

Asahi Group Holdings, Ltd.



FY2017 Consolidated Financial Results (IFRS)

NOTE:

All information has been prepared in accordance with International Financial Reporting Standards (IFRS). Amounts shown in this accounting report and in the attached materials have been rounded down to omit fractions less than one million yen. This document is a partial English translation of the Japanese Financial Statement which was filed at Stock Exchanges in Japan on February 15, 2018. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of Financial Results
(Fiscal 2017)**

February 15, 2018

Asahi Group Holdings, Ltd.

Code number: 2502
Shares Listed: First Section of each of Tokyo Stock Exchanges
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US GAAP: Not applicable

1. Overview of performance (From January 1, 2017 to December 31, 2017)

(figures are rounded down to the million)

(1) Business performance

(percentage figures represent the change form the previous year)

	Revenue		Core Operating Profit		Operating Profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2017 ended December 31, 2017	2,084,877	22.1	196,368	32.2	183,192	33.8	138,848	59.4
Fiscal 2016 ended December 31, 2016	1,706,901	1.0	148,486	5.5	136,889	41.7	87,115	16.8

	Profit attributable to owners of parent		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2017 ended December 31, 2017	141,003	58.0	320,979	420.8
Fiscal 2016 ended December 31, 2016	89,221	17.8	61,627	16.1

	Basic earnings per share	Diluted earnings per share	ROE	ROA	Operating Profit margin
	(yen)	(yen)	(%)	(%)	(%)
Fiscal 2017 ended December 31, 2017	307.78	307.78	14.2	7.2	8.8
Fiscal 2016 ended December 31, 2016	194.75	194.75	11.0	7.7	8.0

(Reference)

Share of loss (profit) of entities accounted for using equity method Fiscal2017 1,055 Millions of yen Fiscal2016 1,974 Millions of yen

Core Operating Profit margin Fiscal2017 9.4 % Fiscal2016 8.7 %

Profit before tax Fiscal2017 196,984 Millions of yen Fiscal2016 150,068 Millions of yen

*Core operating profit is the reference index for normalized business performance. Core operating profit = Revenue - (COGS + general administrative cost)

*Core operating profit is not the index defined in IFRS. We think this index is useful for financial statements users so that we disclose it spontaneously.

(2) Financial Condition

	Total assets	Total Equity	Equity attributable to owners of parent	Equity ratio attributable to owners of parent	BPS
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(%)
Fiscal 2017 ended December 31, 2017	3,346,822	1,152,748	1,145,135	34.2	2,499.62
Fiscal 2016 ended December 31, 2016	2,094,332	846,105	836,354	39.9	1,825.57

(Note) Consolidated financial statements at the end of fiscal 2016 were adjusted retrospectively due to the settlement of the tentative accounting regarding the business combination applied to the financial results at the end of fiscal 2016.

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the end of the period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal 2017 ended December 31, 2017	231,712	(885,823)	661,882	58,054
Fiscal 2016 ended December 31, 2016	154,452	(268,507)	119,554	48,459

2. Dividends

	Cash dividend per share					Total dividends (annual)	Payout Ratio (Consolidated)	Dividends on equity attributable to owners of the company ratio (consolidated) (%)
	Q1	Q2	Q3	Year-end	Total annua			
	(yen)	(yen)	(yen)	(yen)	(yen)			
Fiscal 2016 ended December 31, 2016	-	26.00	-	28.00	54.00	24,739	27.7	3.0
Fiscal 2017 ended December 31, 2017	-	30.00	-	45.00	75.00	34,359	24.4	3.5
Fiscal 2018 ending December 31, 2018 (forecast)	-	45.00	-	45.00	90.00		29.0	

3. Forecast for Fiscal 2018 (January 1, 2018 to December 31, 2018)

	Revenue		Core Operating Profit		Operating Profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2018 ending June 30, 2018	998,000	6.5	81,700	9.6	75,600	6.9	55,000	27.2
Fiscal 2018 ending December 31, 2018	2,140,000	2.6	220,000	12.0	200,000	9.2	142,300	2.5

	Profit attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(yen)
Fiscal 2018 ending June 30, 2018	55,000	27.0	120.05
Fiscal 2018 ending December 31, 2018	142,000	0.7	309.96

(Note) Profit before tax at the end of FY2018 (forecast): 203,000 million yen (3.1%)

Notes

(1) Changes in status of material subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): Yes

New: 1 company (Asahi Breweries Europe Ltd), Excluded: - company (-)

(2) Changes in accounting policies, or changes in accounting estimates

- (1) Changes in accounting policies required by IFRS: No
- (2) Changes in accounting policies other than item (1) above: No
- (3) Changes in accounting estimates: No

(3) Number of shares (common stock):

(1) Issued share at period-end (including treasury shares):

Year ended December 31, 2017	483,585,862 shares
Year ended December 31, 2016	483,585,862 shares

(2) Treasury shares at period-end:

Year ended December 31, 2017	25,461,769 shares
Year ended December 31, 2016	25,453,509 shares

(3) Average number of outstanding shares during the period:

Year ended December 31, 2017	458,128,279 shares
Year ended December 31, 2016	458,122,963 shares

(Reference)

1. Non-consolidated Financial Results for Fiscal 2017 (From January 1, 2017 to December 31, 2017)

(1) Business performance

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2017 ended December 31, 2017	136,389	139.9	104,706	295.7	100,430	277.1	65,975	74.0
Fiscal 2016 ended December 31, 2016	56,851	(19.3)	26,462	(35.3)	26,630	(33.2)	37,917	3.5
	Net income per share (Primary) (yen)		Net income per share (Diluted) (yen)					
Fiscal 2017 ended December 31, 2017	144.01		144.01					
Fiscal 2016 ended December 31, 2016	82.77		82.76					

(2) Financial Condition

	Total assets		Net assets		Equity ratio		Net assets per share	
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(%)	(yen)	(yen)
Fiscal 2017 ended December 31, 2017	1,953,291	565,460	565,460	565,460	28.9	28.9	1,234.30	1,234.30
Fiscal 2016 ended December 31, 2016	1,109,207	528,117	528,117	528,117	47.6	47.6	1,152.76	1,152.76

(Reference)

Equity Fiscal2017 565,460 Millions of yen Fiscal2016 528,117 Millions of yen

* This Consolidated Financial Results is not subject to the review procedures

* Forward-looking statements and other special instructions

The forward-looking statements that reflect Asahi's forecasts for consolidated and unconsolidated results in this document are based on the information available at the time of the release of these materials and reasonable assumptions made by Asahi.

Certain risks and uncertainties could cause the results of Asahi to differ materially from any projections presented herein.

4. Consolidated Financial Statements (Unaudited)

(1) Consolidated Statement of Financial Position (As of December 31, 2016 and 2017)

(Millions of yen)

	As of December 31, 2016	As of December 31, 2017
(Assets)		
Current assets		
Cash and cash equivalents	48,459	58,054
Trade and other receivables	397,340	433,436
Inventories	136,460	155,938
Income tax receivables	14,161	12,354
Other financial assets	3,428	6,896
Other current assets	31,934	27,104
Subtotal	631,784	693,785
Assets held for sale	3,241	118,641
Total current assets	635,026	812,426
Non-current assets		
Property, plant and equipment	570,771	717,914
Goodwill and intangible assets	499,489	1,538,679
Investments accounted for using equity method	141,398	4,846
Other financial assets	198,586	219,142
Deferred tax assets	18,825	11,388
Net defined benefit assets	18,942	26,055
Other non-current assets	11,293	16,368
Total non-current assets	1,459,305	2,534,396
Total assets	2,094,332	3,346,822
(Liabilities and Equity)		
Current liabilities		
Trade and other payables	332,639	433,582
Bonds and borrowings	281,870	359,722
Income tax payables	34,957	51,856
Allowance	4,870	15,451
Other financial liabilities	26,352	29,224
Other current liabilities	137,957	144,355
Subtotal	818,649	1,034,191
Liabilities directly related to assets held for sale	907	17,965
Total current liabilities	819,556	1,052,157
Non-current liabilities		
Bonds and borrowings	288,490	902,203
Net defined benefit liabilities	25,789	25,488
Deferred tax liabilities	57,252	156,780
Other financial liabilities	54,127	52,997
Other non-current liabilities	3,009	4,446
Total non-current liabilities	428,670	1,141,917
Total liabilities	1,248,226	2,194,074
Equity		
Issued capital	182,531	182,531
Share premium	118,668	119,051
Retained earnings	589,935	713,146
Treasury shares	(76,709)	(76,747)
Other components of equity	21,927	210,592
Other components of equity related to disposal group held for sale	—	(3,440)
Total equity attributable to owners of parent	836,354	1,145,135
Non-controlling interests	9,750	7,612
Total equity	846,105	1,152,748
Total liabilities and equity	2,094,332	3,346,822

(2) Consolidated Statement of Profit or Loss and Comprehensive Income

(From January 1 to December 31, 2016 and 2017)

<Consolidated Income Statements>

(Millions of yen)

	Previous year (From January 1 to December 31)	Current year (From January 1 to December 31)
Revenue	1,706,901	2,084,877
Cost of sales	(1,098,173)	(1,295,399)
Gross Profit	608,728	789,477
Selling, general and administrative expenses	(460,241)	(593,108)
Other operating income	8,004	12,530
Other operating expense	(19,600)	(25,706)
Operating Profit	136,889	183,192
Finance income	3,106	5,206
Finance costs	(4,066)	(10,368)
Share of profit (loss) of entities accounted for using equity method	1,974	1,055
Gain on sales of investments accounted for using equity method	12,163	17,898
Profit before tax	150,068	196,984
Income tax expense	(62,952)	(58,135)
Profit	87,115	138,848
Profit attributable to:		
Owners of parent	89,221	141,003
Non-controlling interests	(2,105)	(2,155)
Total	87,115	138,848
Basic earnings per share (JPY)	194.75	307.78
Diluted earnings per share (JPY)	194.75	307.78

<Consolidated Statement of Comprehensive Income>

(Millions of yen)

	Previous year (From January 1 to December 31)	Current year (From January 1 to December 31)
Profit	87,115	138,848
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of financial instruments measured at fair value through other comprehensive income	(3,010)	23,083
Remeasurements of defined benefit plans	(6,333)	5,154
Share of other comprehensive income of entities accounted for using equity method	30	(6)
Items that might be reclassified to profit or loss		
Cash flow hedges	(7,628)	(12,364)
Hedging cost	—	(1,179)
Translation difference on foreign operations	10,137	158,263
Share of other comprehensive income of entities accounted for using equity method	(18,683)	9,180
Total other comprehensive income	(25,488)	182,131
Total comprehensive income	61,627	320,979
Total comprehensive income attributable to:		
Owners of parent	64,366	323,211
Non-controlling interests	(2,738)	(2,232)

(3) Consolidated Statement of Changes in Equity
Fiscal 2016 (January 1 to June 30, 2016)

(Millions of yen)

	Equity attributable to owners of parent						
	Issued capital	Share premium	Retained earnings	Treasury shares	Other components of equity		
					Changes in fair value of financial instruments measured at fair value through OCI	Remeasurements of defined benefit plans	Cash flow hedges
Balance as of January 1, 2016	182,531	120,524	549,084	(77,377)	36,596	—	(138)
Comprehensive income							
Profit for			89,221				
Other comprehensive income					(2,967)	(6,301)	(7,652)
Total comprehensive income	—	—	89,221	—	(2,967)	(6,301)	(7,652)
Transfer to non-financial assets							7,571
Transactions with owners							
Dividends			△23,817				
Purchase of treasury shares				(21)			
Disposal of treasury shares		(302)		689			
Changes through business combinations							
Share-based payment transaction		44					
Transfer from other components of equity to retained earnings			(24,553)		18,252	6,301	
Other increase (decrease)							
Total contributions by owners and distribution to owners	—	(258)	(48,370)	668	18,252	6,301	—
Acquisition of non-controlling interests without change in control		(1,597)					
Total changes in ownership interests in subsidiaries	—	(1,597)	—	—	—	—	—
Total transactions with owners	—	(1,855)	(48,370)	668	18,252	6,301	—
Balance as of December 31, 2016	182,531	118,668	589,935	(76,709)	51,881	—	(219)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity			Other components of equity related to disposal group held for sale	Total equity attributable to owners of parent		
	Hedging cost	Translation difference on foreign operations	Total other components of equity				
Balance as of January 1, 2016	—	(21,800)	14,657	—	789,420	14,261	803,682
Comprehensive income							
Profit			—		89,221	(2,105)	87,115
Other comprehensive income		(7,933)	(24,854)		(24,854)	(633)	(25,488)
Total comprehensive income	—	(7,933)	(24,854)	—	64,366	(2,738)	61,627
Transfer to non-financial assets			7,571		7,571		7,571
Transactions with owners							
Dividends			—		(23,817)	(489)	(24,306)
Purchase of treasury shares			—		(21)		(21)
Disposal of treasury shares			—		386		386
Changes through business combinations			—		—	155	155
Share-based payment transaction			—		44		44
Transfer from other components of equity to retained earnings			24,553		—		—
Other increase (decrease)			—		—	312	312
Total contributions by owners and distribution to owners	—	—	24,553	—	(23,406)	(21)	(23,428)
Acquisition of non-controlling interests without change in control			—		(1,597)	(1,750)	(3,347)
Total changes in ownership interests in subsidiaries	—	—	—	—	(1,597)	(1,750)	(3,347)
Total transactions with owners	—	—	24,553	—	(25,004)	(1,771)	(26,776)
Balance as of December 31, 2016	—	(29,734)	21,927	—	836,354	9,750	846,105

(3) Consolidated Statement of Changes in Equity
Fiscal 2017 (January 1 to December 31, 2017)

(Millions of yen)

	Equity attributable to owners of parent						
	Issued capital	Share premium	Retained earnings	Treasury shares	Other components of equity		
					Changes in fair value of financial instruments measured at fair value through OCI	Remeasurements of defined benefit plans	Cash flow hedges
Balance as of January 1, 2017	182,531	118,668	589,935	(76,709)	51,881	—	(219)
Comprehensive income							
Profit			141,003				
Other comprehensive income					23,083	5,200	(12,200)
Total comprehensive income	—	—	141,003	—	23,083	5,200	(12,200)
Transfer to non-financial assets							11,795
Transactions with owners							
Dividends			(26,571)				
Purchase of treasury shares				(38)			
Disposal of treasury shares		0		0			
Changes through business combinations							
Changes through sales of consolidated subsidiaries		332					
Share-based payment transaction		48					
Transfer from other components of equity to retained earnings			8,779		(3,578)	(5,200)	
Transfer to other components of equity related to disposal group held for sale							
Other increase (decrease)							
Total contributions by owners and distribution to owners	—	380	(17,792)	(38)	(3,578)	(5,200)	—
Acquisition of non-controlling interests without change in control		2					
Total changes in ownership interests in subsidiaries	—	2	—	—	—	—	—
Total transactions with owners	—	383	(17,792)	(38)	(3,578)	(5,200)	—
Balance as of December 31, 2017	182,531	119,051	713,146	(76,747)	71,386	—	(624)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity			Other components of equity related to disposal group held for sale	Total equity attributable to owners of parent		
	Hedging cost	Translation difference on foreign operations	Total other components of equity				
Balance as of January 1, 2017	—	(29,734)	21,927	—	836,354	9,750	846,105
Comprehensive income							
Profit			—		141,003	(2,155)	138,848
Other comprehensive income	(1,179)	167,304	182,208		182,208	(76)	182,131
Total comprehensive income	(1,179)	167,304	182,208	—	323,211	(2,232)	320,979
Transfer to non-financial assets			11,795		11,795		11,795
Transactions with owners							
Dividends			—		(26,571)	(405)	(26,976)
Purchase of treasury shares			—		(38)		(38)
Disposal of treasury shares			—		0		0
Changes through business combinations			—		—	300	300
Changes through sales of consolidated subsidiaries			—		332		332
Share-based payment transaction			—		48		48
Transfer from other components of equity to retained earnings			(8,779)		—		—
Transfer to other components of equity related to disposal group held for sale		3,440	3,440	(3,440)	—		—
Other increase (decrease)			—		—	242	242
Total contributions by owners and distribution to owners	—	3,440	(5,338)	(3,440)	(26,229)	136	(26,092)
Acquisition of non-controlling interests without change in control			—		2	(42)	(39)
Total changes in ownership interests in subsidiaries	—	—	—	—	2	(42)	(39)
Total transactions with owners	—	3,440	(5,338)	(3,440)	(26,226)	93	(26,132)
Balance as of December 31, 2017	(1,179)	141,010	210,592	(3,440)	1,145,135	7,612	1,152,748

(4) Consolidated Statement of Cash Flows

(From January 1 to December 31, 2016 and 2017)

(Millions of yen)

	Previous year (From January 1 to December 31)	Current year (From January 1 to December 31)
Cash flows from operating activities		
Profit before tax	150,068	196,984
Depreciation and amortization	71,131	101,813
Impairment loss	6,336	10,128
Interest and dividends income	(2,836)	(2,975)
Interest expenses	3,763	6,725
Equity in net income (loss) of affiliates	(1,974)	(1,055)
Gain from sales of investments accounted for using equity method	(12,163)	(17,898)
Gain (loss) on sales of stocks of subsidiaries and affiliates	—	(10,542)
Loss (gain) on sales and retirement of non-current assets	(1,324)	5,469
Increase (decrease) in trade and other receivables	(9,821)	(11,536)
Increase (decrease) in inventories	(607)	(4,752)
Increase (decrease) in trade and other payables	6,369	7,490
Decrease (increase) in accrued liquor tax payables	497	(3,834)
Increase (decrease) in defined benefit assets and liabilities	(2,096)	1,358
Other	(2,623)	32,304
Subtotal	204,718	309,680
Interest and dividends received	5,546	5,839
Interest paid	(3,658)	(5,601)
Income tax paid	(52,153)	(78,205)
Cash flows from operating activities	154,452	231,712
Cash flows from investing activities		
Purchase of property, plant and equipment	(50,357)	(76,636)
Proceeds from sales of property, plant and equipment	11,923	2,315
Purchase of intangible assets	(7,791)	(11,246)
Purchase of investment securities	(2,286)	(1,430)
Proceeds from sales of investment securities	30,870	11,939
Gain from sales of investments accounted for using equity method	36,440	68,972
Purchase of subsidiaries and others relating to the change of scope of consolidation	(290,893)	(891,555)
Proceeds from sales of subsidiaries and others relating to the change of scope of consolidation	—	15,318
Other	3,587	(3,499)
Cash flows from investing activities	(268,507)	(885,823)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(10,793)	41,076
Repayments of lease obligations	(10,765)	(9,851)
Proceeds from long-term loans payables	205,310	303,378
Repayment of long-term loans payables	(7,479)	(62,600)
Proceeds from issuance of bonds	—	436,604
Redemption of bonds	(30,000)	(18,000)
Purchase of treasury shares	(21)	(38)
Dividends paid	(23,817)	(26,571)
Proceeds from share issuance to non-controlling interests	313	261
Purchase of subsidiaries and others without the change of scope of consolidation	(2,773)	(39)
Other	(419)	(2,336)
Cash flows from financing activities	119,554	661,882

(Continued)

(Millions of yen)

	Previous year (From January 1 to December 31)	Current year (From January 1 to December 31)
Effect of exchange rate changes on cash and cash equivalents	642	2,111
Increase (decrease) in cash and cash equivalents	6,141	9,883
Cash and cash equivalents at the beginning of period	43,290	48,459
Cash and cash equivalents contained in assets held for sale	(972)	(288)
Cash and cash equivalents at the end of period	48,459	58,054

(5) Note to the Consolidated Financial Statements

(Notes regarding the going concern assumption)

There are no applicable items.

(Segment Information)

Fiscal 2016 (January 1 to December 31, 2016)

(Millions of yen)

	Alcohol Beverages	Soft Drinks	Food	Overseas	Other	Total	Adjustments	Consolidated total
Revenue								
To outside customers	950,438	355,991	109,130	247,760	43,581	1,706,901	—	1,706,901
Inter-segment revenue	26,211	7,914	1,693	2,556	58,698	97,073	(97,073)	—
Total	976,649	363,905	110,824	250,316	102,279	1,803,975	(97,073)	1,706,901
Segment profit (loss)	111,192	32,775	11,377	(8)	1,983	157,320	(20,430)	136,889
Segment assets	718,898	291,331	89,833	961,721	25,552	2,087,337	6,994	2,094,332
Others								
Depreciation and amortization	27,249	22,222	3,265	14,744	436	67,918	3,212	71,131
Impairment loss	3,063	—	—	3,272	—	6,336	—	6,336
Equity in net income (loss) of affiliates	66	—	—	1,842	—	1,908	65	1,974
Investments accounted for using equity method	882	—	—	139,707	—	140,590	807	141,398
Payments added to non-current assets (excluding financial instruments and deferred tax assets)	36,981	18,691	3,763	18,003	445	77,886	4,569	82,455

Adjustment of segment profit (loss) of (20,430) million yen includes corporate expenses of (20,410) million yen which is not allocated to reporting segment and the elimination of inter-segment transactions, etc. of (20) million yen. The corporate expenses are mainly Group management expenses generated by the Company in its role as a pure holding company. The prices applied to the internal transactions among the segments are equivalent to those for the outside customers.

Adjustment of segment assets of 6,994 million yen includes corporate assets of 33,093 million yen which is not allocated to reporting segment and the elimination of inter-segment transactions (receivables and payables), etc. of (26,099) million yen. The corporate assets are mainly the Company assets in its role as a pure holding company.

Fiscal 2017 (January 1 to December 31, 2017)

(Millions of yen)

	Alcohol Beverages	Soft Drinks	Food	Overseas	Other	Total	Adjustments	Consolidated total
Revenue								
To outside customers	942,016	366,012	112,184	618,526	46,137	2,084,877	—	2,084,877
Inter-segment revenue	26,841	8,505	1,601	2,585	60,003	99,537	(99,537)	—
Total	968,858	374,517	113,785	621,112	106,141	2,184,415	(99,537)	2,084,877
Segment profit (loss)	113,560	44,407	10,893	34,837	1,979	205,677	(22,484)	183,192
Segment assets	733,352	284,048	91,145	2,178,030	26,024	3,312,600	34,222	3,346,822
Others								
Depreciation and amortization	27,459	22,295	3,368	44,737	599	98,460	3,353	101,813
Impairment loss	915	—	43	9,149	20	10,128	—	10,128
Equity in net income (loss) of affiliates	100	—	—	938	—	1,038	16	1,055
Investments accounted for using equity method	681	—	—	3,391	—	4,073	773	4,846
Payments added to non-current assets (excluding financial instruments and deferred tax assets)	32,456	29,634	4,807	42,140	552	109,591	2,188	111,779

Adjustment of segment profit (loss) of (22,484) million yen includes corporate expenses of (22,405) million yen which is not allocated to reporting segment and the elimination of inter-segment transactions, etc. of (79) million yen. The corporate expenses are mainly Group management expenses generated by the Company in its role as a pure holding company. The prices applied to the internal transactions among the segments are equivalent to those for the outside customers.

Adjustment of segment assets of 34,222 million yen includes corporate assets of 62,015 million yen which is not allocated to reporting segment and the elimination of inter-segment transactions (receivables and payables), etc. of (27,793) million yen. The corporate assets are mainly the Company assets in its role as a pure holding company.

(Significant subsequent events)

The Company resolved at its Board of Directors held on February 15, 2018 that the Company would submit the proposal for reducing the amount of its capital reserve to the 94th Annual General Meeting of Shareholders to be held on March 27, 2018.

1. Purpose of reduction in the amount of capital reserve

In a bid to ensure that the future capital policies will be executed in a flexible and prompt manner, the Company will reduce a portion of capital reserve, in accordance with the provision stipulated in Paragraph 1, Article 448 of the Companies Act.

2. Outline of the reduction in capital reserve

(1) Amount to be reduced in capital reserve

80 billion yen of the capital reserve of 130,292,423,460 yen

(2) Method of reducing amount of capital reserve

A portion of capital reserve will be reduced and transferred to other capital surplus.

3. Schedule for reduction in capital reserve

- | | |
|--|----------------------------|
| (1) Date of resolution at the Board of Directors Meeting : | February 15, 2018 |
| (2) Date of resolution at the Annual General Meeting of Shareholders : | March 27, 2018 (tentative) |
| (3) Creditor objection statement notice : | April 10, 2018 (tentative) |
| (4) Creditor objection statement final deadline : | May 10, 2018 (tentative) |
| (5) Effective date : | May 31, 2018 (tentative) |