (G sector)	[D] 9/9
Tatsuro Kosaka	Outside Director	Representative Director, President 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. Ahmadjian	Outside Director	Professor of Graduate School of Business Administration, Hitotsubashi University Outside Director of Mitsubishi Heavy Industries, Ltd. Outside Director of Japan Exchange Group, Inc. Outside Director of Sumitomo Electric Industries, Ltd.	[D] 9/9
Yoshihide Okuda	Standing Audit & Supervisory Board Member		[D] 9/9 [A] 9/9
Tetsuo Tsunoda	Standing Audit & Supervisory Board Member		[D] 12/12 [A] 12/13
Katsutoshi Saito	Outside Audit & Supervisory Board Member	Advisor of The Dai-ichi Life Insurance Company, Limited Outside Director of Imperial Hotel, Ltd. Outside Corporate Auditor of Tokyu Corporation	[D] 12/12 [A] 13/13
Yumiko Waseda	Outside Audit & Supervisory Board Member	Partner and Attorney at Law of Tokyo Roppongi Law & Patent Offices	[D] 12/12 [A] 13/13
Yutaka Kawakami	Outside Audit & Supervisory Board Member	Supervisory Director of Nippon Building Fund 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, Imperial Hotel, Ltd. and Tokyu Corporation, as the transaction value for each is minimal, less than 1% of consolidated revenue (or consolidated net sales) for the Company and the respective companies, there is no special business relationship that could have impact on the Company's management.
5. There is no special relationship or significant transactions between the Company and entities where its Outside Directors or Outside Audit & Supervisory Board Members hold significant concurrent positions.
6. Audit & Supervisory Board Member Yoshihide Okuda was formerly CFO of the Company and has considerable expertise in finance and accounting.
7. Audit & Supervisory Board Member Yutaka Kawakami has long experience as a certified public accountant; he has considerable expertise in finance and accounting.
8. 5 Directors Katsutoshi Takahashi, Yoshihide Okuda, Noboru Kagami, Kenji Hamada and Naoki Tanaka, and 1 Audit & Supervisory Board Member Akira Muto retired upon the expiry of their terms of office at the conclusion of the 95th Annual General Meeting of Shareholders held on March 26, 2019.
9. Yutaka Henmi, Taemin Park, Keizo Tanimura and Christina L. Ahmadjian were newly elected as Directors, Yoshihide Okuda was newly elected as an Audit & Supervisory Board Member, and they all assumed their offices at the 95th Annual General Meeting of Shareholders held on March 26, 2019. Accordingly, for Directors Yutaka Henmi, Taemin Park, Keizo Tanimura and Christina L. Ahmadjian, and Audit & Supervisory Board Member Yoshihide Okuda, the number of Board of Directors meetings and Audit & Supervisory Board meetings held is different from that of the other Directors and Audit & Supervisory Board Members.

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

A Directors' remunerations

<Basic concepts>

The remunerations for Directors are designed and operated as follows.

- To further strengthen the incentive to strive for the Company's sustainable growth and enhancement of corporate value over the medium- to long-term
- Remuneration with a content and level that is effective in continuing to ensure outstanding human resources with diverse skills
- To base on the role and magnitude of responsibilities of the Directors and their contribution to performance
- Remuneration highly variable based on performance linked to management strategy
- Remuneration in which benefits and risks are shared with shareholders and which provides an incentive to management from a standpoint as shareholders
- Remuneration determined with reference to external data based on transparent and fair processes

<Composition of remuneration>

The remunerations for Directors comprise basic remuneration, bonuses (annual and medium-term), and stock compensation for Directors (excluding the Outside Directors; hereinafter the "Internal Directors") and basic remuneration only for Outside Directors. With the principle that the remunerations of Internal Directors will be highly linked to performance, the percentage of variable remuneration (bonus and stock compensation) in the annual income for the President and Representative Director will be more than 60%, and the percentage of stock compensation, which is remuneration that shares benefits and risks with the shareholders, will be around 15%. With respect to the other Internal Directors, the percentage of variable remuneration is at least 40%, by a design based on positions and roles.

<Remuneration level>

The remunerations for Directors are set at a level of remuneration aimed at the achievement of performance targets, taking into consideration the level of remuneration that is effective for continuing to secure outstanding human resources with diverse skills using Japanese companies with business operations that are the same in scale as those of the Company (top 100 companies by market capitalization) as the main group of benchmark companies.

<Fixed remuneration>

The only fixed remuneration for Directors is the basic remuneration paid in a fixed monthly amount. The basic remuneration is determined by adding the actual expenses paid by the Directors, such as health checkup expenses to the fixed amount based on their positions and roles.

Revisions of basic remuneration are determined based on changes in position or role, taking into account such factors as changes in business operations and the status of remuneration levels (the timing of any revisions is, in principle, each April but there is no requirement for an annual revision).

<Variable remuneration>

As one of the basic concepts for further strengthening the incentive to strive for the Company's sustainable growth and enhancement of corporate value over the medium- to long-term, the system design for remunerations for Directors has been implemented, with consideration given to increasing variable remuneration (incentive) as a percentage of annual income as well as contributing to the Company's sustainable growth (short-term, medium-term, and long-term) and enhancement of corporate value (in terms of both financial value and social value) through an incentive system as a whole.

	Annual bonus	Medium-term bonus	Stock compensation
Objective	Forming a strong incentive for sustainable and steady growth, enhancement in financial value and achievement of plans	Forming a strong incentive for achieving discontinuous growth and medium-term performance	Forming an incentive for continually enhancing corporate value over the long term and sharing benefits and risks with shareholders
Period	Single fiscal year	3 years	3 years
Payment method	Cash	Cash	Stock
Payment timing	March every year	March of the year following completion of medium-term plan	On retirement
Performance indicators (weighting)	Consolidated core operating profit (50%) Profit attributable to owners of parent (50%)	Financial value indicators (60%) Social value indicators (40%)	No
Individual evaluation	Yes	Yes	No
Clawback (repayment of remuneration) provision	No	No	Yes

<Method for determining remuneration>

Directors' remunerations are set in line with a resolution at a meeting of the Board of Directors within the total amount of remunerations resolved in advance at a General Meeting of Shareholders. When remuneration related resolutions are being made by the Board of Directors, the Compensation Committee, which has Outside Directors/Audit & Supervisory Board Members constituting a majority of its membership and an Outside Director appointed as its chairperson, acts as an advisory

body to the Board of Directors, evaluating the content of said resolutions in the interests of greater transparency and objectivity through fair processes.

B Audit & Supervisory Board Members' remunerations

Audit & Supervisory Board Members' remunerations are set by discussion by the Audit & Supervisory Board Members within the total amount of remunerations resolved in advance at a General Meeting of Shareholders. Remunerations for an Audit & Supervisory Board Member consist only of basic remuneration (monthly and fixed), and the level of such basic remunerations is set subject to a mutual consultation of Audit & Supervisory Board Members according to his/her job responsibilities and status distinction between internal and outside and by drawing on outside professional organization' survey data.

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

Category	Fixed remuneration		Variable remuneration						Total amount (million yen)
	Basic remuneration		Annual bonus		Medium-term bonus		Stock compensation		
	Number of persons	Total amount (million yen)	Number of persons	Total amount (million yen)	Number of persons	Total amount (million yen)	Number of persons	Total amount (million yen)	
Directors [of which, Outside Directors]	14 [4]	353 [51]	10 [–]	228 [–]	10 [–]	83 [–]	6 [–]	80 [–]	745 [51]
Audit & Supervisory Board Members [of which, Outside Audit & Supervisory Board Members]	6 [3]	114 [40]	– [–]	– [–]	– [–]	– [–]	– [–]	– [–]	114 [40]

Notes:

1. The figures above include 5 Directors Katsutoshi Takahashi, Yoshihide Okuda, Noboru Kagami, Kenji Hamada, and Naoki Tanaka and 1 Audit & Supervisory Board Member Akira Muto who retired upon the expiry of their terms of office at the conclusion of the 95th Annual General Meeting of Shareholders held on March 26, 2019.
2. A resolution authorizing payments associated with the termination of the retirement benefits for Directors and Audit & Supervisory Board Members to be paid at the time of retirement was passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007. As of the end of this fiscal year, the anticipated total amount of future payments was ¥19 million to 1 Director.
3. The maximum amount of Directors' remunerations (basic remuneration and bonus) is ¥1,500 million (including ¥100 million for Outside Directors) per year. (The resolution passed at the 95th Annual General Meeting of Shareholders held on March 26, 2019) Other than those listed above, the Company has passed the resolution, at the 95th Annual General Meeting of Shareholders held on March 26, 2019, to pay stock compensation to Directors (excluding Outside Directors) who were elected during the period of the Trust and took office and for whom the Company contributed up to ¥300 million during the period of the Trust (3 years). The Company may grant up to a total of 25,000 shares of the Company per fiscal year to all eligible Directors.
4. The amounts of annual bonus and medium-term bonus are the amount that was recorded as cost in this year.
5. The amount of remuneration stated as stock compensation is the amount that was recorded as cost in accordance with the stock compensation plan that was resolved at the 95th Annual General Meeting of Shareholders held on March 26, 2019.
6. The maximum amount of Audit & Supervisory Board Members' remunerations is ¥140 million (including ¥50 million for Outside Audit & Supervisory Board Members) per year (The resolution passed at the 95th Annual General Meeting of Shareholders held on March 26, 2019).

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

Category	Name	Form of participation, etc.
Outside Directors	Tatsuro Kosaka	Tatsuro Kosaka attended all Board of Directors meetings held this fiscal year and actively gave his opinions and recommendations regarding many proposals. In particular, he participated in discussions and activities that stimulated substantial and appropriate supervision of the Board of Directors such as asking questions and raising concerns that grasp the essence of the business execution of the Group overall and each group company in Japan and overseas from the perspective of a manager of a global corporation. Furthermore, he attended all Nomination Committee meetings held this fiscal year, and proactively attended the committee, took the initiative in operating the committee in a fair and transparent manner, and reported proposals regarding officer appointments to the Board of Directors as the chairperson of the Nomination Committee. As a committee member, he gave specific opinions and recommendations regarding evaluations, training and assignment for officers with consideration given to an effective succession plan from the perspective of a manager.
	Yasushi Shingai	Yasushi Shingai attended all Board of Directors meetings held this fiscal year and actively gave his opinions and recommendations regarding many proposals. In particular, he participated in discussions and activities that stimulated substantial and appropriate supervision of the Board of Directors such as raising concerns looking toward management in the long term from a risk management and sustainability perspective using his advanced and extensive experience in global management. Furthermore, he attended all Compensation Committee meetings held this fiscal year, and proactively attended the committee, took the initiative in operating the committee in a fair and transparent manner, and reported proposals regarding new remuneration plans for officers and proposals regarding bonus payment to the Board of Directors as the chairperson of the Compensation Committee. As a committee member, he gave his opinions and recommendations from various angles regarding officers' remuneration plans and their operation using his actual experience and broad knowledge in compensation management as an overseas local manager. In addition, since being appointed a member of the Nomination Committee in March 2019, he attended all Nomination Committee meetings held this fiscal year, and given specific opinions and recommendations based on his experience in overseas company management.
	Christina L. Ahmadjian	Christina L. Ahmadjian attended all Board of Directors meetings held this fiscal year since being appointed as a Director in March 2019, and actively gave her opinions and recommendations regarding many proposals. In particular, she participated in discussions and activities that stimulated substantial and appropriate supervision of the Board of Directors such as making honest and simple inquiries, and raising concerns about the invigoration of the management of proceedings from the perspective of organizational culture and governance 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, since being appointed a member of the Compensation Committee in March 2019, she attended all Compensation Committee meetings held this fiscal year 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	Katsutoshi Saito	Katsutoshi Saito attended all Audit & Supervisory Board meetings held this fiscal year, and carried out activities that audit the execution of duties by the Directors, including the internal control system, such as receiving reports from Standing Audit & Supervisory Board Members and the internal audit section, having meetings with the Chairman of the Board and the President and Representative Director, CEO, and reviewing the audit status of domestic group companies and the status of activities of overseas group companies' audit committees, etc. Furthermore, as an Outside Audit & Supervisory Board Member, he attended all Board of Directors meetings held this fiscal year and proactively made suggestions from a point of view based on his experience as a manager at global corporations and institutional investors. In addition, as a member of the Nomination Committee, he attended all Nomination Committee meetings and gave specific opinions and recommendations using his experience as a manager.
	Yumiko Waseda	Yumiko Waseda attended all Audit & Supervisory Board meetings held this fiscal year, and carried out activities that audit the execution of duties by the Directors, including the internal control system, such as receiving reports from Standing Audit & Supervisory Board Members and the internal audit section, having meetings with the Chairman of the Board and the President and Representative Director, CEO, and reviewing the audit status of domestic group companies and the status of activities of overseas group companies' audit committees, etc. Furthermore, as an Outside Audit & Supervisory Board Member, she attended all Board of Directors meetings held this fiscal year and proactively made suggestions from an expert point of view as an experienced lawyer. In addition, as a member of the Compensation Committee she attended all Compensation Committee meetings held this fiscal year and gave fair opinions and recommendations regarding new remuneration plans for officers, and the reporting of individual officer evaluations and the bonus amount based on these evaluations.
	Yutaka Kawakami	Yutaka Kawakami attended all Audit & Supervisory Board meetings held this fiscal year, and carried out activities that audit the execution of duties by the Directors, including the internal control system, such as receiving reports from Standing Audit & Supervisory Board Members and the internal audit section, having meetings with the Chairman of the Board and the President and Representative Director, CEO, reviewing the audit status of domestic group companies, and having periodic meetings with the finance section. Furthermore, as an Outside Audit & Supervisory Board Member, he attended all Board of Directors meetings held this fiscal year and proactively made suggestions from an expert point of view as an experienced certified public accountant who is well versed in accounting audits of global corporations.

5) Summary of agreements limiting liability

The Company has entered into an agreement with its Outside Directors and Outside Audit & Supervisory Board Members limiting his/her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act, to either ¥20,000,000 or the minimum amount stipulated by applicable laws and regulations, whichever is higher.

(3) Independent Accounting Auditor

1) Name of the Independent Accounting Auditor

KPMG AZSA LLC

2) Remunerations paid to the Independent Accounting Auditor for this fiscal year

Category	Remuneration based on audit professional services	Remuneration based on non-audit professional services
Remunerations by the Company for this fiscal year	¥215 million	¥94 million
Remunerations by the Company's subsidiaries for this fiscal year	¥148 million	¥0 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Accounting Auditor	¥364 million	¥95 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 Ltd paid KPMG, which belongs to the same network as the Company's Independent Accounting Auditor, a total of ¥398 million in audit fees and compensation for tax and related services.

3) Consecutive audit period

50 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 59 years.

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

Hiroyuki Yamada (Number of years of audit: 1 year)
Hiroto Yamane (Number of years of audit: 2 years)
Kei Sakayori (Number of years of audit: 5 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: 26 Others: 33

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

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

The Company also assigns professional duties to the Independent Accounting Auditor that are non-audit services such as financial/tax due diligence services.

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.

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(million yen)

	As of December 31, 2019	As of December 31, 2018 [Reference]
ASSETS		
Current assets:		
Cash and cash equivalents	48,489	57,317
Trade and other receivables	407,621	427,279
Inventories	171,717	160,319
Income tax receivables	24,940	37,308
Other financial assets	51,277	7,025
Other current assets	31,067	25,324
Total current assets	**735,113**	**714,576**
Non-current assets:		
Property, plant and equipment	735,022	689,985
Goodwill and intangible assets	1,398,422	1,428,543
Investments accounted for using equity method	8,755	8,668
Other financial assets	198,657	184,533
Deferred tax assets	15,734	16,300
Net defined benefit assets	20,655	19,282
Other non-current assets	28,424	17,424
Total non-current assets	**2,405,674**	**2,364,738**
Total assets	**3,140,788**	**3,079,315**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(million yen)

	As of December 31, 2019	As of December 31, 2018 [Reference]
LIABILITIES and EQUITY		
LIABILITIES		
Current liabilities:		
Trade and other payables	423,810	416,842
Bonds and borrowings	408,259	262,620
Income tax payables	39,555	39,624
Provisions	14,407	17,655
Other financial liabilities	56,265	62,027
Other current liabilities	133,375	140,821
Total current liabilities	**1,075,673**	**939,591**
Non-current liabilities:		
Bonds and borrowings	534,955	764,768
Net defined benefit liabilities	24,778	25,517
Deferred tax liabilities	147,969	137,277
Other financial liabilities	106,240	59,776
Other non-current liabilities	2,890	2,736
Total non-current liabilities	**816,835**	**990,076**
Total liabilities	**1,892,509**	**1,929,668**
EQUITY		
Issued capital	182,531	182,531
Share premium	119,163	119,128
Retained earnings	918,523	821,120
Treasury shares	(77,011)	(76,997)
Other components of equity	103,107	100,637
Total equity attributable to owners of parent	1,246,314	1,146,420
Non-controlling interests	1,965	3,227
Total equity	**1,248,279**	**1,149,647**
Total liabilities and equity	**3,140,788**	**3,079,315**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(million yen)

	For the year ended December 31, 2019	For the year ended December 31, 2018 [Reference]
Revenue	**2,089,048**	**2,120,291**
Cost of sales	(1,297,302)	(1,303,246)
Gross profit	**791,745**	**817,044**
Selling, general and administrative expenses	(578,774)	(595,661)
Other operating income	6,078	4,369
Other operating expense	(17,613)	(13,980)
Operating profit	**201,436**	**211,772**
Finance income	8,094	8,282
Finance costs	(13,012)	(12,731)
Share of profit (loss) of investments accounted for using equity method	872	887
Gain (loss) on sales of investments accounted for using equity method	–	(901)
Profit before tax	**197,391**	**207,308**
Income tax expense	(56,100)	(56,370)
Profit	**141,290**	**150,938**

Profit attributable to:		
Owners of parent	142,207	151,077
Non-controlling interests	(916)	(139)
Total	141,290	150,938

[Reference] CONSOLIDATED STATEMENT OF CASH FLOWS (Summary)

(million yen)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cash flows from (used in) operating activities:		
Profit before tax	197,391	207,308
Depreciation and amortization expenses	113,036	109,206
Loss (gain) on sales of investments accounted for using equity method	–	901
Decrease (increase) in trade receivables	22,881	(2,759)
Decrease (increase) in inventories	(10,722)	(8,966)
Increase (decrease) in trade payables	2,955	(3,397)
Increase (decrease) in accrued alcohol tax	(9,214)	(3,799)
Increase (decrease) in net defined benefit assets and liabilities	1,338	655
Other	(7,472)	59,513
Subtotal	310,192	358,664
Interest and dividends received	3,818	3,662
Interest paid	(6,875)	(6,831)
Income taxes paid	(53,666)	(103,053)
Net cash flows from (used in) operating activities	**253,469**	**252,441**
Cash flows from (used in) investing activities:		
Purchase of fixed assets	(85,322)	(87,888)
Purchase of investment securities	(5,841)	(986)
Proceeds from sales of investment securities	8,856	10,591
Proceeds from sales of investment in an entity accounted for using equity method	–	101,646
Purchase of shares of subsidiaries and others resulting in change in scope of consolidation	(23,942)	–
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	741	989
Other	1,842	(1,846)
Net cash flows from (used in) investing activities	**(103,666)**	**22,505**
Cash flows from (used in) financing activities:		
Increase (decrease) in financial liabilities	(111,367)	(228,623)
Purchase of treasury shares	(31)	(250)
Dividends paid	(48,556)	(41,229)
Other	1,113	(460)
Net cash flows from (used in) financing activities	**(158,841)**	**(270,564)**
Effect of exchange rate changes on cash and cash equivalents	**209**	**(4,416)**
Net increase (decrease) in cash and cash equivalents	**(8,828)**	**(33)**
Cash and cash equivalents at beginning of period	**57,317**	**58,054**
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	**–**	**(703)**
Cash and cash equivalents at end of period	**48,489**	**57,317**

NON-CONSOLIDATED FINANCIAL STATEMENTS (Japanese GAAP)

NON-CONSOLIDATED BALANCE SHEET

(million yen)

	As of December 31, 2019	As of December 31, 2018 [Reference]
ASSETS		
Current assets:		
Cash and deposits	16,814	26,938
Short-term loans receivable	219,521	213,309
Prepaid expenses	2,288	1,067
Income tax receivables	18,677	35,362
Other	55,529	14,200
Allowance for doubtful accounts	(2,898)	(1,795)
Total current assets	**309,933**	**289,083**
Non-current assets:		
Property, plant and equipment:		
Buildings	14,893	15,306
Structures	394	421
Machinery and equipment	142	283
Vehicles	0	0
Tools, furniture and fixtures	873	1,025
Land	15,037	15,037
Leased assets	901	588
Construction in progress	314	33
Total property, plant and equipment	**32,557**	**32,696**
Intangible assets:		
Right of using facilities	39	39
Trademarks	8,957	9,927
Software	9,626	9,153
Leased assets	122	164
Other	5	6
Total intangible assets	**18,750**	**19,291**
Investments and other assets:		
Investment securities	11,886	13,923
Shares of subsidiaries and associates	1,520,490	1,522,395
Investments in capital of subsidiaries and associates	4,519	4,519
Long-term loans receivable from subsidiaries and associates	300	550
Deferred tax assets	–	10,021
Other	2,855	2,258
Allowance for doubtful accounts	(187)	(182)
Total investments and other assets	**1,539,864**	**1,553,486**
Total non-current assets	**1,591,172**	**1,605,473**
Total assets	**1,901,105**	**1,894,557**

NON-CONSOLIDATED BALANCE SHEET

(million yen)

	As of December 31, 2019	As of December 31, 2018 [Reference]
LIABILITIES		
Current liabilities:		
Short term loans payable	195,202	233,923
Commercial papers	82,000	60,000
Current portion of bonds	125,000	35,000
Lease obligations	328	272
Accounts payable - other	1,144	765
Accrued expenses	4,462	3,858
Deposits received	46,058	36,304
Provision for bonuses	224	237
Provision for directors' bonuses	296	310
Other	396	583
Total current liabilities	**455,113**	**371,256**
Non-current liabilities:		
Bonds payable	356,604	481,604
Long term loans payable	186,362	286,800
Lease obligations	781	542
Deferred tax liabilities	4,452	–
Other	1,147	1,174
Total non-current liabilities	**549,346**	**770,121**
Total liabilities	**1,004,459**	**1,141,377**
NET ASSETS		
Shareholders' equity:		
Issued capital	**182,531**	**182,531**
Capital surplus	**151,683**	**151,683**
Legal capital surplus	50,292	50,292
Other capital surplus	101,391	101,390
Retained earnings	**601,846**	**490,449**
Other retained earnings	601,846	490,449
General reserve	195,000	195,000
Retained earnings brought forward	406,846	295,449
Treasury shares	**(77,011)**	**(76,997)**
Total shareholders' equity	**859,049**	**747,666**
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	**3,641**	**4,502**
Deferred gains or losses on hedges	**33,954**	**1,011**
Total valuation and translation adjustments	**37,596**	**5,513**
Total net assets	**896,646**	**753,180**
Total liabilities and net assets	**1,901,105**	**1,894,557**

NON-CONSOLIDATED STATEMENT OF INCOME

(million yen)

	For the year ended December 31, 2019	For the year ended December 31, 2018 [Reference]
Operating revenue	**200,895**	**244,201**
Operating income of the Group	33,858	33,073
Rent income of real estate	1,831	1,520
Dividends from subsidiaries and associates	163,307	209,606
Other	1,897	–
Operating expenses	**34,601**	**30,304**
Operating profit	**166,294**	**213,897**
Non-operating income	**1,271**	**1,173**
Interest and dividend income	1,004	926
Foreign exchange gains	–	62
Other	267	185
Non-operating expenses	**5,002**	**4,033**
Interest expenses	3,190	3,747
Foreign exchange losses	216	–
Provision of allowance for doubtful accounts	1,108	55
Other	487	229
Ordinary profit	**162,562**	**211,037**
Extraordinary income	**941**	**32,051**
Gain on sales of fixed assets	7	39
Gain on sales of investment securities	933	1,699
Gain on sales of shares of subsidiaries and associates	–	30,311
Extraordinary losses	**2,481**	**1,151**
Loss on sales and disposals of fixed assets	163	329
Loss on sales of investment securities	59	185
Loss on valuation of shares of subsidiaries and associates	2,005	–
Other	253	636
Profit before income taxes	**161,023**	**241,937**
Income taxes - current	**826**	**869**
Income taxes - deferred	**239**	**10,837**
Profit	**159,957**	**230,230**

AUDIT REPORTS

Independent accounting auditor's report on consolidated financial statements

Independent Auditor's Report

February 6, 2020

The Board of Directors
Asahi Group Holdings, Ltd.

KPMG AZSA LLC

Hiroyuki Yamada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroto Yamane (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kei Sakayori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising 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. as at December 31, 2019, and for the year from January 1, 2019 to December 31, 2019 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness

of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Asahi Group Holdings, Ltd. and its consolidated subsidiaries 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.

Other Matter

Our firm and engagement partners have no interest in the Company which should 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.

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

Independent Auditor's Report

February 6, 2020

The Board of Directors
Asahi Group Holdings, Ltd.

KPMG AZSA LLC

Hiroyuki Yamada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroto Yamane (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kei Sakayori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising 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 of Asahi Group Holdings, Ltd. as at December 31, 2019 and for the year from January 1, 2019 to December 31, 2019 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the non-consolidated Financial Statements and Others

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

Auditor's Responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and

the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the non-consolidated financial position and the results of operations of Asahi Group Holdings, Ltd. for the period, for which the non-consolidated financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should 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.

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 96th fiscal year, the period from January 1, 2019 to December 31, 2019, after due discussions and consultations among the Audit & Supervisory Board Members.

1. Methods used in audits by the individual Audit & Supervisory Board Members and by the Audit & Supervisory Board and content of audits

(1) The Audit & Supervisory Board determined the audit policies and division of duties, and received reports from each Audit & Supervisory Board Member regarding the status and results of the audits, as well as reports from the Directors and Independent Accounting Auditor on the execution of their duties, and requested explanations of those reports when necessary.

(2) Each Audit & Supervisory Board Member, in accordance with the audit policies, division of duties, etc. based on the audit standards established by the Audit & Supervisory Board, sought to achieve mutual understanding with the Directors, the section in charge of internal audit and other employees, strove to collect information and create an audit environment, attended meetings of the Board of Directors and other important meetings, received reports from Directors, other employees regarding the execution of their duties and requested explanations when necessary, reviewed documents related to important decisions, and inspected the operations and property of the head office and other locations. With respect to "systems to ensure appropriate execution of Directors' duties in conformity with laws and regulations and the Articles of Incorporation and other systems to ensure appropriate business operations, which is included in the Business Report (internal control systems)" (Item 6, Paragraph 4, Article 362 of the Companies Act and Paragraphs 1 and 3, Article 100 of the Regulation for Enforcement of the Companies Act), the Audit & Supervisory Board received reports regularly from Directors and other employees regarding the status of the establishment and implementation of the systems, sought additional explanations as necessary, and expressed opinions thereon. The Audit & Supervisory Board Members discussed the contents of the "basic policy concerning the persons who control decisions on the Company's financial and business policies" (Item 3, Article 118 of the Regulation for Enforcement of the Companies Act) included in the Business Report, based on discussions of the Board of Directors and other parties. With respect to subsidiaries, the Audit & Supervisory Board Members took steps to facilitate communications and exchange information with the Directors and Corporate Auditors of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses. Using the foregoing methods, the Audit & Supervisory Board Members reviewed the Business Report and the supplementary schedules for this fiscal year.

(3) The Audit & Supervisory Board oversaw and verified that the Independent Accounting Auditor maintained its independence and carried out appropriate audits, moreover, and received reports from the Independent Accounting Auditor regarding the execution of its duties and requested explanations when necessary. The Audit & Supervisory Board also received notifications from the Independent Accounting Auditor to the effect that "a system for the maintenance of appropriate execution of duties" (included in Article 131 of the Regulation on Corporate Accounting) in accordance with the "standards for quality control of audits" (Business Accounting Council; October 28, 2005), etc., and requested explanations when necessary. Based on the above activities, the Audit & Supervisory Board examined the non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements), the supplementary schedules, and the consolidated financial statements (Consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to the consolidated financial statements) for this fiscal year.

2. Results of the Audit

(1) Results of audit of the Business Report, etc.

- In our opinion, the Business Report and the supplementary schedules present the situation of the Company fairly, in compliance with the provisions of applicable laws and regulations and the Articles of Incorporation.
- In our opinion, there are no wrongful acts or material violations of applicable laws and regulations or the Articles of Incorporation in the execution of their duties by the Directors.
- In our opinion, the content of the resolution by the Board of Directors regarding internal control systems is appropriate, and, furthermore, content of the Business Report regarding the internal control systems and the execution by the Directors have been appropriate.
- In our opinion, the Company's basic policy concerning the persons who control decisions on the Company's financial and business policies in the Business Report is appropriate.
  We acknowledge that the measures implemented to achieve this basic policy are consistent with the basic policy, will not harm the common interest of the Company's shareholders, and will not serve the purpose of maintaining the positions of the Company's Directors and Audit & Supervisory Board Members.

(2) Results of the audit of non-consolidated financial statements and the supplementary schedules

In our opinion, the auditing methods used by KPMG AZSA LLC, the Independent Accounting Auditor, and the results of its audit are appropriate.

(3) Results of the audit of consolidated financial statements

In our opinion, the auditing methods used by KPMG AZSA LLC, the Independent Accounting Auditor, and the results of its audit are appropriate.

February 7, 2020

Audit & Supervisory Board
Asahi Group Holdings, Ltd.

Yoshihide Okuda (Seal)
Standing Audit & Supervisory Board Member

Tetsuo Tsunoda (Seal)
Standing Audit & Supervisory Board Member

Katsutoshi Saito (Seal)
Outside Audit & Supervisory Board Member

Yumiko Waseda (Seal)
Outside Audit & Supervisory Board Member

Yutaka Kawakami (Seal)
Outside Audit & Supervisory Board Member


Asahi