

Asahi Group Holdings, Ltd.



FY2021 Q2 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 August 10, 2021. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of Financial Results
(Fiscal 2021 Q2)**

August 10, 2021

Asahi Group Holdings, Ltd.

Code number: 2502
Shares Listed: First Section of Tokyo Stock Exchange
Head Office: Tokyo
Contact: Osamu Ishizaka, Head of Corporate Communications, Executive Officer
Tel: + 81 3 5608 5126 (<https://www.asahigroup-holdings.com/en/>)
US GAAP: Not applicable

1. Overview of Performance (From January 1, 2021 to June 30, 2021)

(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 for the period	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2021 Q2 ended June 30, 2021	1,033,595	18.2	89,304	76.6	109,413	152.8	79,421	177.1
Fiscal 2020 Q2 ended June 30, 2020	874,289	(11.1)	50,574	(43.6)	43,281	(51.1)	28,665	(53.5)
	Profit attributable to owners of parent		Total comprehensive income					
	(Millions of yen)	(%)	(Millions of yen)	(%)				
Fiscal 2021 Q2 ended June 30, 2021	79,315	175.7	215,664	-				
Fiscal 2020 Q2 ended June 30, 2020	28,767	(53.3)	(58,982)	-				
	Basic earnings per share		Diluted earnings per share					
	(yen)	(yen)	(yen)	(yen)				
Fiscal 2021 Q2 ended June 30, 2021	156.53		156.51					
Fiscal 2020 Q2 ended June 30, 2020	62.80		62.79					

(Reference) Profit before tax: FY2021 Q2 ended June 30, 2021 103,958 millions of yen (165.9%) FY2020 Q2 ended June 30, 2020 39,098 millions of yen (-55.3%)

*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
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
Fiscal 2021 Q2 ended June 30, 2021	4,566,174	1,706,651	1,704,865	37.3
Fiscal 2020 ended December 31, 2020	4,439,378	1,517,816	1,516,124	34.2

2. Dividends

	Cash dividend per share				
	Q1	Q2	Q3	Year-end	Total annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2020 ended December 31, 2020	-	53.00	-	53.00	106.00
Fiscal 2021 ended December 31, 2021	-	54.00			
Fiscal 2021 ending December 31, 2021 (forecast)			-	55.00	109.00

Note: Changes to the latest dividend forecast announced: No

3. Forecast for Fiscal 2021 (January 1, 2021 to December 31, 2021)

	Revenue		Core Operating Profit		Operating Profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2021 ending December 31, 2021	2,276,000	12.2	224,500	33.8	222,000	64.2	156,000	68.5

	Profit attributable to owners of parent		Basic earnings per share (yen)
	(Millions of yen)	(%)	
Fiscal 2021 ending December 31, 2021	156,000	68.1	307.85

Note: Changes to the latest consolidated results forecast announced: Yes

(Reference) Profit before tax : FY2021 ending December 31, 2021 forecast 209,000 millions of yen (66.7%)

<Constant Currency Basis>

	Revenue		Core Operating Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2021 ending June 30, 2021*	980,881	12.2	82,824	63.8
Fiscal 2021 ending December 31, 2021 (forecast)*	2,196,082	8.3	213,755	27.4

* The figures in FY2021 are converted by the previous year's local currency rates.

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: 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):

Q2 ended June 30, 2021 507,003,362 shares

Year ended December 31, 2020 507,003,362 shares

(2) Treasury shares at period-end:

Q2 ended June 30, 2021 260,510 shares

Year ended December 31, 2020 287,954 shares

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

Q2 ended June 30, 2021 506,724,318 shares

Q2 ended June 30, 2020 458,075,549 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 Custody Bank of Japan, Ltd. as trust property of the performance-lined stock compensation system for the Directors.

(Q2 ended June 30, 2021: 80,482 shares, Year ended December 31, 2020: 110,442 shares, Q2 ended June 30, 2020: 35,742 shares)

* This Consolidated Financial Results for the quarter is not subject to quarterly 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 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, 2020 and June 30, 2021)

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
(Assets)		
Current assets		
Cash and cash equivalents	48,460	55,953
Trade and other receivables	378,924	341,172
Inventories	183,166	214,786
Income tax receivables	24,403	3,001
Other financial assets	4,226	6,893
Other current assets	32,252	41,119
Subtotal	<u>671,434</u>	<u>662,926</u>
Assets held for sale	<u>17,652</u>	<u>27,674</u>
Total current assets	<u>689,086</u>	<u>690,600</u>
Non-current assets		
Property, plant and equipment	810,264	818,863
Goodwill and intangible assets	2,701,985	2,838,779
Investments accounted for using equity method	5,256	6,082
Other financial assets	160,064	138,914
Deferred tax assets	27,596	32,931
Net defined benefit assets	19,278	18,480
Other non-current assets	25,846	21,521
Total non-current assets	<u>3,750,292</u>	<u>3,875,573</u>
Total assets	<u>4,439,378</u>	<u>4,566,174</u>
(Liabilities and Equity)		
(Liabilities)		
Current liabilities		
Trade and other payables	477,098	490,678
Bonds and borrowings	924,760	517,098
Income tax payables	35,683	40,316
Provisions	12,019	13,325
Other financial liabilities	89,519	101,305
Other current liabilities	113,440	114,666
Subtotal	<u>1,652,521</u>	<u>1,277,391</u>
Liabilities directly related to assets held for sale	<u>134</u>	<u>—</u>
Total current liabilities	<u>1,652,655</u>	<u>1,277,391</u>
Non-current liabilities		
Bonds and borrowings	898,867	1,205,792
Net defined benefit liabilities	24,093	24,638
Deferred tax liabilities	205,275	206,444
Other financial liabilities	134,729	138,769
Other non-current liabilities	5,941	6,486
Total non-current liabilities	<u>1,268,906</u>	<u>1,582,131</u>
Total liabilities	<u>2,921,562</u>	<u>2,859,522</u>
(Equity)		
Issued capital	220,044	220,044
Share premium	161,783	161,700
Retained earnings	967,230	1,020,856
Treasury shares	(1,031)	(909)
Other components of equity	168,097	303,173
Total equity attributable to owners of parent	<u>1,516,124</u>	<u>1,704,865</u>
Non-controlling interests	<u>1,691</u>	<u>1,785</u>
Total equity	<u>1,517,816</u>	<u>1,706,651</u>
Total liabilities and equity	<u>4,439,378</u>	<u>4,566,174</u>

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

(From January 1 to June 30, 2020 and 2021)

<Consolidated Income Statements>

(Millions of yen)

	Previous year (From January 1 to June 30)	Current year (From January 1 to June 30)
Revenue	874,289	1,033,595
Cost of sales	(559,152)	(631,438)
Gross Profit	315,136	402,156
Selling, general and administrative expenses	(264,562)	(312,852)
Other operating income	6,486	36,854
Other operating expense	(13,779)	(16,745)
Operating Profit	43,281	109,413
Finance income	4,095	2,776
Finance costs	(6,176)	(8,365)
Share of profit (loss) of investments accounted for using equity method	198	133
Gain (loss) on sales of investments accounted for using equity method	(2,300)	—
Profit before tax	39,098	103,958
Income tax expense	(10,433)	(24,536)
Profit for the period	28,665	79,421
Attributable to:		
Owners of parent	28,767	79,315
Non-controlling interests	(101)	105
Total	28,665	79,421
Basic earnings per share (JPY)	62.80	156.53
Diluted earnings per share (JPY)	62.79	156.51

<Consolidated Statement of Comprehensive Income>

(Millions of yen)

	Previous year (From January 1 to June 30)	Current year (From January 1 to June 30)
Profit for the period	28,665	79,421
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	(15,764)	5,339
Items that might be reclassified to profit or loss		
Cash flow hedges	(44,058)	(440)
Costs of hedging	41	118
Translation difference on foreign operations	(27,801)	131,048
Share of other comprehensive income of entities accounted for using equity method	(63)	175
Total other comprehensive income	(87,647)	136,242
Total comprehensive income	(58,982)	215,664
Total comprehensive income attributable to:		
Owners of parent	(58,738)	215,555
Non-controlling interests	(243)	108

(3) Condensed Consolidated Statement of Changes in Equity

Fiscal 2020 (from January 1 to June 30, 2020)

(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	Cash flow hedges
Balance as of January 1, 2020	182,531	119,163	918,523	(77,011)	63,354	32,797
Comprehensive income						
Profit			28,767			
Other comprehensive income					(15,764)	(44,058)
Total comprehensive income	—	—	28,767	—	(15,764)	(44,058)
Transfer to non-financial assets						11,617
Transactions with owners						
Dividends			(21,987)			
Purchase of treasury shares				(7)		
Disposal of treasury shares		0		0		
Changes through sales of consolidated subsidiaries						
Share-based payment transaction		55				
Transfer from other components of equity to retained earnings			(1,057)		1,057	
Other increase (decrease)		(0)	(6)			
Total contributions by owners and distribution to owners	—	55	(23,051)	(7)	1,057	—
Total transactions with owners	—	55	(23,051)	(7)	1,057	—
Balance as of June 30, 2020	182,531	119,218	924,239	(77,018)	48,647	356

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of parent		
	Costs of hedging	Translation difference on foreign operations	Total other components of equity			
Balance as of January 1, 2020	(1,125)	8,080	103,107	1,246,314	1,965	1,248,279
Comprehensive income						
Profit			—	28,767	(101)	28,665
Other comprehensive income	41	(27,723)	(87,505)	(87,505)	(141)	(87,647)
Total comprehensive income	41	(27,723)	(87,505)	(58,738)	(243)	(58,982)
Transfer to non-financial assets			11,617	11,617		11,617
Transactions with owners						
Dividends			—	(21,987)	(23)	(22,011)
Purchase of treasury shares			—	(7)		(7)
Disposal of treasury shares			—	0		0
Changes through sales of consolidated subsidiaries			—	—	(62)	(62)
Share-based payment transaction			—	55		55
Transfer from other components of equity to retained earnings			1,057	—		—
Other increase (decrease)			—	(6)	200	194
Total contributions by owners and distribution to owners	—	—	1,057	(21,944)	114	(21,830)
Total transactions with owners	—	—	1,057	(21,944)	114	(21,830)
Balance as of June 30, 2020	(1,083)	(19,643)	28,277	1,177,248	1,835	1,179,084

(3) Condensed Consolidated Statement of Changes in Equity

Fiscal 2021 (from January 1 to June 30, 2021)

(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	Cash flow hedges
Balance as of January 1, 2021	220,044	161,783	967,230	(1,031)	39,605	2,526
Comprehensive income						
Profit			79,315			
Other comprehensive income					5,339	(440)
Total comprehensive income	—	—	79,315	—	5,339	(440)
Transfer to non-financial assets						2
Transactions with owners						
Dividends			(26,855)			
Purchase of treasury shares				(12)		
Disposal of treasury shares		0		134		
Changes through sales of consolidated subsidiaries						
Share-based payment transaction		(83)				
Transfer from other components of equity to retained earnings			1,166		(1,166)	
Other increase (decrease)						
Total contributions by owners and distribution to owners	—	(83)	(25,689)	121	(1,166)	—
Total transactions with owners	—	(83)	(25,689)	121	(1,166)	—
Balance as of June 30, 2021	220,044	161,700	1,020,856	(909)	43,778	2,088

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of parent		
	Costs of hedging	Translation difference on foreign operations	Total other components of equity			
Balance as of January 1, 2021	(773)	126,739	168,097	1,516,124	1,691	1,517,816
Comprehensive income						
Profit			—	79,315	105	79,421
Other comprehensive income	118	131,221	136,240	136,240	2	136,242
Total comprehensive income	118	131,221	136,240	215,555	108	215,664
Transfer to non-financial assets			2	2		2
Transactions with owners						
Dividends			—	(26,855)	(13)	(26,869)
Purchase of treasury shares			—	(12)		(12)
Disposal of treasury shares			—	134		134
Changes through sales of consolidated subsidiaries			—	—		—
Share-based payment transaction			—	(83)		(83)
Transfer from other components of equity to retained earnings			(1,166)	—		—
Other increase (decrease)			—	—		—
Total contributions by owners and distribution to owners	—	—	(1,166)	(26,817)	(13)	(26,831)
Total transactions with owners	—	—	(1,166)	(26,817)	(13)	(26,831)
Balance as of June 30, 2021	(654)	257,961	303,173	1,704,865	1,785	1,706,651

(4) Notes to the Condensed Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

None