

# Asahi Group Holdings, Ltd.



## FY2018 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 14, 2019. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of Financial Results  
(Fiscal 2018)**

February 14, 2019

**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, 2018 to December 31, 2018)

(figures are rounded down to the million)

### (1) Business performance

(percentage figures represent the change from the previous year)

	Revenue		Core Operating Profit		Operating Profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2018 ended December 31, 2018	2,120,291	1.7	221,383	12.7	211,772	15.6	150,938	8.7
Fiscal 2017 ended December 31, 2017	2,084,877	22.1	196,368	32.2	183,192	33.8	138,848	59.4

	Profit attributable to owners of parent		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2018 ended December 31, 2018	151,077	7.1	42,795	(86.7)
Fiscal 2017 ended December 31, 2017	141,003	58.0	320,979	420.8

	Basic earnings per share	Diluted earnings per share	ROE	ROA	Operating Profit margin
	(yen)	(yen)	(%)	(%)	(%)
Fiscal 2018 ended December 31, 2018	329.80	329.79	13.2	6.5	10.0
Fiscal 2017 ended December 31, 2017	307.78	307.78	14.2	7.2	8.8

(Reference)

Share of profit (loss) of entities accounted for using equity method	Fiscal2018	887 Millions of yen	Fiscal2017	1,055 Millions of yen
Core Operating Profit margin	Fiscal2018	10.4 %	Fiscal2017	9.4 %
Profit before tax	Fiscal2018	207,308 Millions of yen / +5.2%	Fiscal2017	196,984 Millions of yen / +31.3%

\*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 2018 ended December 31, 2018	3,079,315	1,149,647	1,146,420	37.2	2,502.67
Fiscal 2017 ended December 31, 2017	3,346,822	1,152,748	1,145,135	34.2	2,499.62

### (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 2018 ended December 31, 2018	252,441	22,505	(270,564)	57,317
Fiscal 2017 ended December 31, 2017	231,712	(885,823)	661,882	58,054

## 2. Dividends

	Cash dividend per share					Total dividends	Payout Ratio	Dividends on equity
	Q1	Q2	Q3	Year-end	Total annua	(annual)	(Consolidated)	attributable to owners
	(yen)	(yen)	(yen)	(yen)	(yen)	(Millions of yen)	(%)	of the company ratio
Fiscal 2017 ended December 31, 2017	-	30.00	-	45.00	75.00	34,359	24.4	3.5
Fiscal 2018 ended December 31, 2018	-	45.00	-	54.00	99.00	45,353	30.0	4.0
Fiscal 2019 ending December 31, 2019 (forecast)	-	52.00	-	54.00	106.00		31.9	

## 3. Forecast for Fiscal 2019 (January 1, 2019 to December 31, 2019)

	Revenue		Core Operating Profit		Operating Profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2019 ending June 30, 2019	1,010,000	0.5	89,200	1.1	86,300	(1.8)	60,400	0.3
Fiscal 2019 ending December 31, 2019	2,153,000	1.5	230,000	3.9	217,000	2.5	152,000	0.7

	Profit attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(yen)
Fiscal 2019 ending June 30, 2019	60,400	0.0	131.90
Fiscal 2019 ending December 31, 2019	152,000	0.6	331.81

(Note) Profit before tax at the end of FY2019 (forecast): 214,000 million yen (3.2%)

## Notes

(1) Changes in status of material subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No

New: - company ( - ), Excluded: - company ( - )

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

(1) Changes in accounting policies required by IFRS: Yes (Refer to P.10 (5) Notes to the Condensed Consolidated Financial Statements)

(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, 2018 483,585,862 shares

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

(2) Treasury shares at period-end:

Year ended December 31, 2018 25,506,181 shares

Year ended December 31, 2017 25,461,769 shares

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

Year ended December 31, 2018 458,088,184 shares

Year ended December 31, 2017 458,128,279 shares

(Note) The treasury shares which are excluded from calculations of the number of treasury shares at the end of the fiscal period and the average number of shares during the period under review include the Company's shares held by Japan Trustee Services Bank, Ltd. as trust property of the performance-lined stock compensation system for the Directors.

## (Reference)

### 1. Non-consolidated Financial Results for Fiscal 2017 (From January 1, 2018 to December 31, 2018)

#### (1) Business performance

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2018 ended December 31, 2018	244,201	79.0	213,897	104.3	211,037	110.1	230,230	249.0
Fiscal 2017 ended December 31, 2017	136,389	139.9	104,706	295.7	100,430	277.1	65,975	74.0

  

	Net income per share (Primary)		Net income per share (Diluted)	
	(yen)	(yen)	(yen)	(yen)
Fiscal 2018 ended December 31, 2018	502.59	502.57		
Fiscal 2017 ended December 31, 2017	144.01	144.01		

#### (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	1,894,557	753,180	753,180	565,460	39.8	28.9	1,644.21	1,234.30
Fiscal 2016 ended December 31, 2016	1,953,291	565,460	565,460					

(Reference)

Equity Fiscal2018 753,180 Millions of yen Fiscal2017 565,460 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, 2017 and 2018)

(Millions of yen)

	As of December 31, 2017	As of December 31, 2018
<b>(Assets)</b>		
Current assets		
Cash and cash equivalents	58,054	57,317
Trade and other receivables	433,436	427,279
Inventories	155,938	160,319
Income tax receivables	12,354	37,308
Other financial assets	6,896	7,025
Other current assets	27,104	25,324
Subtotal	693,785	714,576
Assets held for sale	118,641	—
Total current assets	812,426	714,576
Non-current assets		
Property, plant and equipment	717,914	689,985
Goodwill and intangible assets	1,538,679	1,428,543
Investments accounted for using equity method	4,846	8,668
Other financial assets	219,142	184,533
Deferred tax assets	11,388	16,300
Net defined benefit assets	26,055	19,282
Other non-current assets	16,368	17,424
Total non-current assets	2,534,396	2,364,738
Total assets	3,346,822	3,079,315
<b>(Liabilities and Equity)</b>		
<b>(Liabilities)</b>		
Current liabilities		
Trade and other payables	433,582	416,842
Bonds and borrowings	359,722	262,620
Income tax payables	51,856	39,624
Allowance	15,451	17,655
Other financial liabilities	29,224	62,027
Other current liabilities	144,355	140,821
Subtotal	1,034,191	939,591
Liabilities directly related to assets held for sale	17,965	—
Total current liabilities	1,052,157	939,591
Non-current liabilities		
Bonds and borrowings	902,203	764,768
Net defined benefit liabilities	25,488	25,517
Deferred tax liabilities	156,780	137,277
Other financial liabilities	52,997	59,776
Other non-current liabilities	4,446	2,736
Total non-current liabilities	1,141,917	990,076
Total liabilities	2,194,074	1,929,668
<b>(Equity)</b>		
Issued capital	182,531	182,531
Share premium	119,051	119,128
Retained earnings	713,146	821,120
Treasury shares	(76,747)	(76,997)
Other components of equity	210,592	100,637
Other components of equity related to disposal group held for sale	(3,440)	—
Total equity attributable to owners of parent	1,145,135	1,146,420
Non-controlling interests	7,612	3,227
Total equity	1,152,748	1,149,647
Total liabilities and equity	3,346,822	3,079,315

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

(From January 1 to December 31, 2017 and 2018)

&lt;Consolidated Income Statements&gt;

(Millions of yen)

	Previous year (From January 1 to December 31)	Current year (From January 1 to December 31)
Revenue	2,084,877	2,120,291
Cost of sales	(1,295,399)	(1,303,246)
Gross Profit	789,477	817,044
Selling, general and administrative expenses	(593,108)	(595,661)
Other operating income	12,530	4,369
Other operating expense	(25,706)	(13,980)
Operating Profit	183,192	211,772
Finance income	5,206	8,282
Finance costs	(10,368)	(12,731)
Share of profit (loss) of entities accounted for using equity method	1,055	887
Loss (gain) on sales of investments accounted for using equity method	17,898	(901)
Profit before tax	196,984	207,308
Income tax expense	(58,135)	(56,370)
Profit	138,848	150,938
Profit attributable to:		
Owners of parent	141,003	151,077
Non-controlling interests	(2,155)	(139)
Total	138,848	150,938
Basic earnings per share (JPY)	307.78	329.80
Diluted earnings per share (JPY)	307.78	329.79

<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	138,848	150,938
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	23,083	(15,865)
Remeasurements of defined benefit plans	5,154	(4,401)
Share of other comprehensive income of entities accounted for using equity method	(6)	—
Items that might be reclassified to profit or loss		
Cash flow hedges	(12,364)	(211)
Hedging cost	(1,179)	(659)
Translation difference on foreign operations	158,263	(89,386)
Share of other comprehensive income of entities accounted for using equity method	9,180	2,383
Total other comprehensive income	182,131	(108,142)
Total comprehensive income	320,979	42,795
Total comprehensive income attributable to:		
Owners of parent	323,211	42,327
Non-controlling interests	(2,232)	467

**(3) Condensed 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 for the period			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 from 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 for the period			—		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 from 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

**(3) Condensed Consolidated Statement of Changes in Equity**  
Fiscal 2018 (January 1 to December 31, 2018)

(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, 2018	182,531	119,051	713,146	(76,747)	71,386	—	(624)
Comprehensive income							
Profit for the period			151,077				
Other comprehensive income					(15,865)	(4,380)	(377)
Total comprehensive income	—	—	151,077	—	(15,865)	(4,380)	(377)
Transfer to non-financial assets							360
Transactions with owners							
Dividends			(41,229)				
Purchase of treasury shares				(250)			
Disposal of treasury shares		0		0			
Changes through business combinations							
Changes through sales of consolidated subsidiaries							
Changes in the scope of consolidation							
Share-based payment transaction		76					
Transfer from other components of equity to retained earnings			(1,875)		(2,505)	4,380	
Transfer from other components of equity related to disposal group held for sale							
Other increase (decrease)							
Total contributions by owners and distribution to owners	—	76	(43,104)	(250)	(2,505)	4,380	—
Acquisition of non-controlling interests without change in control							
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—
Total transactions with owners	—	76	(43,104)	(250)	(2,505)	4,380	—
Balance as of December 31, 2018	182,531	119,128	821,120	(76,997)	53,015	—	(641)

	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, 2018	(1,179)	141,010	210,592	(3,440)	1,145,135	7,612	1,152,748
Comprehensive income							
Profit for the period			—		151,077	(139)	150,938
Other comprehensive income	(659)	(90,906)	(112,190)	3,440	(108,750)	607	(108,142)
Total comprehensive income	(659)	(90,906)	(112,190)	3,440	42,327	467	42,795
Transfer to non-financial assets			360		360		360
Transactions with owners							
Dividends			—		(41,229)	(463)	(41,692)
Purchase of treasury shares			—		(250)		(250)
Disposal of treasury shares			—		0		0
Changes through business combinations			—		—		—
Changes through sales of consolidated subsidiaries			—		—	(1,711)	(1,711)
Changes in the scope of consolidation			—		—	(2,703)	(2,703)
Share-based payment transaction			—		76		76
Transfer from other components of equity to retained earnings			1,875		—		—
Transfer from other components of equity related to disposal group held for sale			—		—		—
Other increase (decrease)			—		—	25	25
Total contributions by owners and distribution to owners	—	—	1,875	—	(41,403)	(4,853)	(46,256)
Acquisition of non-controlling interests without change in control			—		—		—
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—
Total transactions with owners	—	—	1,875	—	(41,403)	(4,853)	(46,256)
Balance as of December 31, 2018	(1,839)	50,103	100,637	—	1,146,420	3,227	1,149,647



**(4) Consolidated Statement of Cash Flows**

(From January 1 to December 31, 2017 and 2018)

(Millions of yen)

	Previous year (From January 1 to December 31)	Current year (From January 1 to December 31)
<b>Cash flows from operating activities</b>		
Profit before tax	196,984	207,308
Depreciation and amortization	101,813	109,206
Impairment loss	10,128	294
Interest and dividends income	(2,975)	(3,115)
Interest expenses	6,725	6,753
Share of profit (loss) of entities accounted for using equity method	(1,055)	(887)
Loss (gain) on sales of investments accounted for using equity method	(17,898)	901
Gain (loss) on sales of stocks of subsidiaries and affiliates	(10,542)	—
Loss (gain) on sales and retirement of non-current assets	5,469	4,148
Increase (decrease) in trade and other receivables	(11,536)	(2,759)
Increase (decrease) in inventories	(4,752)	(8,966)
Decrease (increase) in trade and other payables	7,490	(3,397)
Decrease (increase) in accrued liquor tax payables	(3,834)	(3,799)
Increase (decrease) in defined benefit assets and liabilities	1,358	655
Other	32,304	52,319
Subtotal	309,680	358,664
Interest and dividends received	5,839	3,662
Interest paid	(5,601)	(6,831)
Income tax paid	(78,205)	(103,053)
Cash flows from operating activities	231,712	252,441
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(76,636)	(78,891)
Proceeds from sales of property, plant and equipment	2,315	2,027
Purchase of intangible assets	(11,246)	(8,997)
Purchase of investment securities	(1,430)	(986)
Proceeds from sales of investment securities	11,939	10,591
Gain from sales of investments accounted for using equity method	68,972	101,646
Purchase of subsidiaries and others relating to the change of scope of consolidation	(891,555)	—
Proceeds from sales of subsidiaries and others relating to the change of scope of consolidation	15,318	989
Other	(3,499)	(3,874)
Cash flows from investing activities	(885,823)	22,505
<b>Cash flows from financing activities</b>		
Decrease (increase) in short-term borrowings	41,076	(105,281)
Repayments of lease obligations	(9,851)	(9,087)
Proceeds from long-term loans payables	303,378	2,566
Repayment of long-term loans payables	(62,600)	(96,821)
Proceeds from issuance of bonds	436,604	—
Redemption of bonds	(18,000)	(20,000)
Purchase of treasury shares	(38)	(250)
Dividends paid	(26,571)	(41,229)
Proceeds from share issuance to non-controlling interests	261	48
Purchase of subsidiaries and others without the change of scope of consolidation	(39)	—
Other	(2,336)	(508)
Cash flows from financing activities	661,882	(270,564)

(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	2,111	(4,416)
Decrease (increase) in cash and cash equivalents	9,883	(33)
Cash and cash equivalents at the beginning of period	48,459	58,054
Decrease (increase) in cash and cash equivalents relating to the change of scope of consolidation	—	(703)
Cash and cash equivalents contained in assets held for sale	(288)	—
Cash and cash equivalents at the end of period	58,054	57,317

## **(5) Notes to the Condensed Consolidated Financial Statements**

(Notes Regarding Going Concern Assumptions)

None

(Changes in Accounting Policies)

Asahi Group has adopted IFRS 15 "Revenue from Contracts with Customers" and "Clarifications to IFRS 15" since FY2018 Q1. We applied the method to recognize the cumulative impacts incurred by the application of this standard on the application start date, which is permitted as a provisional measure.

We recognized the revenue based on 5 steps approach as below in accordance with IFRS 15.

- STEP1 Identify the contract(s) with a customer
- STEP2 Identify the separate performance obligations (PO) in the contract
- STEP3 Determine the transaction price
- STEP4 Allocate the transaction price to the separate POs
- STEP5 Recognize revenue when the entity satisfies a PO

The impact compared with the previous accounting standard is minor for the condensed consolidated financial statements.

## (Segment Information)

Fiscal 2017 (January 1 to December 31, 2017)

(Millions of yen)

	Alcohol Beverages	Soft Drinks	Food	Overseas	Other	Total	Adjustments	Consolidated total
<b>Revenue</b>								
To outside customers	926,144	366,012	112,184	634,398	46,137	2,084,877	—	2,084,877
Inter-segment revenue	32,235	8,505	1,601	2,584	60,003	104,929	(104,929)	—
<b>Total</b>	<b>958,380</b>	<b>374,517</b>	<b>113,785</b>	<b>636,982</b>	<b>106,141</b>	<b>2,189,806</b>	<b>(104,929)</b>	<b>2,084,877</b>
<b>Segment profit (loss)</b>	<b>112,901</b>	<b>44,407</b>	<b>10,893</b>	<b>35,544</b>	<b>1,979</b>	<b>205,726</b>	<b>(22,533)</b>	<b>183,192</b>
<b>Segment assets</b>	<b>725,312</b>	<b>284,048</b>	<b>91,145</b>	<b>2,186,069</b>	<b>26,024</b>	<b>3,312,600</b>	<b>34,222</b>	<b>3,346,822</b>
<b>Others</b>								
Depreciation and amortization	27,333	22,295	3,368	44,863	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	46	—	—	992	—	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)	32,384	29,634	4,807	42,212	552	109,591	2,188	111,779

Adjustment of segment profit (loss) of (22,533) 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 (128) 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.

Fiscal 2018 (January 1 to December 31, 2018)

(Millions of yen)

	Alcohol Beverages	Soft Drinks	Food	Overseas	Other	Total	Adjustments	Consolidated total
<b>Revenue</b>								
To outside customers	886,740	360,290	114,652	710,384	48,223	2,120,291	—	2,120,291
Inter-segment revenue	32,670	8,463	1,321	2,876	61,243	106,575	(106,575)	—
<b>Total</b>	<b>919,410</b>	<b>368,754</b>	<b>115,973</b>	<b>713,261</b>	<b>109,467</b>	<b>2,226,867</b>	<b>(106,575)</b>	<b>2,120,291</b>
<b>Segment profit (loss)</b>	<b>107,359</b>	<b>34,520</b>	<b>11,762</b>	<b>76,347</b>	<b>2,315</b>	<b>232,305</b>	<b>(20,533)</b>	<b>211,772</b>
<b>Segment assets</b>	<b>710,535</b>	<b>292,005</b>	<b>91,270</b>	<b>1,918,545</b>	<b>25,930</b>	<b>3,038,287</b>	<b>41,028</b>	<b>3,079,315</b>
<b>Others</b>								
Depreciation and amortization	25,807	20,713	3,512	54,781	624	105,439	3,766	109,206
Impairment loss	22	—	272	—	—	294	—	294
Equity in net income (loss) of affiliates	38	—	0	772	—	812	74	887
Investments accounted for using equity method	692	—	417	6,758	—	7,868	799	8,668
Payments added to non-current assets (excluding financial instruments and deferred tax assets)	32,079	19,201	3,727	41,903	657	97,570	2,757	100,327

Adjustment of segment profit (loss) of (20,533) million yen includes corporate expenses of (20,688) million yen which is not allocated to reporting segment and the elimination of inter-segment transactions, etc. of 134 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 41,028 million yen includes corporate assets of 71,185 million yen which is not allocated to reporting segment and the elimination of inter-segment transactions (receivables and payables), etc. of (30,157) million yen. The corporate assets are mainly the Company assets in its role as a pure holding company.

## (Significant Subsequent Events)

(Acquisition of the beer and cider business of Fuller, Smith & Turner P.L.C.)

Asahi Europe Ltd (“AEL”), a wholly-owned subsidiary of Asahi, executed the Sale and Purchase Agreement with Fuller, Smith & Turner P.L.C. (“Fuller’s”), which is listed on London Stock Exchange, and operates pubs, hotels, and a premium beer and cider business, to acquire the premium beer, cider business and its related assets (“Target Business”) held by Fuller’s (“Proposed Transaction”).

### (1) Rationale for the Proposed Transaction

Asahi has re-established the new group philosophy “Asahi Group Philosophy (“AGP”)”, introduced in January 2019. The AGP articulates our mission of “Deliver on our great taste promise and bring more fun to life” and our vision of “Be a value creator globally and locally, growing with high-value-added brands”. Under the AGP, we aim to expand our global platform for further growth as a global player by developing high-value-added brands domestically and internationally as well as creating integration synergies in regions where Asahi has entered into.

As part of the strategy, Asahi has recently built strong business foundations in Western, and Central and Eastern Europe by acquiring the alcohol beverage business which owns global premium brands such as “Peroni Nastro Azzurro” and “Pilsner Urquell”.

The Target Business includes “London Pride”, a prestigious premium ale brand with strong brand recognitions mainly in London, “Frontier”, a growing brand in the premium lager market, and “Cornish Orchards”, a growing brand in the premium cider market.

Through the acquisition of these businesses and brands, we aim to establish a unique position as a global player that will grow based on renowned premium brands, in addition to “Asahi Super Dry”, “Peroni Nastro Azzurro” and “Pilsner Urquell”.

### (2) Overview of the Proposed Transaction

Below is an overview of the Sale and Purchase Agreement with regard to the acquisition of the Target Business executed by AEL.

- (1) Contract parties: Fuller’s (seller), Asahi Europe Ltd (purchaser)
- (2) Target shares and assets: All of the issued shares in The Fuller’s Beer Company Limited (“NewCo”), and three existing subsidiaries engaged in Fuller’s premium beer, cider and other related business, which will hold intellectual property rights associated with all Fuller’s beer and cider brands, and other assets of the Target Business
- (3) Scheme for the Proposed Transaction: Fuller’s will establish a new company, NewCo to which it will transfer the Target Business (other than the shares in the three existing subsidiaries). AEL will acquire all of the issued shares of NewCo and the existing three subsidiaries.
- (4) Purchase price: GBP 250 million on a cash free and debt free enterprise value basis
- (5) Condition Precedent to completion: The completion of a corporate reorganisation by Fuller’s to transfer the Target Business to NewCo, the approvals at Fuller’s Extraordinary General Meeting, and receipt of the relevant confirmations from the Competition and Markets Authority in the United Kingdom

### (3) Overview of the Seller

(1) Company name	Fuller, Smith & Turner P.L.C.
(2) Registered head office	London, United Kingdom
(3) Representative	Simon Emeny, CEO
(4) Business description	Manufacturing, sales and distribution of beer and cider, and operation of managed and tenanted pubs and hotels
(5) Capital amount	GBP 23 million
(6) Established	22 August 1929

(4) Expected schedule of the Proposed Transaction

The schedule towards the completion of the acquisition is as follows.

(1) Execution of the Sale and Purchase Agreement with Fuller's	25 January 2019
(2) Completion of the Proposed Transaction fulfilment of condition precedents	Estimated in the first half of 2019

(5) Impact on Asahi's financial performance

The completion of this transaction is not expected to have a material impact on Asahi's non-consolidated and consolidated financials for the fiscal year ending December 2019.