

Asahi Group Holdings, Ltd.



FY2022 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, 2023. This translation was made for information only. The Company gives no warranty with respect to its correctness.

Summary Report of Financial Results (Fiscal 2022)

February 14, 2023

Asahi Group Holdings, Ltd.

Code number: 2502

Shares Listed: First Section of Tokyo Stock Exchange

Head Office: Tokyo

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US GAAP: Not applicable

1. Overview of Performance (From January 1, 2022 to December 31, 2022)

(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 2022 ended December 31, 2022	2,511,108	12.3	243,817	11.9	217,048	2.4	151,717	(1.4)
Fiscal 2021 ended December 31, 2021	2,236,076	10.3	217,940	29.9	211,900	56.8	153,823	66.1

	Profit attributable to owners of parent		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2022 ended December 31, 2022	151,555	(1.3)	361,781	22.4
Fiscal 2021 ended December 31, 2021	153,500	65.4	295,622	100.1

	Basic earnings per share	Diluted earnings per share	ROE	ROA	Operating profit margin
	(yen)	(yen)	(%)	(%)	(%)
Fiscal 2022 ended December 31, 2022	299.10	299.06	7.9	4.4	8.6
Fiscal 2021 ended December 31, 2021	302.92	302.89	9.4	4.4	9.5

(Reference)

Share of profit (loss) of entities accounted for using equity method	FY2022	667 millions of yen	FY2021	687 millions of yen
Core Operating Profit margin:	FY2022	9.7%	FY2021	9.7%
Profit before tax:	FY2022	205,992 millions of yen (3.1%)	FY2021	199,826 millions of yen (59.4%)
Adjusted profit attributable to owners of parent:	FY2022	165,430 millions of yen (7.0%)	FY2021	153,500 millions of yen (65.4%)
· Constant Currency Basis (Figures calculated by converting foreign currency amounts for the year to yen using the exchange rate of the previous year)				
	FY2022	Revenue 8.0% YoY	Core Operating Profit	5.9% YoY

*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 2022 ended December 31, 2022	4,830,344	2,062,945	2,060,734	42.7	4,067.12
Fiscal 2021 ended December 31, 2021	4,547,748	1,759,148	1,757,104	38.6	3,467.47

(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 2022 ended December 31, 2022	265,991	(69,186)	(219,556)	37,438
Fiscal 2021 ended December 31, 2021	337,812	(14,348)	(320,325)	52,743

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 annual			
	(yen)	(yen)	(yen)	(yen)	(yen)	(Millions of yen)	(%)	(%)
Fiscal 2021 ended December 31, 2021	-	54.00	-	55.00	109.00	55,243	36.0	3.4
Fiscal 2022 ended December 31, 2022	-	55.00	-	58.00	113.00	57,270	37.8	3.0
Fiscal 2023 ending December 31, 2023 (forecast)	-	56.00	-	59.00	115.00		37.0	

3. Forecast for Fiscal 2023 (January 1, 2023 to December 31, 2023)

	Revenue		Core Operating Profit		Operating profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2023 ending December 31, 2023	2,690,000	7.1	245,000	0.5	227,000	4.6	157,500	3.8

	Profit attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(yen)
Fiscal 2023 ending December 31, 2023	157,500	3.9	310.85

(Reference)

- Profit before tax: FY2023 forecast 220,000 million yen (6.8%)
- Adjusted profit attributable to owners of parent: FY2023 forecast 157,500 million yen (-4.8%)
- Constant Currency Basis (Figures calculated by converting foreign currency amounts for the year to yen using the exchange rate of the previous year)
FY2023 (Forecast) Revenue 7.5% YoY Core Operating Profit 1.3% YoY

*Adjusted profit attributable to owners of parent

= Profit attributable to owners of parent - One-off special factors including business portfolio restructuring and impairment loss

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):

Year ended December 31, 2022	507,003,362 shares
Year ended December 31, 2021	507,003,362 shares

(2) Treasury shares at period-end:

Year ended December 31, 2022	322,338 shares
Year ended December 31, 2021	263,187 shares

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

Year ended December 31, 2022	506,701,382 shares
Year ended December 31, 2021	506,732,965 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.

(Year ended December 31, 2022: 135,468 shares, Year ended December 31, 2021: 80,482 shares)

4. Consolidated Financial Statements (Unaudited)

(1) Consolidated Statement of Financial Position (As of December 31, 2021 and December 31, 2022)

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
(Assets)		
Current assets		
Cash and cash equivalents	52,743	37,438
Trade and other receivables	395,974	415,676
Inventories	200,828	234,969
Income tax receivables	2,232	7,354
Other financial assets	7,119	10,028
Other current assets	34,081	32,062
Subtotal	692,980	737,529
Assets held for sale	7,196	-
Total current assets	700,176	737,529
Non-current assets		
Property, plant and equipment	818,398	834,721
Goodwill and intangible assets	2,819,634	3,027,929
Investments accounted for using equity method	6,640	125,780
Other financial assets	126,295	6,722
Deferred tax assets	34,549	54,888
Net defined benefit assets	23,981	24,004
Other non-current assets	18,071	18,767
Total non-current assets	3,847,572	4,092,815
Total assets	4,547,748	4,830,344
(Liabilities and Equity)		
(Liabilities)		
Current liabilities		
Trade and other payables	531,573	591,869
Bonds and borrowings	423,652	367,267
Income tax payables	36,841	30,906
Provisions	13,253	14,103
Other financial liabilities	111,585	135,983
Other current liabilities	125,985	125,816
Total current liabilities	1,242,891	1,265,946
Non-current liabilities		
Bonds and borrowings	1,172,551	1,130,042
Net defined benefit liabilities	24,053	20,349
Deferred tax liabilities	203,579	213,494
Other financial liabilities	139,194	131,792
Other non-current liabilities	6,330	5,774
Total non-current liabilities	1,545,709	1,501,452
Total liabilities	2,788,600	2,767,399
(Equity)		
Issued capital	220,044	220,044
Share premium	161,731	161,793
Retained earnings	1,064,644	1,165,542
Treasury shares	(923)	(1,178)
Other components of equity	311,607	514,532
Total equity attributable to owners of parent	1,757,104	2,060,734
Non-controlling interests	2,043	2,210
Total equity	1,759,148	2,062,945
Total liabilities and equity	4,547,748	4,830,344

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

(From January 1 to December 31, 2021 and 2022)

<Consolidated Income Statements>

(Millions of yen)

	Previous year (From January 1 to December 31)	Current year (From January 1 to December 31)
Revenue	2,236,076	2,511,108
Cost of sales	(1,383,195)	(1,589,272)
Gross Profit	852,881	921,835
Selling, general and administrative expenses	(634,940)	(678,018)
Other operating income	46,055	16,850
Other operating expense	(52,096)	(43,619)
Operating Profit	211,900	217,048
Finance income	5,754	5,498
Finance costs	(18,516)	(17,221)
Share of profit (loss) of investments accounted for using equity method	687	667
Profit before tax	199,826	205,992
Income tax expense	(46,003)	(54,275)
Profit for the period	153,823	151,717
Attributable to:		
Owners of parent	153,500	151,555
Non-controlling interests	322	162
Total	153,823	151,717
Basic earnings per share (JPY)	302.92	299.10
Diluted earnings per share (JPY)	302.89	299.06

<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 for the period	153,823	151,717
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	(8,080)	(991)
Remeasurements of defined benefit plans	4,607	3,776
Items that might be reclassified to profit or loss		
Cash flow hedges	5,071	(2,865)
Costs of hedging	172	122
Translation difference on foreign operations	139,707	209,867
Share of other comprehensive income of entities accounted for using equity method	319	155
Total other comprehensive income	141,799	210,063
Total comprehensive income	295,622	361,781
Total comprehensive income attributable to:		
Owners of parent	295,255	361,604
Non-controlling interests	366	177

(3) Condensed Consolidated Statement of Changes in Equity

Fiscal 2021 (from January 1 to December 31, 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	Remeasurements of defined benefit plans	Cash flow hedges
Balance as of January 1, 2021	220,044	161,783	967,230	(1,031)	39,605	—	2,526
Comprehensive income							
Profit			153,500				
Other comprehensive income					(8,080)	4,584	5,072
Total comprehensive income	—	—	153,500	—	(8,080)	4,584	5,072
Transfer to non-financial assets							(111)
Transactions with owners							
Dividends			(54,220)				
Purchase of treasury shares				(26)			
Disposal of treasury shares		0		134			
Share-based payment transaction		(52)					
Transfer from other components of equity to retained earnings			(1,865)		6,450	(4,584)	
Other increase (decrease)							
Total contributions by owners and distribution to owners	—	(52)	(56,085)	108	6,450	(4,584)	—
Total transactions with owners	—	(52)	(56,085)	108	6,450	(4,584)	—
Balance as of December 31, 2021	220,044	161,731	1,064,644	(923)	37,975	—	7,486

	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			—	153,500	322	153,823
Other comprehensive income	172	140,006	141,755	141,755	43	141,799
Total comprehensive income	172	140,006	141,755	295,255	366	295,622
Transfer to non-financial assets			(111)	(111)		(111)
Transactions with owners						
Dividends			—	(54,220)	(13)	(54,233)
Purchase of treasury shares			—	(26)		(26)
Disposal of treasury shares			—	135		135
Share-based payment transaction			—	(52)		(52)
Transfer from other components of equity to retained earnings			1,865	—		—
Other increase (decrease)			—	—		—
Total contributions by owners and distribution to owners	—	—	1,865	(54,163)	(13)	(54,177)
Total transactions with owners	—	—	1,865	(54,163)	(13)	(54,177)
Balance as of December 31, 2021	(601)	266,746	311,607	1,757,104	2,043	1,759,148

(3) Condensed Consolidated Statement of Changes in Equity

Fiscal 2022 (from January 1 to December 31, 2022)

(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, 2022	220,044	161,731	1,064,644	(923)	37,975	–	7,486
Comprehensive income							
Profit			151,555				
Other comprehensive income					(991)	3,765	(2,866)
Total comprehensive income	–	–	151,555	–	(991)	3,765	(2,866)
Transfer to non-financial assets							(2,042)
Transactions with owners							
Dividends			(55,738)				
Purchase of treasury shares				(263)			
Disposal of treasury shares		0		8			
Share-based payment transaction		61					
Transfer from other components of equity to retained earnings			5,081		(1,316)	(3,765)	
Other increase (decrease)							
Total contributions by owners and distribution to owners	–	62	(50,657)	(255)	(1,316)	(3,765)	–
Total transactions with owners	–	62	(50,657)	(255)	(1,316)	(3,765)	–
Balance as of December 31, 2022	220,044	161,793	1,165,542	(1,178)	35,667	–	2,577

	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, 2022	(601)	266,746	311,607	1,757,104	2,043	1,759,148
Comprehensive income						
Profit			–	151,555	162	151,717
Other comprehensive income	122	210,019	210,048	210,048	15	210,063
Total comprehensive income	122	210,019	210,048	361,604	177	361,781
Transfer to non-financial assets			(2,042)	(2,042)		(2,042)
Transactions with owners						
Dividends			–	(55,738)	(15)	(55,753)
Purchase of treasury shares			–	(263)		(263)
Disposal of treasury shares			–	8		8
Share-based payment transaction			–	61		61
Transfer from other components of equity to retained earnings			(5,081)	–		–
Other increase (decrease)			–		4	4
Total contributions by owners and distribution to owners	–	–	(5,081)	(55,931)	(10)	(55,941)
Total transactions with owners	–	–	(5,081)	(55,931)	(10)	(55,941)
Balance as of December 31, 2022	(478)	476,765	514,532	2,060,734	2,210	2,062,945

(4) Consolidated Statement of Cash Flows

(From January 1 to December 31, 2021 and 2022)

(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	199,826	205,992
Depreciation and amortization	134,815	140,419
Impairment loss	13,442	18,490
Interest and dividends income	(2,880)	(2,656)
Interest expenses	12,700	12,306
Share of profit (loss) of entities accounted for using equity method	(687)	(667)
Loss (gain) on sales and retirement of non-current assets	(31,083)	(9,540)
Increase (decrease) in trade and other receivables	(11,812)	(826)
Increase (decrease) in inventories	(14,566)	(27,957)
Decrease (increase) in trade and other payables	9,598	25,737
Decrease (increase) in accrued liquor tax payables	9,106	(4,062)
Increase (decrease) in defined benefit assets and liabilities	2,084	1,441
Other	75,992	3,369
Subtotal	396,535	362,049
Interest and dividends received	3,116	3,344
Inrerest paid	(11,224)	(10,839)
Income tax paid	(50,615)	(88,562)
Cash flows from operating activities	337,812	265,991

(Continued)

(Millions of yen)

	Previous year (From January 1 to December 31)	Current year (From January 1 to December 31)
Cash flows from investing activities		
Purchase of property, plant and equipment	(80,803)	(83,049)
Proceeds from sales of property, plant and equipment	46,321	25,109
Purchase of intangible assets	(11,832)	(16,796)
Proceeds from intangible assets	18,740	868
Purchase of investment securities	(464)	(552)
Proceeds from sales of investment securities	30,159	8,483
Gain from sales of investments accounted for using equity method	—	676
Purchase of subsidiaries and others relating to the change of scope of consolidation	(14,762)	(2,661)
Proceeds from sales of subsidiaries and others relating to the change of scope of consolidation	396	—
Payments for contingent consideration	—	(2,357)
Other	(2,103)	1,091
Cash flows from investing activities	(14,348)	(69,186)
Cash flows from financing activities		
Decrease (increase) in short-term borrowings	(440,775)	(8,527)
Repayments of lease obligations	(25,215)	(23,307)
Proceeds from long-term loans payables	191,000	—
Repayment of long-term loans payables	(183,688)	(51,460)
Proceeds from issuance of bonds	282,048	60,000
Redemption of bonds	(88,328)	(140,000)
Purchase of treasury shares	(26)	(263)
Dividends paid	(54,220)	(55,738)
Other	(1,119)	(258)
Cash flows from financing activities	(320,325)	(219,556)
Effect of exchange rate changes on cash and cash equivalents	1,144	7,447
Decrease (increase) in cash and cash equivalents	4,283	(15,304)
Cash and cash equivalents at the beginning of period	48,460	52,743
Cash and cash equivalents at the end of period	52,743	37,438

(5) Notes to the Condensed Consolidated Financial Statements

(Segment Information)

Fiscal 2021 (January 1 to December 31, 2021)

(Millions of yen)

	Japan	Europe	Oceania	Southeast Asia	Other	Total	Adjustments	Consolidated total
Revenue								
To outside customers	1,215,527	472,227	499,723	42,635	5,962	2,236,076	—	2,236,076
Inter-segment revenue	3,856	2,155	270	49	—	6,332	(6,332)	—
Total	1,219,383	474,383	499,994	42,684	5,962	2,242,408	(6,332)	2,236,076
Segment profit (loss)	119,575	46,030	62,536	(485)	2,307	229,964	(18,064)	211,900
Segment assets	1,020,517	1,615,798	1,777,958	43,014	7,048	4,464,337	83,411	4,547,748
Others								
Depreciation and amortization	52,760	45,440	29,483	2,090	2,208	131,983	2,832	134,815
Impairment loss	2,029	11,141	—	—	271	13,442	—	13,442
Equity in net income (loss) of affiliates	27	548	111	—	—	687	—	667
Investments accounted for using equity method	2,035	3,872	732	—	—	6,640	—	6,640
Payments added to non-current assets (excluding financial instruments and deferred tax assets)	56,298	43,303	15,603	1,709	124	117,038	1,366	118,404

Adjustment of segment profit (loss) of -18,064 million yen includes corporate expenses of -18,110 million yen which is not allocated to reporting segment and the elimination of inter-segment transactions, etc. of 45 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 83,411 million yen includes corporate assets of 137,930 million yen which is not allocated to reporting segment and the elimination of inter-segment transactions (receivables and payables), etc. of -54,518 million yen. The corporate assets are mainly the Company assets in its role as a pure holding company.

Fiscal 2022 (January 1 to December 31, 2022)

(Millions of yen)

	Japan	Europe	Oceania	Southeast Asia	Other	Total	Adjustments	Consolidated total
Revenue								
To outside customers	1,297,197	572,662	580,845	51,639	8,764	2,511,108	—	2,511,108
Inter-segment revenue	4,534	1,213	2,321	40	—	8,110	(8,110)	—
Total	1,301,731	573,875	583,167	51,680	8,764	2,519,219	(8,110)	2,511,108
Segment profit (loss)	96,417	55,163	80,177	633	1,257	233,647	(16,599)	217,048
Segment assets	997,249	1,798,105	1,918,822	45,472	9,025	4,768,675	61,669	4,830,344
Others								
Depreciation and amortization	54,175	49,184	32,580	2,128	596	138,665	1,754	140,419
Impairment loss	18,304	—	—	185	—	18,490	—	18,490
Equity in net income (loss) of affiliates	171	467	28	—	—	667	—	667
Investments accounted for using equity method	2,217	3,455	1,051	—	—	6,724	(1)	6,722
Payments added to non-current assets (excluding financial instruments and deferred tax assets)	55,429	56,422	24,195	931	204	137,183	1,281	138,465

Adjustment of segment profit (loss) of -16,599 million yen includes corporate expenses of -17,505 million yen which is not allocated to reporting segment and the elimination of inter-segment transactions, etc. of 905 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 61,669 million yen includes corporate assets of 86,216 million yen which is not allocated to reporting segment and the elimination of inter-segment transactions (receivables and payables), etc. of -24,547 million yen. The corporate assets are mainly the Company assets in its role as a pure holding company.