ASAHI GROUP FINANCIAL REPORT 2024

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Consolidated Statement of Financial Position

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
As of December 31, 2023 and December 31, 2024

Millions of yen

	Notes	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Assets			
Current assets			
Cash and cash equivalents	9	59,945	**83,961**
Trade and other receivables	10 33	465,633	**440,335**
Inventories	11	267,317	**271,430**
Income tax receivables		2,930	**4,844**
Other financial assets	15	10,469	**17,079**
Other current assets	16	40,655	**40,237**
Total current assets		846,953	**857,891**
Non-current assets			
Property, plant and equipment	13	888,070	**935,441**
Goodwill and intangible assets	14	3,283,948	**3,353,896**
Investments accounted for using equity method	39	11,081	**11,369**
Other financial assets	15	151,168	**143,540**
Deferred tax assets	30	48,544	**41,469**
Net defined benefit assets	20	36,515	**44,100**
Other non-current assets	16	19,629	**15,694**
Total non-current assets		4,438,960	**4,545,514**
Total assets		5,285,913	**5,403,405**

See accompanying notes.

Millions of yen

	Notes	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	17	714,781	**720,870**
Bonds and borrowings	18 33 36	389,848	**451,129**
Income tax payables		26,263	**31,280**
Provisions	21	17,429	**21,381**
Other financial liabilities	18	113,642	**135,634**
Other current liabilities	22	134,984	**150,012**
Total current liabilities		1,396,950	**1,510,308**
Non-current liabilities			
Bonds and borrowings	18 33 36	1,020,950	**828,047**
Net defined benefit liabilities	20	17,242	**14,394**
Deferred tax liabilities	30	233,190	**238,593**
Other financial liabilities	18	143,156	**129,642**
Other non-current liabilities	21 22	8,642	**8,367**
Total non-current liabilities		1,423,181	**1,219,044**
Total liabilities		2,820,131	**2,729,353**
Equity			
Issued capital	23	220,044	**220,044**
Share premium	23	161,867	**162,216**
Retained earnings	23	1,282,432	**1,418,660**
Treasury shares	23	(1,190)	**(31,214)**
Other components of equity		797,393	**899,094**
Total equity attributable to owners of parent		2,460,548	**2,668,801**
Non-controlling interests		5,233	**5,250**
Total equity		2,465,781	**2,674,051**
Total liabilities and equity		5,285,913	**5,403,405**

See accompanying notes.

Consolidated Statement of Profit or Loss

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
For the years ended December 31, 2023 and 2024

Millions of yen

	Notes	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Revenue	26	2,769,091	**2,939,422**
Cost of sales		(1,770,157)	**(1,841,741)**
Gross profit		998,933	**1,097,681**
Selling, general and administrative expenses	27	(735,252)	**(812,559)**
Other operating income	28	8,300	**25,204**
Other operating expense	14 28	(26,981)	**(41,273)**
Operating profit		244,999	**269,052**
Finance income	29	14,118	**18,176**
Finance costs	29	(18,121)	**(20,787)**
Share of profit (loss) of investments accounted for using equity method	39	875	**548**
Profit before tax		241,871	**266,990**
Income tax expense	30	(75,840)	**(73,808)**
Profit		166,031	**193,181**
Profit attributable to:			
Owners of parent		164,073	**192,080**
Non-controlling interests		1,957	**1,100**
Total		166,031	**193,181**
Basic earnings per share (Yen)	31	107.94	**126.66**
Diluted earnings per share (Yen)	31	107.92	**126.63**

See accompanying notes.

Consolidated Statement of Comprehensive Income

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
For the years ended December 31, 2023 and 2024

Millions of yen

	Notes	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Profit		166,031	**193,181**
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	32	13,370	**5,680**
Remeasurements of defined benefit plans	20 32	10,599	**6,669**
Items that might be reclassified to profit or loss			
Cash flow hedges	32 33	(1,599)	**12,512**
Costs of hedging	32 33	53	**(66)**
Translation differences on foreign operations	32	271,916	**89,211**
Share of other comprehensive income of entities accounted for using equity method	32	133	**242**
Total other comprehensive income	32	294,473	**114,248**
Total comprehensive income		460,504	**307,430**
Total comprehensive income attributable to:			
Owners of parent		458,266	**306,301**
Non-controlling interests		2,238	**1,129**

See accompanying notes.

Consolidated Statement of Changes in Equity

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
For the years ended December 31, 2023 and 2024

Millions of yen

	Notes	Equity attributable to owners of parent						
						Other components of equity		
		Issued capital	Share premium	Retained earnings	Treasury shares	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, 2023		220,044	161,793	1,165,542	(1,178)	35,667	—	2,577
Comprehensive income								
Profit				164,073				
Other comprehensive income						13,370	10,626	(1,600)
Total comprehensive income		—	—	164,073	—	13,370	10,626	(1,600)
Transfer to non-financial assets								(752)
Transactions with owners								
Dividends	24			(57,761)				
Purchase of treasury shares					(25)			
Disposal of treasury shares			0		13			
Changes through business combination								
Changes through sales of consolidated subsidiaries								
Share-based payment transaction	25		74					
Transfer from other components of equity to retained earnings				10,578		48	(10,626)	
Other increase (decrease)				(0)				
Total contributions by owners and distribution to owners		—	74	(47,183)	(12)	48	(10,626)	—
Total transactions with owners		—	74	(47,183)	(12)	48	(10,626)	—
Balance as of December 31, 2023		220,044	161,867	1,282,432	(1,190)	49,086	—	224

See accompanying notes.

Millions of yen

	Notes	Equity attributable to owners of parent					
		Other components of equity					
		Costs of hedging	Translation differences on foreign operations	Total other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2023		(478)	476,765	514,532	2,060,734	2,210	2,062,945
Comprehensive income							
Profit				—	164,073	1,957	166,031
Other comprehensive income		53	271,742	294,192	294,192	281	294,473
Total comprehensive income		53	271,742	294,192	458,266	2,238	460,504
Transfer to non-financial assets				(752)	(752)		(752)
Transactions with owners							
Dividends	24			—	(57,761)	(16)	(57,778)
Purchase of treasury shares				—	(25)		(25)
Disposal of treasury shares				—	13		13
Changes through business combination				—	—	800	800
Changes through sales of consolidated subsidiaries							
Share-based payment transaction	25			—	74		74
Transfer from other components of equity to retained earnings				(10,578)	—		—
Other increase (decrease)				—	(0)	0	(0)
Total contributions by owners and distribution to owners		—	—	(10,578)	(57,700)	784	(56,916)
Total transactions with owners		—	—	(10,578)	(57,700)	784	(56,916)
Balance as of December 31, 2023		(425)	748,508	797,393	2,460,548	5,233	2,465,781

See accompanying notes.

Millions of yen

	Notes	Equity attributable to owners of parent						
						Other components of equity		
		Issued capital	Share premium	Retained earnings	Treasury shares	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, 2024		220,044	161,867	1,282,432	(1,190)	49,086	—	224
Comprehensive income								
Profit				192,080				
Other comprehensive income						5,680	6,684	12,512
Total comprehensive income		—	—	192,080	—	5,680	6,684	12,512
Transfer to non-financial assets								(1,998)
Transactions with owners								
Dividends	24			(66,374)				
Purchase of treasury shares			(81)		(30,023)			
Disposal of treasury shares			0		0			
Changes through business combinations								
Changes through sales of consolidated subsidiaries			289					
Share-based payment transaction	25		140					
Transfer from other components of equity to retained earnings				10,521		(3,836)	(6,684)	
Other increase (decrease)								
Total contributions by owners and distribution to owners		—	349	(55,853)	(30,023)	(3,836)	(6,684)	—
Total transactions with owners		—	349	(55,853)	(30,023)	(3,836)	(6,684)	—
Balance as of December 31, 2024		220,044	162,216	1,418,660	(31,214)	50,929	—	10,738

See accompanying notes.

Millions of yen

	Notes	Equity attributable to owners of parent					
		Other components of equity					
		Costs of hedging	Translation differences on foreign operations	Total other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2024		(425)	748,508	797,393	2,460,548	5,233	2,465,781
Comprehensive income							
Profit				—	192,080	1,100	193,181
Other comprehensive income		(66)	89,409	114,220	114,220	28	114,248
Total comprehensive income		(66)	89,409	114,220	306,301	1,129	307,430
Transfer to non-financial assets				(1,998)	(1,998)		(1,998)
Transactions with owners							
Dividends	24			—	(66,374)	(1,112)	(67,487)
Purchase of treasury shares				—	(30,105)		(30,105)
Disposal of treasury shares				—	0		0
Changes through business combinations							
Changes through sales of consolidated subsidiaries				—	289		289
Share-based payment transaction	25			—	140		140
Transfer from other components of equity to retained earnings				(10,521)	—		—
Other increase (decrease)				—	—		—
Total contributions by owners and distribution to owners		—	—	(10,521)	(96,049)	(1,112)	(97,161)
Total transactions with owners		—	—	(10,521)	(96,049)	(1,112)	(97,161)
Balance as of December 31, 2024		(492)	837,917	899,094	2,668,801	5,250	2,674,051

See accompanying notes.

Consolidated Statement of Cash Flows

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries
For the years ended December 31, 2023 and 2024

Millions of yen

	Notes	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Cash flows from (used in) operating activities			
Profit before tax		241,871	**266,990**
Depreciation and amortization expenses		147,992	**157,935**
Impairment losses	14	2,183	**6,829**
Interest and dividend income		(7,450)	**(7,574)**
Interest expenses		14,269	**18,437**
Share of loss (profit) of investments accounted for using equity method		(875)	**(548)**
Loss (gain) on sales of shares of subsidiaries and associates		—	**(1,604)**
Loss (gain) on sales and disposals of property, plant and equipment		3,564	**(15,396)**
Decrease (increase) in trade receivables		(23,608)	**39,067**
Decrease (increase) in inventories		(24,447)	**1,550**
Increase (decrease) in trade and other payables		32,898	**(13,585)**
Increase (decrease) in accrued alcohol tax		2,984	**7,384**
Increase (decrease) in net defined benefit assets and liabilities		1,073	**199**
Increase (decrease) in other liabilities		46,395	**5,165**
Other		(10,367)	**20,032**
Subtotal		426,484	**484,883**
Interest and dividends received		7,624	**10,106**
Interest paid		(12,646)	**(15,691)**
Income taxes paid		(73,914)	**(75,574)**
Net cash flows from (used in) operating activities		347,547	**403,723**
Cash flows from (used in) investing activities			
Purchase of property, plant and equipment		(89,580)	**(108,325)**
Proceeds from sales of property, plant and equipment		11,710	**32,884**
Purchase of intangible assets		(20,248)	**(27,932)**
Purchase of investment securities		(1,292)	**(2,236)**
Proceeds from sales of investment securities		3,387	**7,929**
Purchase of shares of subsidiaries and others resulting in change in scope of consolidation	35	(3,551)	**(21,448)**
Proceeds from sales of shares of subsidiaries and others resulting in change in scope of consolidation		—	**485**
Payments for contingent consideration	33	(18,574)	**—**
Other		434	**(22)**
Net cash flows from (used in) investing activities		(117,713)	**(118,665)**
Cash flows from (used in) financing activities			
Increase (decrease) in short-term borrowings	36	(200,705)	**(19,960)**
Payments of lease liabilities	36	(24,555)	**(30,038)**
Proceeds from long-term borrowings	36	50,000	**—**
Repayments of long-term borrowings	36	(43,062)	**(44,677)**
Proceeds from issuance of bonds	36	150,000	**235,002**
Redemption of bonds	36	(100,000)	**(332,632)**
Purchase of treasury shares		(25)	**(30,023)**
Dividends paid	24	(57,761)	**(66,374)**
Proceeds from settlement of derivatives	36	—	**18,230**
Other		(635)	**(2,309)**
Net cash flows from (used in) financing activities		(226,746)	**(272,784)**
Effect of exchange rate changes on cash and cash equivalents		20,004	**11,743**
Net increase (decrease) in cash and cash equivalents		23,093	**24,016**
Cash and cash equivalents at beginning of period	9	37,438	**59,945**
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation		(586)	**—**
Cash and cash equivalents at end of period	9	59,945	**83,961**

See accompanying notes.

Notes to the Consolidated Financial Statements

Asahi Group Holdings, Ltd. and Consolidated Subsidiaries

1. Reporting Entity

Asahi Group Holdings, Ltd. ('the Company') is a corporation domiciled in Japan. The Company and its subsidiaries ('the Group') are engaged primarily in manufacturing and marketing of alcohol beverages, soft drinks, and food.

2. Basis of Preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards'). The Company is qualified as a "Specified Company" as provided in Article 1-2 of "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976). Article 312 of this ordinance allows Specified Companies to prepare consolidated financial statements under IFRS Accounting Standards. The Group's consolidated financial statements for the year ended December 31, 2024 were authorized for issue by Atsushi Katsuki, President and Group CEO, Director and Representative Executive Officer, and Kaoru Sakita, Group CFO, Director and Executive Officer on March 26, 2025.

The Group's consolidated financial statements are prepared on the cost basis, except for the financial instruments and other items as described in "5. Material Accounting Policies".

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires accounting estimates on certain critical items. It also requires management to make judgments in applying the Group's accounting policies.

The Group's consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company.

Amounts presented in the consolidated financial statements are rounded down to the nearest million yen.

3. Changes in accounting policies

The Group has applied the standards below from the current fiscal year.

IFRS Accounting Standards		Overview of new standards and amendments
IAS 7 IFRS 7	Statement of Cash Flows Financial Instruments: Disclosures	Amendments to require disclosure to promote transparency in supplier finance arrangements

The application of the above standards has no material impact on the consolidated financial statements of the Group except for the impact on "17. Trade and Other Payables."

4. Standards and Interpretations that have been issued but not yet applied

Among the major issued standards and interpretations that have been newly established or amended by the date of the approval of the consolidated financial statements, the following have not been applied as of the end of the fiscal year because the application is not mandatory. The impact of the application of these standards on the Group is under consideration, and cannot be estimated at this time.

Standards	Standard Name	Mandatory application period (Fiscal year starting after)	Applicable year for the Group	Overview of new standards and amendments
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending December 31, 2027	The new standard replacing IAS 1, the current accounting standard for presentation and disclosure in financial statements
IFRS 9 IFRS 7	Financial Instruments Financial Instruments: Disclosures	January 1, 2026	Fiscal year ending December 31, 2026	The amendments add the application guidance for assessing whether a contract to purchase electricity generated from a nature dependent source meets the company's own-use requirements, and add the specific requirements for the hedge designation if such contracts are used as hedging instruments.

5. Material Accounting Policies

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group assesses that it controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control is lost. Amounts reported by subsidiaries are adjusted to conform to the Group's accounting policies.

Intra-group transactions, balances and any unrealized gains or losses arising from transactions within the Group are eliminated to prepare the consolidated financial statements.

Subsidiaries whose reporting date is different from that of the Group are consolidated based on the provisional closing information as of the Group's reporting date.

(ii) Associates and Joint Ventures

Associates are entities where the Group has significant influence over the financial and operating policies. It is presumed that the Group has significant influence when it holds more than 20 percent of the voting power of the investee. A joint venture is a joint arrangement where the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method ('equity-accounted investees'). Under the equity method, an investment is initially recognized at cost.

The consolidated financial statements include the Group's share of changes equity-accounted investees from the date that the Group obtained significant influence or joint control until the date on which the Group loses significant influence or joint control.

The Group's investments include goodwill recognized on the acquisition.

Necessary adjustments are made when accounting policies of the associates and joint ventures are different from those of the Group to retain consistency.

(2) Business Combinations

The Group applies the acquisition method to business combinations. The consideration is measured at fair value on the acquisition date which represents the total fair value of the assets transferred, the liabilities assumed and the equity instruments issued by the Group. The Group recognizes goodwill for the excess of total consideration paid, amount of non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net value of identifiable assets and assumed liabilities as of the date of the combination. Negative goodwill is recognized immediately in profit or loss.

The Group elects to recognize non-controlling interests in the acquiree for each business combination, either at fair value or at the proportionate share of the identifiable net assets at the acquisition date, elected on a transaction-by-transaction basis.

Acquisition-related costs are expensed as incurred. Additional acquisition of non-controlling interest after the control obtained is accounted as equity transactions, and goodwill does not arise from such transactions accordingly.

The Group applies book value accounting to acquisitions under common control, which are business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combinations, and that control is not transitory.

(3) Foreign Currency Translation

(i) Functional currency and presentation currency

Items included in financial statements of each company of the Group are measured using the currency of the primary economic environment in which the company operates (hereinafter referred to as the "functional currency"). The consolidated financial statements are presented in Japanese Yen, which is the presentation currency of the Group.

(ii) Transactions and Balances

Foreign currency transactions are translated into functional currencies using the exchange rate at the date of the transactions. Foreign exchange differences arising from settlement of transactions and those arising from the translation of monetary assets and liabilities denominated in foreign currencies using the exchange rate at the end of the fiscal year are recognized in profit or loss. However, exchange differences arising from financial assets measured through other comprehensive income, qualifying cash flow hedges and hedges of net investments in foreign operations are recognized in other comprehensive income.

(iii) Foreign operation

Operating results and financial position of all the foreign operations using a functional currency that is not the presentation currency are translated into the presentation currency in the ways described below. Among the foreign operations, there is no company that uses a currency of a hyperinflationary economy.

(a) Assets and liabilities are translated using the closing rate as of the end of the fiscal year.
(b) Income and expenses are translated using the average rate (unless the average rate is not a reasonable approximation of the cumulative effect of the exchange rates prevailing on the transaction date, in which case income and expenses are translated using the rate on the transaction date).
(c) All resulting exchange differences are recognized in other comprehensive income and accumulated in exchange differences on foreign operations, which is other components of equity.

When a foreign operation is partially disposed of or sold, the exchange differences recognized in other comprehensive income are recognized in profit or loss as part of a gain or loss on the sale.

(4) Property, Plant and Equipment

Buildings and structures, machinery and vehicles, tools, furniture and fixtures, and land mainly consist of production and processing equipment and facilities for the head office. Property, plant and equipment are recognized at cost, and carried at cost less accumulated depreciation and accumulated impairment losses. The cost includes the purchase price, the costs directly related to acquisition of the asset, costs for asset dismantlement and removal and site restoration, and borrowing costs that are required to be capitalized.

Concerning expenditure after acquisition, in cases when it is highly probable that future economic benefit relating to the item will flow to the Group, and the item has a cost that can be measured reliably, such costs are recognized either together in the carrying amount of the asset, or when deemed appropriate, as a separate asset. The carrying amounts of parts that are replaced are derecognized. Other repair and maintenance costs are recognized in profit or loss in the accounting period in which the cost was incurred.

Land is not depreciated. The amount of depreciation of other assets is calculated by allocating the cost of each asset less the residual value using the straight-line method over the following major estimated useful lives:

Buildings and structures 3–50 years
Machinery and vehicles 2–15 years
Tools, furniture and fixtures 2–20 years

Residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at the end of each fiscal year, and revised where necessary.

Gains or losses on disposal are computed by comparing the carrying amount with the proceeds from disposal, and then recognized in profit or loss.

(5) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalized until the assets get ready for their intended use or sale. Income earned on a temporary investment of specific borrowings until they are used for qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss as incurred.

(6) Goodwill and Intangible Assets

(i) Goodwill

Goodwill is tested for impairment annually, and the carrying amount is the cost less accumulated impairment losses. Impairment losses of goodwill are not reversed. Gain or loss on sales of business operations includes carrying amount of goodwill related to the business operation.

Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

(ii) Trademarks

Separately acquired trademarks are recognized at cost. Trademarks acquired through business combinations are recognized at fair value as of the acquisition date. Trademarks, for which a certain useful life is determined, except for those with indefinite useful lives, are recorded at cost less accumulated amortization and accumulated impairment losses. The amount of amortization is calculated by allocating the cost of trademarks using the straight-line method mainly over the estimated useful life of 20 to 40 years.

(iii) Software

Software is carried at cost less accumulated amortization and accumulated impairment losses.

Development costs directly related to design and testing of the Group's proprietary software are recognized as intangible assets only when they are reliably measurable, they are technically feasible, it is highly probable to generate future economic benefits, and the Group has an intention and adequate resources to complete the development and use the assets.

Other development costs that do not satisfy these requirements are recognized as expenses as incurred. Development costs previously recognized as expenses are not recognized as assets in subsequent fiscal years.

Software is amortized mainly using the straight-line method over the estimated useful life of 5 years.

Expenses related to maintenance of software are recognized as expenses as incurred.

(iv) Other Intangible Assets

Other intangible assets are initially recognized at cost. The costs of intangible assets acquired through a business combination and recognized separately from goodwill are measured at fair value at the acquisition date. Other intangible assets, for which a useful life is determined, are carried at the cost less accumulated amortization and accumulated impairment losses. However, some intangible assets (such as leasehold interests in land) are determined to have indefinite useful lives and are not amortized, because they exist fundamentally as long as the business continues. The amount of amortization is calculated by allocating the cost of each other intangible asset using the straight-line method over the estimated useful life.

Residual values, useful lives and amortization methods of intangible assets are reviewed at the end of each fiscal year, and revised where necessary.

(7) Leases

(i) Leases as Lessee

A right-of-use asset is initially measured at cost. The cost of the right-of-use asset is measured using the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. In its consolidated statement of financial position, the Group presents right-of-use assets in "Property, plant and equipment" and "Intangible assets," lease liabilities in "Other financial liabilities."

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of the equivalent property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group applies the recognition exemption on short-term leases and leases for which the underlying asset is of low value.

(ii) Leases as Lessor

For leases where the Group is the lessor, it determines whether each lease is a finance lease or an operating lease at contract inception.

When classifying each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards of ownership of the underlying asset. The lease is classified as a finance lease in cases where the risks and rewards are transferred and as an operating lease in cases where they are not transferred. As part of this assessment, the Group considers certain indicators, such as whether the lease term covers the major part of the economic useful life of the underlying asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification by reference to right-of-use assets arising from the head lease, not by reference to the underlying asset. If the head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease. In its consolidated statement of financial position, the Group presents finance leases as a lessor pertaining to the subleases under "trade and other receivables" and "other non-current assets."

(8) Impairment of Non-financial Assets

Goodwill and intangible assets with indefinite useful lives are not subject to amortization and are tested for impairment annually. Other non-financial assets are examined for impairment if there is an indication that the carrying amount may not be recovered due to occurrence of an event or change in the circumstances. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized at the excess amount. The recoverable amount is the higher of its fair value less costs of disposal of the asset and value in use. To assess impairment, an asset is grouped at the smallest unit which generates separately identifiable cash flows (cash-generating units). Non-financial assets for which impairment losses are recognized, excluding goodwill, are reassessed at the end of each fiscal year for the possibility that the impairment losses may be reversed.

(9) Financial Instruments

(i) Financial Assets

a. Initial Recognition and Measurement

The Group recognizes financial assets when it becomes a party to the contract. Financial assets purchased or sold in a regular way are recognized on the transaction date which the group becomes a party to the contract. Financial assets are subsequently classified as financial assets measured at amortized cost or financial assets measured at fair value.

Financial assets measured at fair value through profit or loss are initially recognized at fair value. Financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. However, trade receivables that do not contain a significant financing component are initially recognized at the transaction price.

(a) Financial Assets measured at Amortized Cost

Financial assets are classified as financial assets measured at amortized cost only when the requirements that the objective of the Group's business model is to hold assets in order to collect the contractual cash flows and that the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are both met.

(b) Financial Assets measured at Fair Value

Financial assets that do not satisfy either of the two requirements above are classified as financial assets measured at fair value. With regard to financial assets measured at fair value, the Group decides to irrevocably designate each financial instrument as measured at fair value through other comprehensive income, except for equity instruments held for trading, which must be measured at fair value through profit or loss. Equity instruments that are not designated are measured at fair value through profit or loss.

Information on derivatives is provided in '(V) Derivatives and Hedge Accounting'.

b. Subsequent Measurement

Financial assets are subsequently measured based on the classification of the asset as follows:

(a) Financial Assets measured at Amortized Cost

These financial assets are measured at amortized cost using the effective interest method.

(b) Financial Assets measured at Fair Value

These financial assets are measured at fair value at the reporting date.

Changes in fair value of such financial assets are recognized in profit or loss or other comprehensive income, depending on their classification.

Dividend income arising from equity instruments designated as measured at fair value through other comprehensive income is recognized in profit or loss. If the fair value decreases significantly or the equity instrument is disposed of, the accumulated other comprehensive income is transferred to retained earnings.

c. Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets expire or are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred to another entity.

(ii) Impairment of Financial Assets

The Group estimates expected credit losses at the end of each fiscal year for recoverability of financial assets measured at amortized cost.

For financial instruments of which the credit risk has not increased significantly after initial recognition, expected credit losses within the next 12 months are recognized as loss allowance. For financial instruments of which the credit risk has increased significantly after initial recognition, lifetime expected credit losses are recognized as loss allowance. However, for trade receivables, loss allowance is always measured based on lifetime expected credit losses.

Interest income for financial assets whose credit risk has significantly increased and there is an objective evidence of impairment is measured by applying the effective interest rate to the net carrying amount of the financial asset less loss allowance.

If all or part of a financial asset cannot be recovered or is judged to be extremely unlikely to be recovered, it is deemed to be in default.

In determining whether any objective evidence of impairment exists, the Group uses the following requirements:

- Significant financial difficulties of the issuer or the borrower;
- A breach of contract, such as default or past due event in interest or principal payments;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. Subsequent changes in loss allowance are recognized as impairment gains or impairment losses in profit or loss.

(iii) Financial Liability

a. Initial Recognition and Measurement

The Group recognizes financial liabilities when it becomes a party to the contract. Financial liabilities are subsequently classified as financial liabilities measured at amortized cost or financial liabilities measured at fair value. Financial liabilities measured at fair value through profit or loss is recognized at their fair value upon initial recognition, and financial liabilities measured at amortized cost is measured at their fair value less transaction costs directly attributable to the acquisition upon initial recognition.

b. Subsequent Measurement

Financial liabilities are subsequently measured according to the classification as follows:

(a) Financial Liabilities measured at Fair Value through Profit or Loss

These financial liabilities measured at fair value through profit or loss are measured at fair value at the reporting date.

(b) Financial Liabilities measured at Amortized Cost

These financial liabilities measured at amortized cost are measured using the effective interest method.

c. Derecognition

Financial liabilities are derecognized when the Group's contractual obligations are discharged, canceled or expired.

(iv) Offset of Financial Instruments

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when there is a legally enforceable right to offset the financial instruments and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(v) Derivatives and Hedge Accounting

Derivatives are initially recognized at fair value on the date when the derivative contract is concluded and subsequently remeasured at fair value at the end of each fiscal period. The method of recognizing gains or losses arising as a result of the remeasurement depends on whether the derivative is designated as a hedging instrument, and if it was designated as a hedging instrument, on the nature of the hedged item.

The Group designates certain derivatives as hedging instruments of cash flow hedges (hedge of a particular risk associated with recognized assets or liabilities, or highly probable forecast transactions) and certain borrowings denominated in foreign currencies and bonds denominated in foreign currencies as hedging instruments of net investments in foreign operations.

The Group documents the relationship between the hedging instrument and the hedged item and the risk management objective and strategy for exercising the hedging transactions at the inception of the transaction. The Group also documents its assessment, both at the inception and on an ongoing basis, of whether the derivatives or non-derivative hedging instruments used in hedging transactions are effective in offsetting changes in cash flows of hedged items or foreign exchange fluctuations in net investments in foreign operations.

The Group assesses the effectiveness of hedges on an ongoing basis, and determines that a hedge is effective when the requirement that there is an economic relationship between the hedged item and the hedging instrument, the requirement that the effect of credit risk does not significantly dominate the value changes that result from the economic relationship, and the requirement that the hedge ratio of the hedging relationship is the same as the ratio resulting from the quantities of the hedged item actually hedged and the hedging instrument actually used are all satisfied.

The effective portion of changes in fair value of derivatives that are designated as a hedging instrument of cash flow hedges and satisfy the requirements as the hedging instrument is recognized in other comprehensive income. Gains or losses on the ineffective portion are immediately recognized in profit or loss.

Accumulated gains or losses recognized through other comprehensive income are transferred to profit or loss in the period during which cash flows arising from the hedged item affect profit or loss. However, when a forecast transaction as the hedged item results in the recognition of non-financial assets (e.g. inventories or property, plant and equipment), gains or losses previously deferred in other comprehensive income are transferred and included in the initial measurement of the cost of the assets. The deferred amount is eventually recognized as cost of sales for inventories, and as depreciation expense for property, plant and equipment.

Application of hedge accounting is discontinued prospectively when the hedge no longer qualifies for hedge accounting due to expiry, sale of the hedging instrument and other reasons. When the hedged future cash flows are still expected to occur, accumulated gains or losses recognized in other comprehensive income remain as accumulated other comprehensive income. When a forecast transaction is no longer expected to occur and in other cases, accumulated gains or losses recognized in other comprehensive income are immediately transferred to profit or loss.

With regard to derivatives or non-derivative hedging instruments, including borrowings, held for hedging foreign exchange risk in net investments in foreign operations, the portion of foreign exchange differences deemed effective as a hedge is recognized in other comprehensive income as hedging of net investments in foreign operations. Of exchange differences for derivatives or non-derivative hedging instruments, the portion deemed ineffective as a hedge and not subject to the assessment of hedging effectiveness are recognized in profit or loss.

Accumulated gains or losses recognized in other comprehensive income through net investment hedges are transferred to profit or loss upon disposal of foreign operations.

(10) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits withdrawable on demand, and short-term investments that are readily convertible to cash and subject to insignificant risk of change in value with maturities of three months or less.

(11) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost is calculated mainly using the weighted-average method for merchandise, finished goods and semi-finished goods, and mainly using the moving-average method for raw materials and supplies. The cost of merchandise, finished goods and semi-finished goods consists of raw material costs, direct labor costs, other direct costs and related production overhead costs (based on the normal production capacity). Net realizable value is determined at the estimated selling price in the ordinary course of business less the relevant estimated selling expenses.

(12) Assets or Disposal Groups Held for Sale

The Group classifies a non-current asset (or disposal groups) as held for sale when its carrying amount will be recovered principally through a sale rather than through continuing use, the sale is highly probable and the asset is available for immediate sale in its present condition. The Group does not depreciate or amortize a non-current asset (or disposal groups) classified as held for sale and measures it at the lower of its carrying amount and fair value less costs to sell.

(13) Employee Benefits

(i) Post-employment Benefits

The Group companies have various pension plans. The Group has adopted defined benefit plans, and certain consolidated subsidiaries have established a retirement benefit trust. In addition to these plans, certain consolidated subsidiaries have introduced defined contribution plans and retirement benefit prepayment plans.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined contribution plans are post-employment benefit plans in which the employer pays fixed contributions to other separate entities and has no legal or constructive obligations to make further contributions.

In defined benefit plans, the present value of defined benefit obligations is calculated separately for each plan by estimating the amount of future benefits that employees have earned in exchange for their service rendered in the prior fiscal years and the current fiscal year and discounting that amount. The Group recognizes the amount calculated by deducting fair value of plan assets from the present value of defined benefit obligations as net defined benefit liability (asset). Defined benefit obligations are calculated using the projected unit credit method. The discount rates are determined based on market yields of high quality corporate bonds at the end of the fiscal year that correspond to the discount period, which is set on the basis of a period up to the estimated date of benefit payment for each future year. Contributions to the plans are determined based on periodic actuarial calculation and are usually paid to the funds managed by insurance companies or trust companies.

In cases where the Group has a surplus in the defined benefit plans as a result of calculation, the net defined benefit asset is measured to the extent of the present value of economic benefits available in the form of a future refund from the plan or a reduction in future contributions to the plan. In calculating the present value of economic benefits, the Group takes into account minimum funding requirements applicable to its plan. Economic benefits shall be available to the Group, if the economic benefits can be realized during the life of the plan or at the time when the pension liabilities are settled.

The Group recognizes remeasurements of the net defined benefit liability (asset) arising from the defined benefit plans in other comprehensive income and immediately reclassifies them to retained earnings.

Contributions to the defined contribution plan are recognized as employee benefits expense in profit or loss in the period during which employees render their service.

(ii) Short-term Employee Benefits

Short-term employee benefits are measured on an undiscounted basis and recognized as expenses when the related service is rendered. Bonuses are recognized as a liability at the amount estimated to be paid under the plans, when the Group has present legal or constructive obligations to pay as a result of past service rendered by employees, and the amount of obligations can be reliably estimated.

(14) Share-based Payment

Equity-settled share-based payments granted to employees are measured at fair value at the grant date, and then generally recognized as an expense over the vesting period. The same amount is recognized as an increase in equity. However, if the equity-settled share-based payments granted are immediately vested, the entire amount is recognized as an expense and an increase in equity at the grant date.

The fair value of the cash-settled share-based payments is recognized as an expense over the vesting period and the same amount is recognized as an increase of liability. The fair value of the liability is remeasured at the reporting date and also at the settlement date, and then the changes in the fair value are recognized in profit or loss.

(15) Provisions

The Group recognizes provisions when it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.
Where there are a number of similar obligations, the probability that an outflow of resources will be required in settlement is determined taking into account the similar obligations as a whole. Provisions are recognized even if the likelihood of the outflow is low for one item in the similar obligations.

Provisions are measured as the present value of expenditures expected to be required to settle the obligation, using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. An increase in provisions due to passage of time is recognized as interest expense.

(16) Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to issuance of new ordinary shares or share options are deducted from equity.

When any company within the Group purchases the Company's share (treasury shares), the consideration paid including any directly attributable incremental costs (net of tax) is deducted from equity attributable to owner of the Company until the shares are canceled or reissued. When such ordinary shares are subsequently reissued, any consideration received, net of directly attributable incremental costs and the related tax effects, is recognized in equity attributable to owners of the Company.

(17) Revenue

The Group recognizes revenue based on the following five step approach.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the entity satisfies a performance obligation

For sales of goods, as the customer obtains control over the goods upon delivery, the performance obligation is determined to have been satisfied and revenue is therefore recognized upon delivery of the goods. Revenue is measured using the net amount after eliminating goods returned, rebates and discounts.

Because the period from satisfaction of the performance obligation to receipt of consideration is usually within one year or less, the Group uses the practical expedient and does not adjust the promised amount of consideration for the effects of a significant financing component for such receivables.

The Group's view is that acting as a principal if it controls promised goods before transferring them to a customer and recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified goods to be transferred.

(18) Government Grants

Government grants are recognized when there is reasonable assurance that the Group complies with the conditions attaching to them and that the grants will be received. Government grants which are intended to compensate specific costs are recognized in profit or loss on a systematic basis over the period in which the Group recognizes the corresponding expenses. Government grants related to assets are recognized as deferred income, and then recognized in profit or loss on a straight-line basis over the estimated useful lives of the related assets. Non-monetary grants measured at fair value are accounted for in the same way. Grants related to income are recognized and presented in 'Other operating income' in the period when the Group recognizes the corresponding expenses.

(19) Dividends

Dividends payable to the shareholders of the Company are recognized as liabilities in the period in which the dividends are approved at the shareholder's meeting for annual dividends and in the period in which the dividends are approved at the board of directors meeting for interim dividends.

(20) Income Tax

Income tax expenses comprise current and deferred taxes. Income tax is recognized in profit or loss for the period, except to the extent it relates to a transaction which is recognized in other comprehensive income or directly in equity. In those cases, income tax is also recognized in other comprehensive income or directly in equity.

Current tax is measured at the amount that is expected to be paid to or recovered from tax authorities, after reflecting uncertainties related to income tax. The taxes are calculated at tax rates under applicable tax laws that have been enacted or substantively enacted at end of the fiscal period.

Deferred tax is recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. However, a deferred tax liability is not recognized for a temporary difference arising from the initial recognition of goodwill. Similarly, a deferred tax asset or liability is not recognized for a temporary difference arising from initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit or loss nor taxable profit (tax loss), and that do not give rise to equal taxable temporary differences and deductive temporary differences. Deferred tax is measured at tax rates that have been enacted or substantively enacted at end of the reporting date and expected to apply in the period when the related deferred income tax asset is realized or the deferred income tax liability is settled under applicable tax laws.

A deferred tax asset is recognized to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized.

A deferred tax asset and liability is recognized for temporary differences arising from investments in subsidiaries and associates although a deferred tax liability is not recognized if the Group is able to control the timing of the reversal of the temporary difference and it is probable that temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liability, and income taxes are levied by the same taxation authority on the same taxable entity.

The Company and its wholly owned subsidiaries in Japan have applied Japanese group tax sharing system.

The Group has applied a temporary exception of the recognition and disclosure about deferred tax assets and deferred tax liabilities related to income tax arising from the tax laws enacted or substantively enacted to introduce Pillar Two Model Rules issued by the Organization for Economic Cooperation and Development.

6. Significant Accounting Estimates and Judgments

In the preparation of the consolidated financial statements, management makes judgments, estimates and assumptions that affect the application of the accounting policies and the reporting amounts of assets, liabilities, revenue and expenses. The estimates and the underlying assumptions are reviewed on an ongoing basis. The effects of a change in accounting estimates are recognized in the period in which the estimate is revised and in the future periods. The estimates and the underlying assumptions that have significant risks which could result in a material adjustment to the carrying amounts of assets and liabilities within the next year are as follows:

・Impairment of non-financial assets (Notes 14)

7. Changes in Presentation

(Consolidated statement of cash flows)
"Increase (decrease) in other liabilities", which was included in "Other" in "Cash flows from (used in) operating activities" in the previous fiscal year is presented separately from the current fiscal year in order to improve clarity.

As a result, ¥46,395 million included in "Other" in "Cash flows from operating activities" in the consolidated statement of cash flows for the previous fiscal year, has been reclassified to "Increase (decrease) in other liabilities."

8. Segment Information

(1) General Information

The Group determines operating segments based on the report that is reviewed by management and utilized in its strategic decision making.

The operating segments are components of the Group for which separate financial information is available and regularly reviewed by the management so as to make decisions about how to allocate resources.

The Group's management structure comprises Global Headquarters and Regional Headquarters (RHQ). Global Headquarters specialize in formulating Group-wide strategies and business management, while Regional Headquarters (RHQ) are responsible for formulating and implementing strategies for the manufactures and sales of alcohol beverages, soft drinks, and other products tailored to the characteristics of each region.

The Group appoints a responsible officer to each RHQ and oversees the formulation of business strategies for each region, so that they are in line with the global strategy.

The Group consists of segments based on the manufacture and sale of alcoholic beverages and beverage products, etc., by region where RHQ is located, and has identified 4 reportable segments, "Japan," "Europe," "Oceania" and "Southeast Asia" accordingly.

Reportable Segments

- Japan – manufacture and sales of alcohol beverages, soft drinks, food, and pharmaceuticals
- Europe – manufacture and sales of alcohol beverages
- Oceania – manufacture and sales of alcohol beverages and soft drinks
- Southeast Asia – manufacture and sales of soft drinks

Management evaluates performance of each operating segment based on the results of measure of segment profit or loss.

Previous Year (ended December 31, 2023)

Millions of yen

	Japan	Europe	Oceania	Southeast Asia	Other*	Segment Total	Adjustments	Consolidated
Revenue:								
External customers	1,353,194	687,637	649,513	57,204	21,542	2,769,091	—	2,769,091
Intersegment	9,656	1,088	2,641	602	—	13,988	(13,988)	—
Total revenue	1,362,850	688,725	652,154	57,806	21,542	2,783,080	(13,988)	2,769,091
Segment profit (loss)	111,266	59,437	89,673	1,009	5,174	266,561	(21,562)	244,999
Segment assets	1,036,548	2,006,197	2,084,718	54,872	15,226	5,197,564	88,349	5,285,913
Other items								
Depreciation and amortization expenses	52,278	58,616	32,923	1,850	481	146,150	1,841	147,992
Impairment losses	1,492	—	—	691	—	2,183	—	2,183
Share of profit (loss) of investments accounted for using equity method	427	446	1	—	—	875	—	875
Investments accounted for using equity method	5,910	3,632	1,541	—	—	11,083	(1)	11,081
Additions to non-current assets other than financial instruments and deferred tax assets	61,401	65,166	19,501	895	510	147,475	1,814	149,290

* "Other" consists of operating segments not included in the reportable segments, and includes Korean alcohol beverage business, feedstuffs business and others.

Adjustments to segment profit or (loss) of ¥(21,562) million include overhead costs of ¥(21,732) million, which are not allocated to the reportable segments, and elimination of intersegment transactions of ¥169 million. Overhead costs are primarily group management expenses incurred at the Company that is a pure holding company. The price in intersegment transactions is in accordance with the transaction price with external customers.

Adjustments to segment assets of ¥88,349 million include corporate assets of ¥108,735 million, which are not allocated to the reportable segments, and elimination of ¥(20,385) million to offset intersegment receivables and payables. The corporate assets are primarily assets held by the Company, which is a pure holding company.

Current Year (ended December 31, 2024)

Millions of yen

	Japan	Europe	Oceania	Southeast Asia	Other*	Segment Total	Adjustments	Consolidated
Revenue:								
External customers	1,354,296	779,790	713,436	65,430	26,469	2,939,422	—	2,939,422
Intersegment	8,578	1,214	1,957	708	0	12,459	(12,459)	—
Total revenue	1,362,874	781,005	715,394	66,138	26,470	2,951,882	(12,459)	2,939,422
Segment profit (loss)	136,272	65,822	81,844	1,783	3,844	289,568	(20,516)	269,052
Segment assets	1,058,548	2,067,203	2,101,196	53,853	18,651	5,299,453	103,951	5,403,405
Other items								
Depreciation and amortization expenses	51,971	66,580	34,938	1,885	538	155,914	2,021	157,935
Impairment losses	5,318	—	1,500	10	—	6,829	—	6,829
Share of profit (loss) of investments accounted for using equity method	275	489	(216)	—	—	548	—	548
Investments accounted for using equity method	6,071	3,956	1,354	—	—	11,382	(12)	11,369
Additions to non-current assets other than financial instruments and deferred tax assets	69,042	66,798	30,095	1,259	1,026	168,222	2,491	170,714

* "Other" consists of operating segments not included in the reportable segments, and includes Korean alcohol beverage business, feedstuffs business and others.

Adjustments to segment profit or (loss) of ¥(20,516) million include overhead costs of ¥(28,018) million, which are not allocated to the reportable segments, and elimination of intersegment transactions of ¥7,502 million. Overhead costs are primarily group strategy and management expenses incurred at the Company that is a pure holding company and Asahi Global Procurement Pte. Ltd.,that began full-scale operations during the fiscal year. Elimination of intersegment transactions include the amount of consolidated eliminations relating to transactions between subsidiaries that are not included in any operating segment and each operating segment. The price in intersegment transactions is in accordance with the transaction price with external customers.

Adjustments to segment assets of ¥103,951 million include corporate assets of ¥145,924 million, which are not allocated to the reportable segments, and elimination of ¥(41,972) million to offset intersegment receivables and payables. The corporate assets are primarily assets held by the Company, which is a pure holding company.

(2) Information about Products and Services

Please refer to "26. Revenue".

(3) Information about Geographical Areas

With regard to information about geographical areas, revenue to external customers and non-current assets are classified into Japan or overseas based on customers' locations and asset locations, respectively.

Revenue from External Customers

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Japan	1,340,989	**1,340,385**
Overseas	1,428,101	**1,599,037**
Of which, Australia	601,978	**664,636**
Total	2,769,091	**2,939,422**

Non-current Assets

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Japan	453,441	**455,258**
Overseas	3,738,207	**3,849,774**
Of which, Australia	1,873,337	**1,895,076**
Of which, Czech Republic and Slovakia	811,556	**824,410**
Total	4,191,649	**4,305,033**

(4) Information about Major Customers

In the current year, due to the fact that the Group does not have external customers to which sales revenue exceed 10% of Revenue amount in the Consolidated Statement of Profit or Loss, information about Major Customers is omitted.

9. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position at the end of the previous year and the current year are consistent with those in the consolidated statement of cash flows.

Cash and cash equivalents are analyzed as follows:

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Cash and cash equivalents	59,945	**83,961**
Total	59,945	**83,961**

Cash and cash equivalents are classified as financial assets measured at amortized cost.

10. Trade and Other Receivables

Trade and other receivables are analyzed as follows:

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Notes and accounts receivable-trade	439,369	**409,644**
Others	37,663	**43,597**
Less: Loss allowance	(11,399)	**(12,906)**
Total	465,633	**440,335**

Trade and other receivables are classified as financial assets measured at amortized cost.

11. Inventories

Inventories are analyzed as follows:

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Merchandise and finished goods	128,127	**127,348**
Semi-finished goods and work in progress	61,406	**65,797**
Raw materials	61,254	**59,885**
Supplies	16,529	**18,399**
Total	267,317	**271,430**

Whisky and equivalents which are to be sold after 12 months from the year end account for 70.0% (Previous year: 67.9%) of semi-finished goods and work in progress.

The Group recognized ¥1,786,388 million of inventories as an expense in the current year (Previous year: ¥1,657,801 million). It is included in “Cost of sales”.

No inventory is pledged as collateral for liabilities.

“Cost of sales” includes cost of raw materials amounting to ¥795,876 million (Previous year: ¥754,366 million).

12. Assets or Disposal Groups Held for Sale

Previous year (ended December 31, 2023)
There are no disposal groups held for sale.
Current year (ended December 31, 2024)
There are no disposal groups held for sale.

13. Property, Plant and Equipment

Property, plant and equipment is analyzed as follows:

Carrying Amount

Millions of yen

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Previous year (as of January 1, 2023)	264,662	260,810	120,287	133,198	55,762	834,721
Separate acquisitions	17,093	27,120	28,341	19	50,710	123,286
Acquisitions through business combinations	—	—	11	—	—	11
Disposals	(1,415)	(1,357)	(5,844)	(1,170)	(628)	(10,417)
Exchange differences	14,661	15,563	7,736	3,317	4,587	45,865
Transfers from construction in progress	10,048	23,588	10,654	82	(44,374)	—
Impairment losses (Note)	(1,035)	(748)	(313)	(57)	—	(2,153)
Depreciation expenses	(28,123)	(48,254)	(24,797)	—	—	(101,176)
Other	(887)	(1,062)	44	461	(622)	(2,066)
Previous year (as of December 31, 2023)	275,003	275,660	136,120	135,851	65,433	888,070
Separate acquisitions	**18,458**	**24,628**	**26,036**	**122**	**64,585**	**133,832**
Acquisitions through business combinations	**8,183**	**9,512**	**409**	**270**	**449**	**18,825**
Disposals	**(6,089)**	**(2,531)**	**(3,890)**	**(9,808)**	**(77)**	**(22,398)**
Exchange differences	**6,788**	**6,221**	**3,715**	**1,789**	**1,618**	**20,133**
Transfers from construction in progress	**11,582**	**34,999**	**7,595**	**91**	**(54,268)**	**—**
Impairment losses (Note)	**(124)**	**(333)**	**(152)**	**(864)**	**—**	**(1,474)**
Depreciation expenses	**(29,877)**	**(49,243)**	**(27,384)**	**—**	**—**	**(106,505)**
Other	**741**	**(2,434)**	**5,873**	**718**	**59**	**4,958**
Current year (as of December 31, 2024)	**284,667**	**296,480**	**148,323**	**128,170**	**77,800**	**935,441**

(Note) Please refer to "14. Goodwill and Intangible Assets" regarding recognition of impairment losses and other.

Cost

Millions of yen

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Previous year (as of January 1, 2023)	653,194	846,412	294,468	138,921	55,762	1,988,760
Previous year (as of December 31, 2023)	692,695	910,264	335,413	141,632	65,433	2,145,439
Current year (as of December 31, 2024)	**732,360**	**980,661**	**375,153**	**134,814**	**77,800**	**2,300,790**

Accumulated Depreciation and Accumulated Impairment losses

Millions of yen

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Previous year (as of January 1, 2023)	388,532	585,601	174,181	5,723	—	1,154,038
Previous year (as of December 31, 2023)	417,691	634,604	199,292	5,780	—	1,257,368
Current year (as of December 31, 2024)	**447,693**	**684,181**	**226,829**	**6,644**	**—**	**1,365,348**

The carrying amount of property, plant and equipment includes the carrying amount of right-of-use assets as follows:

Millions of yen

Right-of-use assets	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Total
Previous year (as of January 1, 2023)	63,533	14,976	5,305	20	83,835
Previous year (as of December 31, 2023)	63,246	21,515	5,102	12	89,877
Current year (as of December 31, 2024)	**62,824**	**20,093**	**5,969**	**28**	**88,916**

Depreciation expenses of property, plant and equipment are included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

Items of property, plant and equipment are grouped together into cash-generating units generally by location of business facilities such as plants and offices taking into account mutual complementary nature in cash flow.

14. Goodwill and Intangible Assets

(1) Carrying Amount, Cost and Accumulated Amortization and Accumulated Impairment losses

Goodwill and intangible assets are analyzed as follows:

Carrying Amount

Millions of yen

	Goodwill	Trademarks	Software	Other	Total
Previous year (as of January 1, 2023)	1,966,971	1,016,113	30,607	14,237	3,027,929
Separate acquisitions	—	—	16,436	3,654	20,091
Acquisitions through business combinations	1,158	3,813	—	—	4,971
Disposals	—	—	(2,343)	(478)	(2,822)
Exchange differences	179,009	99,372	1,227	622	280,232
Transfers from construction in progress	—	—	—	—	—
Impairment losses	—	—	(21)	(8)	(30)
Amortization expenses	—	(36,862)	(6,839)	(3,114)	(46,816)
Other	(0)	648	(590)	334	391
Previous year (as of December 31, 2023)	2,147,139	1,083,084	38,476	15,248	3,283,948
Separate acquisitions	**—**	**—**	**22,200**	**5,655**	**27,855**
Acquisitions through business combinations	**7,073**	**2,484**	**1**	**31**	**9,591**
Disposals	**—**	**—**	**(454)**	**(176)**	**(630)**
Exchange differences	**53,505**	**35,659**	**393**	**376**	**89,936**
Transfers from construction in progress	**—**	**—**	**—**	**—**	**—**
Impairment losses	**(4,293)**	**(1,050)**	**(0)**	**—**	**(5,344)**
Amortization expenses	**—**	**(39,430)**	**(8,868)**	**(3,130)**	**(51,429)**
Other	**—**	**1,049**	**170**	**(1,250)**	**(30)**
Current year (as of December 31, 2024)	**2,203,425**	**1,081,798**	**51,918**	**16,753**	**3,353,896**

Cost

Millions of yen

	Goodwill	Trademarks	Software	Other	Total
Previous year (as of January 1, 2023)	2,043,140	1,202,705	121,750	29,076	3,396,673
Previous year (as of December 31, 2023)	2,223,308	1,306,539	136,480	33,210	3,699,538
Current year (as of December 31, 2024)	**2,283,888**	**1,345,733**	**158,792**	**37,846**	**3,826,260**

Accumulated Amortization and Accumulated Impairment losses

Millions of yen

	Goodwill	Trademarks	Software	Other	Total
Previous year (as of January 1, 2023)	76,169	186,591	91,143	14,838	368,743
Previous year (as of December 31, 2023)	76,169	223,454	98,004	17,962	415,589
Current year (as of December 31, 2024)	**80,462**	**263,935**	**106,873**	**21,092**	**472,363**

The carrying amount of intangible assets includes the carrying amount of right-of-use assets as follows:

Millions of yen

	Software	Other	Total
Previous year (as of January 1, 2023)	207	—	207
Previous year (as of December 31, 2023)	200	—	200
Current year (as of December 31, 2024)	**140**	**—**	**140**

There are no significant internally generated intangible assets as of the end of the previous year and that of the current year, respectively.

Amortization expenses are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

Intangible assets with indefinite useful lives are included in the above, and the carrying amounts are ¥7,763 million as of December 31, 2024 (¥7,063 million as of December 31, 2023). These assets primarily consist of trademarks and land leasehold right, which basically last as long as the business continues, and thereby their useful lives are considered as indefinite.

Significant intangible assets recognized in the consolidated statement of financial position are mainly trademarks derived from the acquisition of CUB Australia Holding Pty Ltd (which changed its name from ABI Australia Holding Pty Ltd on August 7, 2020.) in the fiscal year ended December 31, 2020, and from the acquisition of Plzeňský Prazdroj, a.s., Plzeňský Prazdroj Slovensko, a.s. and Kompania Piwowarska S.A. in the fiscal year ended December 31, 2017.

The carrying amount of trademarks recognized due to the acquisition of CUB Australia Holding Pty Ltd in the fiscal year ended December 31, 2020 is ¥328,257 million (¥334,268 million as of December 31, 2023).

The carrying amount of trademarks recognized due to the acquisition of Plzeňský Prazdroj, a.s. and Plzeňský Prazdroj Slovensko, a.s. in the fiscal year ended December 31, 2017 is ¥314,111 million (¥314,430 million as of December 31, 2023). The carrying amount of trademarks recognized due to the acquisition of Kompania Piwowarska S.A. is ¥93,314 million (¥90,244 million as of December 31, 2023).

The above-mentioned trademarks, except for those with indefinite useful lives, are amortized using the straight-line method, the remaining amortization periods of the trademarks related to CUB Australia Holding Pty Ltd is principally 35 years and related to Plzeňský Prazdroj, a.s., Plzeňský Prazdroj Slovensko, a.s. and Kompania Piwowarska S.A. are 32 years.

(2) Impairment

Previous Year (ended December 31, 2023)

Millions of yen

Segment	Impairment loss amount (Note)	Type of assets
Japan	1,492	Buildings, Tools, furniture & fixtures, land and others
Southeast Asia	691	Machinery
Total	2,183	

(Note) Impairment loss is included in “Other operating expense” in the consolidated statement of profit or loss.

Current Year (ended December 31, 2024)

Millions of yen

Segment	Impairment loss amount (Note)	Type of assets
Japan	**5,318**	Goodwill, land, buildings and others
Southeast Asia	**1,500**	Trademarks, machinery and others
Oceania	**10**	Furniture & fixtures and others
Total	**6,829**	

The main impairment loss recorded in this fiscal year was a ¥4,293 million recognized on the goodwill related to the Enoteca business in the Japan segment. Due to the economic slowdown and rising costs in overseas businesses, the carrying amount of the asset was reduced to its recoverable amount of ¥24,253 million.

(Note) Impairment loss is included in “Other operating expense” in the consolidated statement of profit or loss.

Impairment test for goodwill and intangible assets with indefinite useful lives

As of December 31, 2024, significant items among goodwill and intangible assets with indefinite useful lives allocated to each cash-generating unit (group of cash-generating units) are as below.

(Oceania segment)

Goodwill allocated to the Oceania business is ¥1,380,398 million as of December 31, 2024 (¥1,358,310 million as of December 31, 2023).

The recoverable amount is measured at fair value less costs of disposal and the fair value hierarchy is classified into Level 3. The fair value less costs of disposal is calculated by discounting the future cash flows at 9.8% (10.2% as of December 31, 2023). Discount rate is determined with reference to the pre-tax weighted average cost of capital of cash-generating unit (group of cash-generating units).

The future cash flows are based on business plans for 5 years or less and growth rates that reflect past experience and external information and have been approved by the management. Growth rate is 2.5% (2.5% as of December 31, 2023) and it has been determined with reference to factors such as inflation rates in the markets to which cash-generating unit (group of cash-generating units) belongs.

Key assumptions, such as increases in future revenue and the growth rate applied to the periods subsequent to those covered by the business plan, used in estimating the future cash flows, involved a high degree of uncertainty as they are affected by changes in factors such as the business conditions and competitive environment in Oceania, and management’s judgment thereon had a significant effect on the estimated future cash flows.

The recoverable amount exceeds the carrying amount by ¥290,217 million as of December 31, 2024 (¥170,462 million as of December 31, 2023), however if the discount rate were to increase by 1.1% (0.8% as of December 31, 2023), the carrying amount would exceed the recoverable amount.

(Europe segment)
Goodwill allocated to the Europe (Czech Republic and Slovakia) business is ¥372,967 million as of December 31, 2024 (¥361,338 million as of December 31, 2023).

The recoverable amount is measured at value in use. The value in use is calculated by discounting the future cash flows at 6.6% (6.7% as of December 31, 2023). Discount rate is determined with reference to the pre-tax weighted average cost of capital of cash-generating unit (group of cash-generating units).

The future cash flows are based on business plans for 5 years or less and growth rates that reflect past experience and external information and have been approved by the management. Growth rate is 2.2% (2.0% as of December 31, 2023) and it has been determined with reference to factors such as inflation rates in the markets to which cash-generating unit (group of cash-generating units) belongs.

The recoverable amount exceeds the carrying amount by ¥385,895 million as of December 31, 2024 (¥243,827 million as of December 31, 2023), however if the discount rate were to increase by 2.2% (1.5% as of December 31, 2023), the carrying amount would exceed the recoverable amount.

Goodwill allocated to the Europe (International) business is ¥125,040 million as of December 31, 2024 (¥113,145 million as of December 31, 2023).

The recoverable amount is measured at value in use. The value in use is calculated by discounting the future cash flows at 7.6% (8.1% as of December 31, 2023). Discount rate is determined with reference to the pre-tax weighted average cost of capital of cash-generating unit (group of cash-generating units).

The future cash flows are based on business plans for 5 years or less and growth rates that reflect past experience and external information and have been approved by the management. Growth rate is 2.0% (2.0% as of December 31, 2023) and it has been determined with reference to factors such as inflation rates in the markets to which cash-generating unit (group of cash-generating units) belongs.

Key assumptions, such as increases in future revenue and the growth rate applied to the periods subsequent to those covered by the business plan, used in estimating the future cash flows, involved a high degree of uncertainty as they are affected by changes in factors such as the business conditions and competitive environment in each region of the export destination markets, and management's judgment thereon had a significant effect on the estimated future cash flows.

The recoverable amount exceeds the carrying amount by ¥17,525 million as of December 31, 2024 (¥20,930 million as of December 31, 2023), however if the discount rate were to increase by 0.4% (0.6% as of December 31, 2023), the carrying amount would exceed the recoverable amount.

The total carrying amount of insignificant items among goodwill and intangible assets with indefinite useful lives allocated to each cash-generating unit (group of cash-generating units) is ¥325,019 million as of December 31, 2024 (¥314,345 million as of December 31, 2023) and ¥7,763 million as of December 31, 2024 (¥7,063 million as of December 31, 2023), respectively.

(3) Research and Development Expenses

Research and development expenses recognized on the consolidated statement of profit or loss in the previous year (ended December 31, 2023) and the current year (ended December 31, 2024) are as follows:

Millions of yen

Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
17,470	**18,004**

15. Other Financial Assets

Other financial assets are analyzed as follows:

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Derivative assets	23,779	**21,685**
Equity instruments	124,696	**125,606**
Other	13,162	**13,328**
Total	161,638	**160,620**
Current assets	10,469	**17,079**
Non-current assets	151,168	**143,540**
Total	161,638	**160,620**

Derivative assets are classified as financial assets measured at fair value through profit or loss, except for items to which hedge accounting is applied. Equity instruments are classified as financial assets measured at fair value through other comprehensive income. Bonds are classified as financial assets measured at amortized cost.

Equity instruments are held for strategic purposes, and thus designated as financial assets measured at fair value through other comprehensive income.

Details of fair values of financial assets measured at fair value through other comprehensive income and dividends received on these assets are as follows:

Previous Year (as of December 31, 2023)

Millions of yen

Description	Fair value
OHSHO FOOD SERVICE CORP.	16,573
COLOWIDE CO., LTD.	15,138
DAIICHIKOSHO CO., LTD.	7,594
SKYLARK HOLDINGS CO., LTD.	7,055
IMPERIAL HOTEL, LTD.	6,495
Seven & i Holdings Co., Ltd	5,595
GINSEN CO., LTD	4,951
Sumitomo Real Estate Sales Co., Ltd.	4,772
ZENSHO HOLDINGS CO., LTD.	4,632
CHIMNEY CO., LTD.	2,518
Others	49,368
Total	124,696

Current Year (as of December 31, 2024)

Millions of yen

Description	Fair value
OHSHO FOOD SERVICE CORP.	**18,799**
COLOWIDE CO., LTD.	**15,081**
Seven & i Holdings Co., Ltd	**8,414**
SKYLARK HOLDINGS CO., LTD.	**8,370**
DAIICHIKOSHO CO., LTD.	**6,704**
IMPERIAL HOTEL, LTD.	**6,270**
ZENSHO HOLDINGS CO., LTD.	**5,620**
GINSEN CO., LTD	**5,613**
Orion Breweries, Ltd.	**2,875**
KATO SANGYO CO., LTD.	**2,256**
Others	**45,598**
Total	**125,606**

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Dividends received	1,942	**2,123**

Certain items designated as financial assets measured at fair value through other comprehensive income have been disposed of during the year as a process of reviewing business relationships. The fair values, cumulative gain or loss at the disposal date and dividends received up to the disposal date are as follows:

Millions of yen

Previous year (ended December 31, 2023)			Current year (ended December 31, 2024)		
Fair value	Cumulative gain or loss	Dividends received	Fair value	Cumulative gain or loss	Dividends received
3,375	689	3	**7,921**	**5,960**	**99**

Cumulative gain or loss previously recognized in other components of equity is reclassified to retained earnings in case that fair value of these financial assets is significantly declined or disposed. Such amount was ¥(3,836) million in the current year (¥48 million in the previous year ended December 31, 2023).

16. Other Assets

"Other current assets" and "Other non-current assets" are analyzed as follows:

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Prepaid expenses	19,151	**26,341**
Other	41,133	**29,591**
Total	60,285	**55,932**
Current assets	40,655	**40,237**
Non-current assets	19,629	**15,694**
Total	60,285	**55,932**

17. Trade and Other Payables

Trade and other payables are analyzed as follows:

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Notes and accounts payable	343,351	**343,358**
Other payables and accrued expenses	244,623	**231,506**
Refund Liabilities	126,807	**146,005**
Total	714,781	**720,870**

"Notes and accounts payable," "Other payables and accrued expenses" are classified as financial liabilities measured at amortized cost.

Concerning refund liabilities, among consideration received from customers, costs of returned goods, rebates and discounts expected to be paid to customers and other are recognized as refund liabilities. Estimates of such refund liabilities are based on historical records and data currently available as of the end of the fiscal period.

Supplier finance arrangements

The Group participates in supplier finance arrangements under which its suppliers may elect to receive early payment of their invoice from a financial institution.

Under the arrangement, the financial institution agrees to pay amounts due to participating suppliers in respect of invoices owed by the Group and the Group repays the financial institution on the same day or at a later date in accordance with the terms and conditions of the arrangements.

The principal purpose of these arrangements is to facilitate efficient payment processing by the group and provide the willing suppliers early payment terms, compared with the related invoice payment due date.

Under the arrangements, the Group is not required to provide collateral and the Group is not permitted to extend payment periods.

The carrying amount of the financial liabilities related to supplier finance arrangements is as below.

Millions of yen

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Carrying amount of the financial liabilities that are part of supplier finance arrangements		
Trade and other payables	83,149	**83,032**
of which suppliers have received payment from financial institutions	(Note)	**72,251**

The range of payment due dates related to the supplier finance arrangements is as below.

	Previous fiscal year (As of December 31, 2023)	Current fiscal year (As of December 31, 2024)
Payables subject to supplier finance arrangements (days after invoice date)	(Note)	**20-195 days**
Comparable trade payables that are not part of supplier finance arrangements (days after invoice date)	(Note)	**20-180 days**

(Note) The Group applied transitional relief available under Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 and has not provided comparative information in the first year of adoption.

The payments from the Group to the financial institution are included in operating cash flows because they are part of the operating cycle of the Group. The payments of ¥72,251 million from the financial institution to the supplier are considered non-cash transactions.

The main purpose of the supplier finance arrangements that the Group enters into is to promote efficient payment management by the Group and provide the terms and conditions for early payment to the suppliers, compared to the due date of the related invoice. The supplier finance arrangements do not have any significant impact on the liquidity risk of the Group.

The effect of non-cash changes in financial liabilities subject to supplier finance arrangements in the current fiscal year is an increase of ¥683 million due to exchange rates.

18. Bonds and Borrowings (including Other Financial Liabilities)

(1) Financial Liabilities

"Bonds and borrowings" and "Other financial liabilities" are analyzed as follows:

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)	Average interest rate (Note) (%)	Maturity date
Derivative liabilities	9,543	**8,062**	—	—
Short-term borrowings	4,846	**4,206**	10.89	—
Current portion of long-term borrowings	44,658	**38,367**	0.31	—
Current portion of bonds	321,342	**408,554**	0.45	—
Commercial paper	19,000	**—**	—	—
Long-term borrowings	108,980	**74,270**	0.60	up to Oct. 23, 2036
Bonds	911,970	**753,777**	1.02	up to Oct. 1, 2034
Other	247,255	**257,215**	—	—
Total	1,667,597	**1,544,454**	—	—
Current liabilities	503,490	**586,764**	—	—
Non-current liabilities	1,164,106	**957,690**	—	—
Total	1,667,597	**1,544,454**	—	—

(Note) "Average interest rate" is the weighted average interest rate to the aggregate balance at the end of fiscal period. Among the above, the amount of borrowings with variable interest rate is ¥4,653 million for the current year. (There are no borrowings with variable interest as of December 31, 2023).

Derivative liabilities are classified as financial liabilities measured at fair value through profit or loss, except for items to which hedge accounting is applied. Commercial paper, bonds, and borrowings are classified as financial liabilities measured at amortized cost.

There are no covenants attached to the bonds and borrowings which have a significant effect on the Group's financing activities.

(2) Bonds

Millions of yen

Issuer	Type	Issue date	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)	Maturity date (Interest rate)
the Company	the 11th Issue of Unsecured Corporate Bond	Jun 13, 2017	19,992 (19,992)	**—**	Jun 13, 2024 (0.230%)
the Company	the 12th Issue of Unsecured Corporate Bond	Jun 13, 2017	29,944 (—)	**29,960** **(—)**	Jun 11, 2027 (0.330%)
the Company	Euro denominated straight corporate bonds due 2025	Sep 19, 2017	94,172 (—)	**98,909** **(—)**	Sep 19, 2025 (1.151%)
the Company	The 1st unsecured subordinated bonds with optional interest payment deferral and early redemption provisions (with a subordination provision)	Oct 15, 2020	299,196 (—)	**299,654** **(—)**	Oct 15, 2025 (0.970%)
the Company	the 14th Issue of Unsecured Corporate Bond	Oct 15, 2020	9,980 (—)	**9,991** **(9,991)**	Oct 15, 2025 (0.120%)
the Company	Euro denominated straight corporate bonds due 2024	Oct 23, 2020	125,663 (125,663)	**—**	Oct 23, 2024 (0.155%)
the Company	Euro denominated straight corporate bonds due 2028	Oct 23, 2020	125,412 (—)	**131,740** **(—)**	Oct 23, 2028 (0.541%)
the Company	the 15th Issue of Unsecured Corporate Bond	Mar 15, 2021	49,986 (49,986)	**—**	Mar 15,2024 (0.001%)
the Company	the 16th Issue of Unsecured Corporate Bond	Mar 15, 2021	49,910 (—)	**49,951** **(—)**	Mar 13, 2026 (0.080%)
the Company	Euro denominated straight corporate bonds due 2027	Apr 19, 2021	94,083 (—)	**98,842** **(—)**	Apr 19, 2027 (0.336%)
the Company	the 17th Issue of Unsecured Corporate Bond	Jun 1, 2022	49,863 (—)	**49,903** **(—)**	Jun 1, 2027 (0.290%)
the Company	the 18th Issue of Unsecured Corporate Bond	Jun 1, 2022	9,955 (—)	**9,960** **(—)**	Jun 1, 2032 (0.469%)
the Company	the 19th Issue of Unsecured Corporate Bond	Mar 8, 2023	49,874 (—)	**49,932** **(—)**	Mar 6, 2026 (0.280%)
the Company	the 20th Issue of Unsecured Corporate Bond	Mar 8, 2023	24,911 (—)	**24,932** **(—)**	Mar 8, 2028 (0.544%)
the Company	the 21st Issue of Unsecured Corporate Bond	Mar 8, 2023	24,906 (—)	**24,921** **(—)**	Mar 8, 2030 (0.870%)
the Company	the 22nd Issue of Unsecured Corporate Bond	Sep 7, 2023	19,907 (—)	**19,926** **(—)**	Sep 7, 2028 (0.509%)
the Company	the 23rd Issue of Unsecured Corporate Bond	Sep 7, 2023	29,849 (—)	**29,864** **(—)**	Sep 7, 2033 (1.033%)
the Company	Euro denominated straight corporate bonds due 2029	Apr 16, 2024	—	**82,116** **(—)**	Apr 16, 2029 (3.384%)
the Company	Euro denominated straight corporate bonds due 2032	Apr 16, 2024	—	**82,041** **(—)**	Apr 16, 2032 (3.464%)
the Company	the 24th Issue of Unsecured Corporate Bond	Oct 24, 2024	—	**19,898** **(—)**	Oct 24, 2029 (0.854%)
the Company	the 25th Issue of Unsecured Corporate Bond	Oct 17, 2024	—	**29,881** **(—)**	Oct 17, 2029 (0.854%)
the Company	the 26th Issue of Unsecured Corporate Bond	Oct 17, 2024	—	**19,903** **(—)**	Oct 17, 2034 (1.323%)
Total	—	—	1,233,312 (321,342)	**1,162,332** **(408,554)**	

(Note) The amounts presented in () represent the current portion payable within one year.

(3) Secured liabilities and assets pledged as collateral

The carrying amounts of secured liabilities and assets pledged as collateral are as follows:

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Secured liabilities		
Short-term borrowings	1,964	—
Total	1,964	—
Assets pledged as collateral		
Buildings and structures	153	—
Machinery and vehicles	45	—
Land	146	—
Cash and cash equivalents	68	—
Total	414	—

19. Leases

(1) Right-of-use assets

The Group leases buildings and structures, machinery and vehicles, tools, furniture and fixtures, and others as a lessee.

Some lease contracts contain an option to extend leases for the same period of time after the contractual term expires.

There are no material clauses including purchase option and any other restrictions associated with these lease contracts.

The carrying amount and depreciation expense of right-of-use assets at the end of the current year are as follows:

Previous Year (as of December 31, 2023)

Millions of yen

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Software	Total
Carrying amount for the previous year (as of December 31, 2023)	63,246	21,515	5,102	12	200	90,077
Depreciation expense for right-of-use assets in the previous year	13,645	4,897	2,425	—	66	21,035

The increase in right-of-use assets in the previous year is ¥24,001 million.

Current Year (as of December 31, 2024)

Millions of yen

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Software	Total
Carrying amount for the current year (as of December 31, 2024)	**62,824**	**20,093**	**5,969**	**28**	**140**	**89,057**
Depreciation expense for right-of-use assets in the current year	**14,826**	**5,570**	**2,372**	**—**	**92**	**22,862**

The increase in right-of-use assets in the current year is ¥24,412 million.

(2) Lease liabilities

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Within 1 year	24,196	**26,489**
Between 1 and 2 years	19,382	**20,138**
Between 2 and 3 years	14,100	**15,184**
Between 3 and 4 years	10,486	**12,107**
Between 4 and 5 years	8,044	**9,009**
More than 5 years	58,357	**54,308**
Undiscounted lease liabilities at the end of period	134,568	**137,237**
Balance of lease liabilities included in the consolidated statement of financial position for the current year (as of December 31, 2024)	111,441	**110,844**

(3) Amount recognized in profit or loss

Millions of yen

	Previous year (as of December 31, 2023)	Current year (ended December 31, 2024)
Interest expenses on lease liabilities	3,116	**3,906**
Lease expenses under the exemption for short-term leases	661	**783**
Lease expenses under the exemption for low-value assets	4,018	**3,723**
Variable lease payments that are not included in measurement of lease liabilities	2,014	**443**
Income from subleases of right-of-use assets	(1,805)	**(2,283)**
Total	8,004	**6,574**

Gains or losses arising from sale and leaseback transactions are not material.

(4) Amount recognized in the statement of cash flows

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Total cash outflows related to leases	34,364	**38,895**

(5) Finance leases (lessor)

Certain foreign subsidiaries sublease leased buildings. The Group classifies these subleases as finance leases, considering that substantially all the risks and rewards are transferred to the lessees in the subleases.

Finance income on net investment in the lease and revenue on variable lease payments are as follows:

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Finance income on net investment in the lease	136	**224**
Revenue on variable lease payments	—	**—**

(6) Operating leases (lessor)

There are no material transactions.

(7) Maturity analysis (lessor)

The maturity analysis of outstanding balances of undiscounted lease payments receivable by due date is as follows:

Previous Year (as of December 31, 2023)

Millions of yen

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total	Unguaranteed residual value	Unearned finance income	Net investment in the lease
Lease payments receivable	1,906	1,136	991	762	656	3,150	8,603	4,406	(693)	12,316

Current Year (as of December 31, 2024)

Millions of yen

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total	Unguaranteed residual value	Unearned finance income	Net investment in the lease
Lease payments receivable	**2,126**	**1,258**	**1,014**	**909**	**752**	**3,177**	**9,238**	**5,679**	**(700)**	**14,217**

20. Employee Benefits

(1) Overview of Defined Benefit Plans

The Group has defined benefit plans such as corporate pension plan and lump-sum retirement benefit plan. In addition, some consolidated subsidiaries have defined contribution plans and retirement benefit prepayment plans. For entities incorporated in Japan, the defined benefit plans have been established in accordance with the Defined-Benefit Corporate Pension Act of Japan. The Group pays out lump-sum benefit upon the retirements of employees and then annuity for a certain period of time after retirement in accordance with the terms of the Group's plans based on the Act. The benefits are calculated based on the pension points reflecting the length of service periods and compensation for each period.

The Group manages plan assets for the purpose of increasing the value of plan assets within the acceptable range of risks in order to ensure the benefits for participants (including potential pensioners in the future periods). The Group has developed a basic policy for the management of plan assets and implements the policy consistently. The Group considers expected rate of return and risks inherent in the investments, and then develops optimum combination of plan assets called the policy asset mix. The Group controls the asset management through appointing appropriate asset managers, reviewing the financial status on a regular basis, developing the long-term asset management policy and monitoring the situation of asset allocation. The policy asset mix is regularly reviewed in order to correspond with the market environment or funding status, which can change from the initial assumption. Lump-sum retirement benefit plans are to pay out lump-sum benefit when an employee retires due to reaching retirement age or voluntary retirement. These payments are settled by internal reserves, but not by external funds. Lump-sum retirement benefit is paid based on the Group's rules and regulations of retirement.

As a result of employee transfers between consolidated subsidiaries implemented during the fiscal year, some defined benefit plans have been curtailed.

(2) Defined Benefit Plans

(i) Reconciliation

Present value of defined benefit obligation is analyzed as follows:

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Balance at beginning of period	123,452	**117,369**
Current service cost	5,559	**3,733**
Interest expense	1,346	**1,202**
Remeasurements		
Actuarial gains and losses (Note)	(4,708)	**(1,753)**
Past service cost and gains and losses arising from settlements	—	**6,130**
Benefits paid	(6,843)	**(7,132)**
Curtailments and settlements	—	**(24,622)**
Other	(1,437)	**(813)**
Balance at end of period	117,369	**94,115**

(Note) Actuarial gains and losses are mainly due to changes in financial assumptions.

Fair value of plan assets is analyzed as follows:

Millions of yen

	Previous year (ended December 31, 2023)	Current Year (ended December 31, 2024)
Balance at beginning of period	127,107	**136,641**
Interest income	1,450	**2,028**
Remeasurements		
Gains on plan assets	10,599	**7,856**
Contribution to plan by employer	3,469	**2,460**
Benefits paid	(5,649)	**(6,221)**
Curtailments and settlements	—	**(18,989)**
Other	(336)	**45**
Balance at end of period	136,641	**123,822**

(ii) Asset ceiling

There was no impact during current year and previous year.

(iii) Details of Plan Assets

Plan assets held by the Group are analyzed into categories as follows:

Previous Year (as of December 31, 2023)

Millions of yen

	Plan assets that have a quoted market price in an active market	Plan assets that do not have a quoted market price in an active market	Total
Cash and cash equivalents	—	6,752	6,752
Equity instruments	40,334	15,154	55,488
Domestic	29,479	8,247	37,727
Overseas	10,854	6,906	17,761
Debt instruments	17,703	6,808	24,511
Domestic	668	3,993	4,662
Overseas	17,034	2,814	19,849
Life insurance–General accounts	—	25,052	25,052
Other	9,661	15,174	24,835
Total	67,699	68,942	136,641

Current Year (as of December 31, 2024)

Millions of yen

	Plan assets that have a quoted market price in an active market	Plan assets that do not have a quoted market price in an active market	Total
Cash and cash equivalents	—	**1,297**	**1,297**
Equity instruments	**39,167**	**16,322**	**55,490**
Domestic	**28,758**	**8,325**	**37,083**
Overseas	**10,409**	**7,997**	**18,407**
Debt instruments	**18,615**	**6,774**	**25,389**
Domestic	**1,502**	**3,775**	**5,277**
Overseas	**17,113**	**2,998**	**20,111**
Life insurance–General accounts	—	**18,362**	**18,362**
Other	**8,464**	**14,818**	**23,282**
Total	**66,248**	**57,574**	**123,822**

(iv) Significant Actuarial Assumptions

Significant actuarial assumptions are analyzed as follows:

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Discount rate	1.45%	**1.71%**

A rise by 0.5% in the discount rate will lead to a decrease of defined benefit obligation by ¥5,851 million at the end of the current year (a decrease of ¥7,228 million at the year end of the previous year). This analysis is based on the assumption that only the discount rate is variable, and no other factors are considered to be variable. Thus, actual results may differ as it could be influenced by fluctuations in other variables.

(v) Influence in the Future

Under the defined benefit plans, the Group is required to maintain the plan assets at a certain level of funding against pension obligations in accordance with continuation or non-continuation criteria of the Defined Benefit Corporation Pension Act.

For example, the Group makes certain contribution to the plan every month in accordance with the terms of Group's plans. The contribution is calculated based on the future estimates of interest rate, mortality rate, withdrawal rate and other assumptions that could affect the plan assets which need to balance with the expected future payments and returns on the plan assets. The contribution is reviewed every 3 years (actuarial review).

In case that funding is below the minimum funding requirement, additional contribution is required to keep the balance at a certain level.

The contribution by the Group is expected to be ¥3,780 million for the year from January 1, 2025 to December 31, 2025.

The weighted average duration of the defined benefit obligations is 11.44 years (previous year: 13.08years).

(3) Other Post-retirement Benefit Plans

Pension cost for the defined contribution plans is ¥6,924 million (previous year: ¥5,528 million).

(4) Employee Benefits Expense

Employee benefits expense recognized in the consolidated statement of profit or loss are ¥337,118 million (previous year: ¥295,448 million).

Employee benefits expense are primarily composed of salaries, bonuses, legal welfare costs and post-employment costs. They are included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

21. Provisions

Provisions are analyzed as follows:
Provisions classified as non-current liabilities are included in "Other non-current liabilities" in the consolidated statement of financial position.

Previous Year (ended December 31, 2023)

Millions of yen

	Litigation related	Tax related	Other	Total
Balance as of January 1, 2023	165	9,419	4,720	14,304
Increase	175	1,418	4,251	5,845
Utilization	(9)	(1)	(417)	(428)
Reversal	(10)	(1,846)	(545)	(2,402)
Other	23	1,305	316	1,645
Balance as of December 31, 2023	343	10,296	8,325	18,964

Current Year (ended December 31, 2024)

Millions of yen

	Litigation related	Tax related	Other	Total
Balance as of January 1, 2024	**343**	**10,296**	**8,325**	**18,964**
Increase	**1,270**	**1,871**	**1,444**	**4,585**
Utilization	**(11)**	**(8)**	**(494)**	**(515)**
Reversal	**(22)**	**(1,250)**	**(400)**	**(1,674)**
Other	**25**	**550**	**131**	**707**
Balance as of December 31, 2024	**1,604**	**11,458**	**9,005**	**22,067**

Litigation Related

These are mainly provisions to prepare for payments of litigation related expenses that may arise, and are reported based on the amount reasonably estimated as necessary at the end of each year.

The timing of the outflow of economic benefits will be affected by future developments in litigation.

Tax Related

These are mainly provisions to prepare for payments such as interest tax and penalties arising from income tax exposure.

The timing of the outflow of economic benefits will be affected by the judgments of each tax authority.

Other

Other includes provisions mainly related to business integration.

22. Other Liabilities

"Other current liabilities" and "Other non-current liabilities" are analyzed as follows;

	Millions of yen	
	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Accrued alcohol tax	95,899	**103,868**
Accrued consumption tax	23,275	**28,046**
Accrued bonus	5,795	**7,032**
Other	18,656	**19,432**
Total	143,627	**158,379**
Other current liabilities	134,984	**150,012**
Other non-current liabilities	8,642	**8,367**
Total	143,627	**158,379**

23. Equity and Other Equity Items

(1) Issued Capital and Reserves

The number of shares authorized and shares issued are as follows:

	in thousands of shares	
	Shares authorized (Number of shares)	Shares issued (Number of shares)
Previous year (as of January 1, 2023)	972,305	507,003
Increase (Decrease)	—	—
Previous year (as of December 31, 2023)	972,305	507,003
Increase (Decrease)	1,927,694	1,014,006
Current year (as of December 31, 2024)	**2,900,000**	**1,521,010**

There are no par-value shares. Issued shares are fully paid.
The Company conducted a 3-for-1 common stock split on October 1, 2024, resulting in an increase of 1,927,694,691 in shares authorized and an increase of 1,014,006,724 in shares issued during the current fiscal year.

Reserves are analyzed as follows:

(i) Share premium

Under the Companies Act of Japan, share premium is composed of capital reserve and other capital surplus. The Act stipulates that one-half or more of the proceeds from issuing a share should be recognized as share capital, and the rest should be recognized as capital reserve.

(ii) Retained earnings

Retained earnings are composed of legal reserve and other retained earnings. Under the Companies Act of Japan, one-tenth of appropriation should be reserved in capital reserve or legal reserve until the total of these amount reaches one-fourth of the share capital, and the rest of the appropriation can be distributed as dividends.

(2) Treasury shares

Treasury shares held by the Company, subsidiaries and associates are as follows:

	in thousands of shares	
	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
	Number of shares	Number of shares
Held by the Company	191	**17,760**
Held by subsidiaries and associates	141	**425**

Treasury shares held by subsidiaries and associates in the current year include 397,515 (132,505 as of December 31, 2023) common shares of the Company held by Custody Bank of Japan, Ltd. as the trust assets of a stock compensation plan.
The Company conducted a 3-for-1 common stock split on October 1, 2024, and the number of treasury shares as of the end of the current fiscal year is stated after the stock split.

24. Dividends

Previous Year (ended December 31, 2023)

(1) Dividends Paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 28, 2023	Ordinary shares	29,395	58.00	Dec 31, 2022	Mar 29, 2023
Board of Directors held on August 9, 2023	Ordinary shares	28,381	56.00	Jun 30, 2023	Sep 1, 2023

(i) Total amount ¥29,395 million of dividends by a resolution of Annual General Meeting of Shareholders held on March 28, 2023 include dividends of ¥7 million for shares of the Company held by Custody Bank of Japan, Ltd. as the trust assets of a stock compensation plan.
(ii) Total amount ¥28,381 million of dividends by a resolution of Board of Directors held on August 9, 2023 include dividends of ¥7 million for shares of the Company held by Custody Bank of Japan, Ltd. as the trust assets of a stock compensation plan.

(2) Dividends that will be Effective in the Following Year of the Record Date

Resolution	Type of shares	Resources of dividends	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 26, 2024	Ordinary shares	Retained earnings	32,942	65.00	Dec 31, 2023	Mar 27, 2024

Total amount ¥32,942 million of dividends by a resolution of Annual General Meeting of Shareholders held on March 26, 2024 include dividends of ¥8 million for shares of the Company held by Custody Bank of Japan, Ltd. as the trust assets of a stock compensation plan.

Current Year (ended December 31, 2024)

(1) Dividends Paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 26, 2024	Ordinary shares	**32,942**	**65.00**	Dec 31, 2023	Mar 27, 2024
Board of Directors held on August 7, 2024	Ordinary shares	**33,449**	**66.00**	Jun 30, 2024	Sep 2, 2024

(i) Total amount ¥32,942 million of dividends by a resolution of Annual General Meeting of Shareholders held on March 26, 2024 include dividends of ¥8 million for shares of the Company held by Custody Bank of Japan, Ltd. as the trust assets of a stock compensation plan.
(ii) Total amount ¥33,449 million of dividends by a resolution of Board of Directors held on August 7, 2024 include dividends of ¥7 million for shares of the Company held by Custody Bank of Japan, Ltd. as the trust assets of a stock compensation plan.
(iii) The Company conducted a 3-for-1 common stock split on October 1, 2024. For "Dividend per share" with a record date on or before September 30, 2024 was stated by the actual dividends paid without adjusting the effect of common stock split.

(2) Dividends that will be Effective in the Following Year of the Record Date

Resolution	Type of shares	Resources of dividends	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 26, 2025	Ordinary shares	Retained earnings	**40,587**	**27.00**	Dec 31, 2024	Mar 27, 2025

Total amount ¥40,587 million of dividends by a resolution of Annual General Meeting of Shareholders held on March 26, 2025 include dividends of ¥10 million for shares of the Company held by Custody Bank of Japan, Ltd. as the trust assets of a stock compensation plan.

25. Share-based Payments

The Company has implemented Stock Compensation Plan.

(1) Details of Share Compensation Plan

In order to increase motivation to work toward sustainable growth and increase corporate value over the mid- to long-term of the Group, the Company introduced a Stock Compensation Plan ("the Plan"). Under the Plan, the trust established and funded on December 28, 2016, by the Company ("the Trust") acquires the Company's shares and the Company grants share points (one point = one share) to directors who fulfill certain criteria, and shares of the Company will be delivered to them from the Trust on their retirement in exchange for the cumulative number of share points granted to them. Shares are distributed or payments are made in cash as compensation under the Plan, therefore there is no exercise price under the Plan.

Based on the Share Distribution Regulations, the number of share points are calculated according to the position and the role, and are granted to each director excluding outside directors on the date of the board meeting held for approval of financial results each year during the term of the Trust.

The Company conducted a 3-for-1 common stock split on October 1, 2024, and the number of share points is adjusted to the number that reflects common stock split.

On September 25, 2020 and on May 24, 2022 the Company additionally contributed cash to the Trust. The Trust will be funded with the cash contribution (and, if there is any cash remaining in the Trust before the additional contribution, that remaining cash) in order to acquire shares of the Company. Shares of the Company will be distributed by the trust to each director when they complete the beneficiary determination procedures as prescribed on their retirement. However, a certain proportion of such shares will be sold and converted into cash by the Trust, and will be distributed in cash instead of the shares to directors. Also, the Trust is allowed to make a distribution in cash instead of shares when shares of the Company held by the Trust are sold for a tender offer or any other reasons.

With regard to the stock compensation plan for the period from the fiscal year ended on the last day of December 2016 to the fiscal year ended on the last day of December 2018, the number of points to be granted have been calculated based on the Share Distribution Regulations by referring to the position of each director excluding outside directors and the level of achievement of target basic earnings per share (EPS) for the year that is the subject of evaluation. The aggregate number of share points to be granted by the Company to directors shall be 189,000 points at a maximum for the targeted period (aforementioned three fiscal years).

With regard to the stock compensation plan for the period from the fiscal year ended on the last day of December 2019 to the fiscal year ending on the last day of December 2021, based on the Share Distribution Regulations, the number of share points have been calculated according to the position and the role, and have been granted to each director excluding outside directors on the date of the board meeting held for approval of financial results each year during the term of the Trust. The aggregate number of share points to be granted by the Company to directors shall be 225,000 points at a maximum for the targeted period (aforementioned three fiscal years).

With regard to the stock compensation plan for the period from the fiscal year ended on the last day of December 2022 to the fiscal year ending on the last day of December 2024, based on the Share Distribution Regulations, the number of share points have been calculated according to the position and the role, and have been granted to each director excluding outside directors on the date of the board meeting held for approval of financial results each year during the term of the Trust. The aggregate number of share points to be granted by the Company to directors shall be 337,500 points at a maximum for the targeted period (aforementioned three fiscal years).

Transactions settled by shares under the Plan are accounted for as equity-settled share-based payment transactions and those settled in cash as cash-settled share-based payment transactions. The Company recognized ¥140 million (previous year: ¥87 million) as share-based payment expense in selling, general and administrative expenses in the current year, and recognized in share premium. The Company recognized ¥35 million (previous year: ¥21 million) as cash-based payment expense in selling, general and administrative expenses in the current year, and ¥149 million (previous year: ¥114 million) were recognized in other non-current liabilities, respectively.

(2) Change in Number of Share Points and Weighted Average Fair Value of the Share Points

The number of share points and the weighted average fair value of the share points for each year are as follows. Due to the fact that the fair value on the date that the share points are granted is approximately the same as the stock price on the date that the share points are granted, the share price on the date that the share points are granted has been used.

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Change in number of share points:		
Unexercised balance at beginning of year	256,545 Points	**322,335 Points**
Increase due to grant of share points	74,634 Points	**121,571 Points**
Decrease due to exercise of share points	(8,844) Points	**—**
Decrease due to lapse of share points	—	**—**
Unexercised balance at end of year	322,335 Points	**443,906 Points**
Exercisable balance at end of year	322,335 Points	**443,906 Points**
Weighted average fair value:	¥1,753	**¥1,657**

(Note) The Company conducted a 3-for-1 common stock split on October 1, 2024. The number of points and weighted average fair value is calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

26. Revenue

(1) Revenue Analysis and Reconciliation to Segment Revenue

The Group has broken down the reportable segments of "Japan," "Europe," "Oceania," and "Southeast Asia," into the categories of "Manufacture and sales of alcohol beverages," "Manufacture and sales of soft drinks," "Manufacture and sales of food and pharmaceuticals," and "Other," depending on the type of goods and services.

The "Other" category includes the logistics business, restaurant business and others in "Japan" segment.

Previous Year (ended December 31, 2023)

Millions of yen

	Manufacture and sales of alcohol beverages	Manufacture and sales of soft drinks	Manufacture and sales of food and pharmaceuticals	Other	Elimination of intersegment revenue	Total
Japan	800,178	374,899	122,673	65,098	(9,656)	1,353,194
Europe	688,725	—	—	—	(1,088)	687,637
Oceania	492,229	159,925	—	—	(2,641)	649,513
Southeast Asia	—	57,806	—	—	(602)	57,204
Other	14,945	2,582	—	4,013	—	21,542
Consolidated	1,996,079	595,214	122,673	69,112	(13,988)	2,769,091

Current Year (ended December 31, 2024)

Millions of yen

	Manufacture and sales of alcohol beverages	Manufacture and sales of soft drinks	Manufacture and sales of food and pharmaceuticals	Other	Elimination of intersegment revenue	Total
Japan	802,465	380,874	126,334	53,199	(8,578)	1,354,296
Europe	781,005	—	—	—	(1,214)	779,790
Oceania	533,523	181,870	—	—	(1,957)	713,436
Southeast Asia	—	66,138	—	—	(708)	65,430
Other	17,906	3,900	—	4,663	(0)	26,469
Consolidated	2,134,900	632,784	126,334	57,862	(12,459)	2,939,422

(2) Transaction Price Allocated to Remaining Performance Obligations

Due to the fact that the Group does not have material transactions whose expected contract periods exceed one year individually, the Group uses the practical expedient, and has omitted information regarding remaining performance obligations.

In addition, among consideration arising from contracts with customers, there are no material amounts not included in transaction price.

27. Selling, General and Administrative Expenses

Selling, general and administrative expenses are analyzed as follows:

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Promotion expense	110,243	113,192
Advertising	100,286	111,361
Transportation	104,909	117,162
Employee benefits expense	203,234	232,497
Depreciation and amortization expenses	75,270	83,246
Other	141,308	155,098
Total	735,252	812,559

28. Other Operating Income and Expense

'Other operating income' and 'Other operating expense' are analyzed as follows:

(1) Other Operating Income

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Gains on sales of property, plant and equipment	3,859	22,044
Other	4,440	3,159
Total	8,300	25,204

(2) Other Operating Expense

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Losses on disposals of property, plant and equipment	7,423	6,648
Impairment losses	2,183	6,829
Other (Note)	17,374	27,795
Total	26,981	41,273

(Note) "Other" in the previous year and the current year include expenses related to domestic and overseas business restructuring.

29. Finance Income and Finance Costs

'Finance income' and 'Finance costs' are analyzed as follows:

(1) Finance Income

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Interest received (Note)	5,507	5,450
Dividends received		
Financial assets measured at fair value through other comprehensive income	1,942	2,123
Gains on change in fair value of derivatives		
Financial assets measured at fair value through profit or loss	6,668	5,685
Foreign exchange gain	—	3,468
Other	—	1,448
Total	14,118	18,176

(Note) This is principally due to interest received on financial assets measured at amortized cost.

(2) Finance Costs

Millions of yen

	Previous Year (ended December 31, 2023)	Current Year (ended December 31, 2024)
Interest paid (Note)	14,269	18,437
Loss on change in fair value of derivatives		
Financial liabilities measured at fair value through profit or loss	2,145	1,964
Foreign exchange loss	1,305	—
Other	400	385
Total	18,121	20,787

(Note) This is principally due to interest paid on financial liabilities measured at amortized cost.

30. Income Taxes

(1) Deferred Tax Assets and Deferred Tax Liabilities

'Deferred tax assets' and 'Deferred tax liabilities' are mainly composed of the following

Previous Year (ended December 31, 2023)

Millions of yen

	Balance as of January 1, 2023	Recognized in profit or loss	Recognized in Other Comprehensive Income	Other (Note)	Balance as of December 31, 2023
Deferred tax assets					
Loss allowance for credit losses	962	(147)	—	10	825
Retirement benefits	4,927	557	(4,708)	(425)	350
Property, plant and equipment and intangible assets	89,645	(8,607)	—	6,240	87,278
Unused tax losses	2,267	603	—	208	3,079
Income tax payable-enterprise tax	1,287	(399)	—	(64)	823
Accrued bonus	1,892	363	—	32	2,288
Bonds and borrowings	11,471	—	12,015	—	23,486
Other	42,759	(1,162)	874	(599)	41,871
Total of Deferred tax assets	155,213	(8,791)	8,180	5,401	160,004
Deferred tax liabilities					
Property, plant and equipment and intangible assets	(271,086)	757	—	(23,389)	(293,717)
Equity instruments	(15,425)	—	(5,723)	(170)	(21,319)
Retained earnings of subsidiaries and associates	(459)	(581)	—	—	(1,040)
Other	(26,848)	2,576	(1,170)	(3,129)	(28,572)
Total of Deferred tax liabilities	(313,819)	2,752	(6,893)	(26,689)	(344,649)
Net amount of Deferred tax assets and Deferred tax liabilities	(158,606)	(6,038)	1,286	(21,287)	(184,645)

(Note) Amounts in the column 'Other' is primarily exchange rate fluctuations.

Current Year (ended December 31, 2024)

Millions of yen

	Balance as of January 1, 2024	Recognized in profit or loss	Recognized in Other Comprehensive Income	Other (Note)	Balance as of December 31, 2024
Deferred tax assets					
Loss allowance for credit losses	**825**	**(119)**	**—**	**2**	**708**
Retirement benefits	**350**	**(65)**	**(2,940)**	**(790)**	**(3,445)**
Property, plant and equipment and intangible assets	**87,278**	**(7,705)**	**—**	**1,492**	**81,065**
Unused tax losses	**3,079**	**(125)**	**—**	**(54)**	**2,899**
Income tax payable-enterprise tax	**823**	**807**	**—**	**(287)**	**1,343**
Accrued bonus	**2,288**	**681**	**—**	**32**	**3,002**
Bonds and borrowings	**23,486**	**—**	**5,670**	**—**	**29,157**
Other	**41,871**	**(6,825)**	**(133)**	**576**	**35,489**
Total of Deferred tax assets	**160,004**	**(13,352)**	**2,596**	**971**	**150,220**
Deferred tax liabilities					
Property, plant and equipment and intangible assets	**(293,717)**	**7,822**	**—**	**(7,997)**	**(293,892)**
Equity instruments	**(21,319)**	**—**	**(832)**	**82**	**(22,069)**
Retained earnings of subsidiaries and associates	**(1,040)**	**(713)**	**—**	**—**	**(1,754)**
Other	**(28,572)**	**2,157**	**(5,277)**	**(2,064)**	**(29,627)**
Total of Deferred tax liabilities	**(344,649)**	**9,266**	**(6,109)**	**(5,850)**	**(347,343)**
Net amount of Deferred tax assets and Deferred tax liabilities	**(184,645)**	**(4,086)**	**(3,512)**	**(4,878)**	**(197,123)**

(Note) Amounts in the column 'Other' is primarily exchange rate fluctuations.

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognized are as follows:

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Deductible temporary differences	76,038	**47,907**
Unused tax losses		
Expires within 1 year	5,309	**6,314**
Expires between 1 and 5 years	7,150	**11,479**
Expires after 5 years	1,620	**3,377**
Total	14,080	**21,171**

A deferred tax liability is not recognized for taxable temporary difference associated with investments in subsidiaries if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Taxable temporary differences associated with investments in subsidiaries which deferred tax liabilities are not recognized for are ¥953,165 million (¥772,645 million in the previous year ended December 31, 2023).

The group applies group tax sharing system in Japan. The above does not include deductible temporary differences and unused tax losses that do not result in recognition of deferred tax assets associated with local taxes (inhabitant tax and enterprise tax), which is not within the scope of above-mentioned system. The amount of deductible temporary differences associated with local taxes (inhabitant tax and enterprise tax) is ¥153,246 million (¥169,542 million in the previous year ended December 31, 2023) and the amounts of unused tax losses derived from inhabitant tax and enterprise tax are ¥60,456 million (¥17,059 million in the previous year ended December 31, 2023) and ¥68,682 million (¥26,439 million in the previous year ended December 31, 2023), respectively.

Unused tax losses derived from inhabitant tax and enterprise tax expire principally in 10 years from their origination.

(2) Tax Expense

Tax expense is analyzed as follows:

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Current tax expense		
Current year	69,802	**69,722**
Total of current tax expense	69,802	**69,722**
Deferred tax expense		
Recognition and reversal of temporary differences	532	**6,772**
Revision of recoverability of deferred tax assets	118	**(2,674)**
Change in tax rate	5,387	**(11)**
Total deferred tax expense	6,038	**4,086**
Total	75,840	**73,808**

Differences between the effective statutory tax rate and the average effective tax rate are analyzed as follows:

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Effective statutory tax rate	30.6%	**30.6%**
Tax rate effect of foreign subsidiaries	(3.3)%	**(3.0)%**
Tax effect of non-taxable or non-deductible items for tax purposes	1.1%	**1.0%**
Tax effect from revision of recoverability of deferred tax assets	0.0%	**(1.0)%**
Profit (loss) of entities accounted for using equity method	(0.1)%	**(0.1)%**
Tax effect from change in tax rate	2.2%	**(0.0)%**
Impairment of goodwill	—%	**0.5%**
Retained earnings of subsidiaries and associates	0.2%	**0.0%**
Other	0.5%	**(0.4)%**
Average effective tax rate	31.4%	**27.6%**

Income tax, inhabitant tax and enterprise tax are main components of income taxes imposed on the Group, and the effective statutory tax rate based on those taxes is 30.6%. Foreign subsidiaries are subject to income taxes in the tax jurisdiction that it is located.

(3) Global minimum top-up tax

The Group operates business in jurisdictions that have enacted new tax legislation to implement the Global minimum top-up tax. Although the new tax legislation is effective from the current fiscal year in Europe, Australia, and parts of Asia where the group operates, there is no impact on the income tax expense.

In addition, there are some countries where the relevant tax systems have been enacted but have not yet been effective at the end of this fiscal year. If the global minimum top-up tax was applied in fiscal 2024 in such countries, some countries where the Group operates may additionally become subject to global minimum top-up tax. Nevertheless, the impact is expected to be immaterial.

31. Earnings per Share

(1) Basic and Diluted Earnings per Share

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Basic earnings per share (Yen)	107.94	**126.66**
Diluted earnings per share (Yen)	107.92	**126.63**

(2) Basis of Calculation for Basic and Diluted Earnings per Share

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Profit attributable to owners of parent (Millions of yen)	164,073	**192,080**
Weighted average number of ordinary shares outstanding (Shares)	1,520,042,544	**1,516,547,421**
Effect of dilution (Shares):		
Trust for share issuance to executives	250,623	**321,579**
Adjusted weighted average number of ordinary shares outstanding (Shares)	1,520,293,167	**1,516,869,000**
Description of equity instruments not included in calculation of diluted earnings per share because they were not dilutive for the year	—	**—**

(Note) The Company conducted a 3-for-1 common stock split on October 1, 2024, basic earnings per share and diluted earnings per share are calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

32. Other Comprehensive Income

Other comprehensive income and related tax effects are analyzed as follows:

Millions of yen

	Previous year (ended December 31, 2023)			Current year (ended December 31, 2024)		
	Before Tax	Tax Effects	After Tax	Before Tax	Tax Effects	After Tax
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						
Increase and decrease	19,094	(5,723)	13,370	**7,553**	**(1,873)**	**5,680**
Changes	19,094	(5,723)	13,370	**7,553**	**(1,873)**	**5,680**
Remeasurements of defined benefit plans						
Increase and decrease	15,308	(4,708)	10,599	**9,609**	**(2,940)**	**6,669**
Changes	15,308	(4,708)	10,599	**9,609**	**(2,940)**	**6,669**
Items that might be reclassified to profit or loss						
Cash flow hedges						
Increase and decrease	(1,045)	(496)	(1,542)	**19,477**	**(5,966)**	**13,511**
Reclassification to profit or loss	(82)	24	(57)	**(1,525)**	**526**	**(999)**
Changes	(1,127)	(472)	(1,599)	**17,952**	**(5,440)**	**12,512**
Costs of hedging						
Increase and decrease	79	(24)	55	**381**	**(116)**	**264**
Reclassification to profit or loss	(2)	0	(1)	**(477)**	**146**	**(331)**
Changes	76	(23)	53	**(96)**	**29**	**(66)**
Translation differences on foreign operations						
Increase and decrease	259,901	12,015	271,916	**83,540**	**5,670**	**89,211**
Reclassification to profit or loss	—	—	—	**—**	**—**	**—**
Changes	259,901	12,015	271,916	**83,540**	**5,670**	**89,211**
Share of other comprehensive income of entities accounted for using equity method						
Increase and decrease	133	—	133	**242**	**—**	**242**
Reclassification to profit or loss	—	—	—	**—**	**—**	**—**
Changes	133	—	133	**242**	**—**	**242**
Total other comprehensive income	293,386	1,087	294,473	**118,802**	**(4,553)**	**114,248**

33. Financial Instruments

(1) Capital Management

The Group's purpose for capital management is to maintain its ability to continue as a going concern in order to provide returns to shareholders, grant benefits to other stakeholders and maintain the most appropriate capital structure for reducing capital cost.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, redeem the capital to shareholders, issue new shares, or sell assets to reduce debts.

The Group monitors the capital based on the capital and liabilities ratio. This ratio is calculated by dividing the amount of net liabilities by the capital. The amount of net liabilities is calculated by deducting cash and cash equivalents from interest-bearing debts. The capital shall be the "equity" presented in the consolidated statement of financial position (equity attributable to owners of parent).

The capital and liabilities ratios are as follows:

	Millions of yen	
	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Interest-bearing debts	1,558,888	**1,426,352**
Less: Cash and cash equivalents	(59,945)	**(83,961)**
Net liabilities	1,498,942	**1,342,390**
Equity attributable to owners of parent	2,460,548	**2,668,801**
The capital and liabilities ratio	60.9%	**50.3%**

There are no capital adequacy requirements imposed by external organizations on the Group.

(2) Risk Management

The Group's activities are exposed to various financial risks such as market risks (including foreign exchange risk, price risk and interest rate risk), credit risks and liquidity risks. The Group's risk management policy focuses on the unpredictability of financial markets and minimize the potentially adverse impact on the Group's financial performance. The Group uses derivative transactions to hedge certain risk exposures.

The Company and its principal consolidated subsidiaries procure necessary funds via loans from financial institutions and by issuing commercial papers and bonds, while taking into account the balance between direct and indirect financing or the balance between short- and long-term debt from the perspective of fund procurement cost and risk diversification in response to changes in the business environment. To use funds efficiently in the entire Group, the Company and its principal consolidated subsidiaries have introduced a cash management system to reduce consolidated interest-bearing debt. If surplus funds are generated temporarily, the Company invests it only in safe financial instruments.

The Group uses derivative transactions to the extent of the transaction balances of foreign currency denominated assets and liabilities, bonds and borrowings and forecast transaction amounts as a means to mitigate foreign exchange risk, price risk of raw materials, energy and others, and interest rate risk, as well as to reduce fund procurement cost. When using derivative transactions, in principle, the Company trades only with financial institutions with high credit ratings.

At the Company, the Finance Section is in charge of executing and managing derivative transactions, in accordance with internal rules. Contracts on each derivative transaction are entered into after approval is received in accordance with the internal authorization criteria. The Finance Section reviews the status of derivative transactions including the content and balances, and reports it to the General Manager of the Finance Section and the Officer in charge of finance as needed.

The consolidated subsidiaries also enter into such agreements in accordance with the Group's authorization criteria, and the Company reviews their status based on reports submitted by them on a regular basis.

(i) Market Risks

a. Foreign Exchange Risk

The Group conducts business activities internationally and is exposed to foreign exchange risk mainly related to US dollar, euro, Czech koruna and Australian dollar. Foreign exchange risk arises from forecast transactions such as future purchase, sale, financing and repayment or assets and liabilities that have already been recognized.

The Group uses foreign exchange contracts and currency swaps to mitigate foreign exchange risk. Hedge accounting is applied to the transactions that qualify for hedge accounting. When designating hedging instruments, the Group classifies the currency basis spread of currency swaps and the forward element of forward exchange contracts as costs of hedging for accounting treatment, and records them as costs of hedging, which are an independent item of other components of equity.

Although receivables, payables and others denominated in a foreign currency have a risk of foreign exchange fluctuations, the impact is limited since the risk is offset with the exchange contracts.

Exposure to Foreign Exchange Risk

The exposure to the US dollar, euro, Czech koruna and Australian dollar, which are major foreign currencies of the companies in the Group that use Japanese yen as the functional currency, is as follows. These amounts do not include amounts associated with foreign exchange risk, which are hedged by derivative transactions, etc.

Functional currency: Japanese yen

	Millions of yen			
	Previous year (as of December 31, 2023)			
	US dollar	Euro	Czech koruna	Australian dollar
Net exposure	874	3,392	11	823

	Millions of yen			
	Current year (as of December 31, 2024)			
	US dollar	Euro	Czech koruna	Australian dollar
Net exposure	**1,491**	**1,595**	**42**	**885**

In addition to the above, the major exposure to foreign exchange risk of subsidiaries that use euro as the functional currency is described below.

Functional currency: Euro

	Millions of yen		
	Previous year (as of December 31, 2023)		
	US dollar	Czech koruna	Polish zloty
Net exposure	943	(5,595)	(7,765)

	Millions of yen		
	Current year (as of December 31, 2024)		
	US dollar	Czech koruna	Polish zloty
Net exposure	**1,520**	**(1,322)**	**1,811**

Sensitivity Analysis

Assuming that the Japanese yen appreciates by 1% against the US dollar, euro, Czech koruna and Australian dollar, it will affect net profit of the Group as follows. The effect will be reversed in cases of depreciation by 1% given that all other variables remain constant.

Functional currency: Japanese yen

	Millions of yen	
	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
US dollar	(6)	**(10)**
Euro	(23)	**(11)**
Czech koruna	(0)	**(0)**
Australian dollar	(5)	**(6)**

Assuming that the euro appreciates by 1% against the US dollar, Czech koruna and Polish zloty, it will affect net profit of the Group as follows. The effect will be reversed in case of depreciation by 1% given that all other variables remain constant.

Functional currency: Euro

	Millions of yen	
	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
US dollar	(7)	**(12)**
Czech koruna	44	**10**
Polish zloty	62	**(14)**

b. Price Risk

The Group is exposed to price risk of equity instruments since it holds investments classified as the category measured at fair value in the consolidated statement of financial position. To manage price risk arising from investments in equity instruments, the Group regularly keeps track of fair value, financial conditions of issuers and others, and also reviews the overall status on an ongoing basis.

The Group has no equity instruments held for short-term trading and does not intend to actively trade these investments.

With an increase or a decrease in share price of 5% and all other variables remaining constant, other components of equity (before tax) will increase or decrease by ¥4,397 million (previous year: ¥4,509 million) as a result of changes in fair value.

Furthermore, the Group is exposed to price risk from the prices of the raw materials, energy, and others used in the production of its products as they fluctuate according to the weather, natural disasters, economic environment and other factors. To mitigate the risk of these fluctuations in the prices of raw materials, energy, and others, the Group mainly engages in commodity swap transactions and Virtual Power Purchase Agreements ("VPPAs"). Although commodity swap transactions used by the Group have risks of fluctuations in market prices of commodities, price risk is limited because these risks are offset with risks of fluctuations in market prices of commodities in association with trade payables of those commodities that the Group has. Although VPPAs have risks of fluctuations in market prices of electricity, price risk is limited because these risks are offset with risks of fluctuations in market prices of electricity used in the production of products.

c. Interest Rate Risk

The Group raises funds with variable interest rates and is exposed to interest rate risk. Interest rate risk mainly arises from non-current borrowings.

The Group uses interest rate swaps, which substantially fix interest rates, to mitigate interest rate risk. Hedge accounting is applied to the transactions that qualify for hedge accounting.

Assuming that interest rates fluctuate by 1% for financial instruments held by the Group at the end of the current year, it will affect on net profit as set out below. The analysis relates only to the financial instruments influenced by interest-rate fluctuation, and given that the other factors such as foreign exchange effects remain constant. The table below shows a sensitivity analysis for the outstanding balance of floating rate borrowings less the balance whose interest rate is practically fixed by an interest rate swap.

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Net profit	212	**228**

(ii) Credit Risk

The Group is exposed to credit risks for trade receivables (notes and accounts receivable-trade), other receivables (accounts receivable-other) and other financial assets (operating loans and others).

In accordance with the accounting regulations, the Group regularly monitors the status of major business partners for trade receivables and operating loans and routinely checks the management status of deadlines and balances for each business partner. The Group also monitors credit-impaired financial assets and their collection status.

When executing derivative transactions, in principle, the Group trades only with financial institutions with high credit ratings to mitigate credit risk.

The Group classifies receivables based on credit risk profile to calculate loss allowance.

For trade receivables, loss allowance is always recognized at the amount equal to lifetime expected credit losses. For receivables other than trade receivables, loss allowance is recognized at the amount equal to 12-month expected credit losses, in principle. However, in cases such as overdue, because the credit risk is considered to have significantly increased from the initial recognition, loss allowance is recognized at the amount equal to lifetime expected credit losses. For those receivables other than trade receivables which calculate loss allowance equal to 12-month expected credit losses are all calculated in a collective basis.

The amount of loss allowance is calculated as follows:

- Trade receivables

  The simplified approach is applied. The Group categorizes receivables according to credit risk profile of the counterparty and calculates loss allowance by multiplying the receivables by the provision rate, which is determined by adding projection of future economic conditions and others to the historical rate of credit losses calculated according to the category.

- Receivables other than trade receivables

  The general approach is applied. Loss allowance for receivables for which the credit risk is not considered to have significantly increased is calculated by multiplying the carrying amount by the provision rate, which is determined by adding projection of future economic conditions and others to the historical rate of credit losses for similar assets. For assets for which the credit risk is considered to have significantly increased and credit-impaired financial assets, loss allowance is calculated as difference between the amount of the present value, which is computed by discounting estimated future cash flows using the original effective interest rate of the asset, and the carrying amount.

Carrying amounts of financial assets subject to impairment and the amount of loss allowance are as follows:

Trade and Other Receivables

Millions of yen

Carrying amount	Financial assets with loss allowance measured at 12-month expected credit losses	Financial assets with loss allowance measured at lifetime expected credit losses	Financial assets to which the simplified approach is applied
Previous year (as of January 1, 2023)	28,719	163	396,918
Previous year (as of December 31, 2023)	37,468	194	439,369
Current year (as of December 31, 2024)	**43,344**	**252**	**409,644**

Financial assets with loss allowance measured at lifetime expected credit losses consist mainly of credit-impaired financial assets.

Credit Risk Rating

The credit risk rating of financial assets with loss allowance measured at lifetime expected credit losses is relatively low compared to that of financial asset with loss allowance measured at 12-month expected credit losses, whereas that of financial assets to which the simplified approach is applied is equivalent to that of financial asset with loss allowance measured at 12-month expected credit losses. Credit risk of financial assets within the same stage is approximately the same.

The Group includes impairment losses related to credit risk in "Other operating expense" in the consolidated statement of profit or loss in the light of its immateriality.

Millions of yen

Loss allowance	Financial assets with loss allowance measured at 12-month expected credit losses	Financial assets with loss allowance measured at lifetime expected credit losses	Financial assets to which the simplified approach is applied
Previous year (as of January 1, 2023)	19	356	9,748
Increase	10	—	1,501
Utilization	—	(0)	(1,612)
Reversal	(16)	(0)	(1,137)
Other	0	30	2,499
Previous year (as of December 31, 2023)	13	386	10,999
Increase	**90**	**0**	**3,268**
Utilization	**—**	**(143)**	**(1,450)**
Reversal	**(9)**	**(3)**	**(1,446)**
Other	**(0)**	**10**	**1,190**
Current Year (as of December 31, 2024)	**94**	**249**	**12,561**

Other Financial Assets

Millions of yen

Carrying amount	Financial assets with loss allowance measured at 12-month expected credit losses	Financial assets with loss allowance measured at lifetime expected credit losses
Previous year (as of January 1, 2023)	9,626	1,937
Previous year (as of December 31, 2023)	9,364	2,102
Current year (as of December 31, 2024)	**9,644**	**1,840**

Financial assets with loss allowance measured at lifetime expected credit losses consist mainly of credit-impaired financial assets.

Credit Risk Rating

The credit risk rating of financial assets with loss allowance measured at lifetime expected credit losses is relatively low compared to that of financial asset with loss allowance measured at 12-month expected credit losses. Credit risk of financial assets within the same stage is approximately the same.

The Group includes impairment loss related to credit risk in "Other operating expense" in the consolidated statement of profit or loss in the light of its immateriality.

Millions of yen

Loss allowance	Financial assets with loss allowance measured at 12-month expected credit losses	Financial assets with loss allowance measured at lifetime expected credit losses
Previous year (as of January 1, 2023)	149	499
Increase	0	39
Utilization	—	—
Reversal	(1)	(61)
The increase(decrease)due to reclassification between stages.	(6)	6
Other	16	(14)
Previous year (as of December 31, 2023)	157	469
Increase	**306**	**37**
Utilization	**(47)**	**(11)**
Reversal	**—**	**(63)**
The increase(decrease)due to reclassification between stages.	**—**	**—**
Other	**(286)**	**(235)**
Current year (as of December 31, 2024)	**130**	**(196)**

Effect of Significant Changes in Gross Carrying Amount of Financial Instruments during the Year

There was no significant increase or decrease in gross carrying amount of the financial instruments which contributed to changes in the loss allowance during the previous year and the current year.

Maximum Exposure to Credit Risk

The maximum exposure to the credit risk associated with financial assets is the carrying amount presented in the consolidated statement of financial position unless considering collateral and other credit enhancement held by the Group as of the reporting date. The maximum exposure to the credit risk with guarantees is as follows:

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Guarantees	2,825	**2,982**

Provision for expected credit losses on financial guarantees which may occur as a result of fulfillment of debt guarantee contracts stated above is not recorded because the amount is not expected to be material.

The amount of collateral and other credit enhancement held as a guarantee for the credit-impaired financial assets at the end of the fiscal period is ¥3,088 million at the end of the current year (¥4,345 million in the previous year ended December 31, 2023).

The collateral held as guarantee is mainly composed of deposit money.

(iii) Liquidity Risk

The Group raises funds via loans and by issuing commercial papers and bonds, and is exposed to liquidity risk, which means there is a possibility the Group fails to make payment on the due date due to deterioration in the fund procurement environment.

Since the Company and its principal consolidated subsidiaries have introduced the cash management system, the Company manages liquidity risks of those companies participating in this system.

Based on reports from each Group company, the Company creates its cash management plan and updates the plan on a timely basis. The Group monitors an ongoing forecast for fund demand, while always maintaining sufficient margin in the unused portion of the contractual credit line and ensuring that all loan agreements do not conflict with the borrowing limits or covenants (if applicable). In these forecasts, the Group takes into account its borrowing and financing plan, compliance with covenants, adherence to internal targets for the statements of financial position ratio as well as applicable external regulatory and statutory requirements, such as a regulation of currency, if any.

Surplus that the Company and its principal consolidated subsidiaries hold in excess of the balance necessary for management of working capital is managed at the Group level under the cash management system. The Group chooses financial instruments with appropriate maturity and liquidity, and makes investments in current deposits, time deposits, money market deposits and marketable securities to ensure a sufficient margin determined in the above forecast.

Maturity analysis of non-derivative financial liabilities and net-settled derivative liabilities held by the Group based on the remaining period to the maturity is as follows:

Previous Year (as of December 31, 2023)

Millions of yen

	Carrying amount	Contractual cash flow	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years
Trade and other payables	714,781	714,781	714,781	—	—	—	—	—
Bonds and borrowings	1,410,798	1,450,421	396,824	148,060	176,624	178,901	174,857	375,153
Derivative liabilities	9,543	9,543	5,817	289	36	34	—	3,364

Current Year (as of December 31, 2024)

Millions of yen

	Carrying amount	Contractual cash flow	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years
Trade and other payables	**720,870**	**720,870**	**720,870**	**—**	**—**	**—**	**—**	**—**
Bonds and borrowings	**1,279,176**	**1,326,078**	**461,243**	**179,900**	**186,843**	**184,423**	**137,321**	**176,346**
Derivative liabilities	**8,062**	**8,062**	**4,964**	**104**	**78**	**—**	**—**	**2,915**

(3) Fair Value of Financial Instruments

In fair value measurement, the Group uses observable market data whenever available. The fair value measurement is categorized into any of the following levels based on the level of the input:

Level 1: Input consisting of unadjusted quoted prices in active markets for identical assets and liabilities

Level 2: Input consisting of directly or indirectly observable prices other than market prices used in level 1

Level 3: Input that is not based on observable market data

Reclassification between levels in the fair value hierarchy is recognized on the date of the event or change in circumstances that caused the reclassification.

The carrying amounts and fair values of financial instruments not measured at fair value in the financial statements are as follows:

Millions of yen

	Previous year (as of December 31, 2023)		Current year (as of December 31, 2024)	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term loans receivable	2,559	2,446	**2,255**	**2,153**
Long-term borrowings	153,638	153,746	**112,637**	**112,418**
Bonds	1,233,312	1,203,626	**1,162,332**	**1,145,371**

Each of the amounts in the above table includes the portion scheduled to be collected, repaid, or redeemed within one year. Financial instruments for which the carrying amount is reasonably approximate to the fair value, and lease liabilities, are not included in the table above.

The fair value of long-term loans receivable is calculated by discounting the expected amount of principal and interest receivable by the interest rate expected if a similar new loan were to be issued, thereby deriving the present value.

The fair value of long-term borrowings is calculated by discounting the total amount of principal and interest by the interest rate expected if a similar new borrowing were to be taken out, thereby deriving the present value.

The fair value of bonds is set to market prices when market prices are available.

In the above fair value measurement, bonds are classified into Level 2, while others are classified into Level 3. For bonds in Level 2, fair value is estimated using the reference trading statistics of Japan Securities Dealers Association and others. Fair value of financial instruments in Level 3 is measured by discounting contractual cash flows using the market interest rate, and the difference with carrying amount is due to a difference between the market interest rate and the contractual interest rate.

Financial assets and liabilities measured at fair value are as follows:
Please note that the figures in the table below include carrying amounts included in “Assets held for sale”.

Previous Year (as of December 31, 2023)

Millions of yen

	Level 1	Level 2	Level 3	Total
Assets				
Derivatives designated as hedging instruments	—	17,149	3,329	20,479
Derivatives not designated as hedging instruments	—	3,299	—	3,299
Equity instruments	90,198	52	34,446	124,696
Others	—	1,620	20	1,640
Total assets	90,198	22,122	37,796	150,116
Liabilities				
Derivatives designated as hedging instruments	—	4,567	1,810	6,377
Derivatives not designated as hedging instruments	—	1,611	1,553	3,165
Contingent consideration	—	—	12,183	12,183
Total liabilities	—	6,178	15,547	21,726

There were no material transfers between Levels 1 and 2 during the year.

Current Year (as of December 31, 2024)

Millions of yen

	Level 1	Level 2	Level 3	Total
Assets				
Derivatives designated as hedging instruments	—	16,040	2,970	19,011
Derivatives not designated as hedging instruments	—	2,673	—	2,673
Equity instruments	87,951	52	37,602	125,606
Others	—	2,122	20	2,142
Total assets	87,951	20,889	40,593	149,433
Liabilities				
Derivatives designated as hedging instruments	—	1,690	3,126	4,816
Derivatives not designated as hedging instruments	—	3,245	—	3,245
Contingent consideration	—	—	12,076	12,076
Total liabilities	—	4,936	15,202	20,138

There were no material transfers between Levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is the quoted market prices at the end of the fiscal period. The financial instruments are categorized into Level 1. Financial instruments categorized into Level 1 comprise primarily equity instruments traded in active markets.

The fair value of financial instruments that are not traded in an active market (for example, interest rate swaps and foreign exchange contracts) is determined by using another valuation technique which maximizes the use of observable market input and minimizes the use of entity specific estimates as much as possible. Derivative financial instruments are primarily valued based on the price indicated from financial institutions. If all significant inputs are observable, the financial instrument is categorized into Level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument (for example, an equity instrument that is not traded in an active market or VPPA) is categorized into Level 3. These financial instruments are primarily valued with the comparable company analysis method or the discounted cash flow method, using inputs that are reasonably available and that many market participants consider reasonable. Contingent consideration is calculated based on expected payment by taking into account future business performance and others.

The principal unobservable input used in calculating the fair value of instruments classified as Level 3 is the price book-value ratio in the comparable company analysis method for equity instruments, which is distributed in a range from 0.7 times to 1.8 times (from 0.9 times to 1.7 times in the previous year) and the forecasted electricity purchase volumes in the discounted cash flow method for VPPAs, which ranges from 46 to 456 GWh (from 66 to 512 GWh in the previous year). The estimated fair value of equity instruments increases (decreases) when the Price book-value ratio increases (decreases). The estimated fair value of VPPAs generally increases (decreases), in the case that market price exceeds the price initially expected, when the forecasted electricity purchase volume increases (decreases).

Each calculation model used for fair value measurement is annually reviewed by the Finance Section. The Group also engages a review, if necessary, by an external independent specialist of fair value measurement. The Group sometimes use internal estimates in fair value measurement. Various analyses are performed for internal estimates such as time-series comparison to review appropriateness of these estimates, and then the Chief Financial Officer reviews the details as needed.

The Group analyzes changes in fair value measurements (including Level 3) based on factors such as inputs. The result of fair value measurements and the calculation processes (including assessments of valuation performed by a third party) as well as the results of analysis for the factors which caused the changes in the fair value are reported to Chief Financial Officer, and then the Officer reviews them and reports to the Board of Directors as necessary.

As to financial instruments categorized into Level 3, significant changes in fair value are not expected in case that an unobservable input is replaced by a reasonable alternative assumption.

Financial instruments categorized into Level 3 are analyzed as follows:

Previous Year (ended December 31, 2023)

Millions of yen

	Equity instruments measured at fair value through other comprehensive income	Derivatives	Financial liabilities measured at fair value through in profit or loss
Balance of assets (liabilities) at beginning of period	29,907	5,514	(31,028)
Gains (losses) recognized in profit or loss	—	(1,501)	(397)
Gains (losses) recognized in other comprehensive income (Note)	3,903	(4,047)	(1,762)
Purchases	724	—	—
Sales	(69)	—	—
Settlements	—	—	21,079
Other	—	—	(73)
Balance of assets (liabilities) at end of period	34,466	(34)	(12,183)
Of gains (losses) recognized in profit or loss: Gains (losses) for assets and liabilities held at end of period	—	(1,496)	(397)

(Note)
1. These are included in "Finance income" and "Finance costs" in the consolidated statement of profit or loss
2. Financial liabilities measured at fair value through profit or loss within gains and losses recognized in other comprehensive income are included in “Translation differences on foreign operations” in the consolidated statement of comprehensive income.

Current Year (ended December 31, 2024)

	Millions of yen		
	Equity instruments measured at fair value through other comprehensive income	Derivatives	Financial liabilities measured at fair value through in profit or loss
Balance of assets (liabilities) at beginning of period	34,466	(34)	(12,183)
Gains (losses) recognized in profit or loss	—	530	1,079
Gains (losses) recognized in other comprehensive income (Note)	1,813	(651)	(200)
Purchases	1,700	—	—
Sales	(56)	—	—
Settlements	—	—	—
Transfers to (from) Level 3	(300)	—	—
Other	—	—	(771)
Balance of assets (liabilities) at end of period	37,622	(156)	(12,076)
Of gains (losses) recognized in profit or loss: Gains (losses) for assets and liabilities held at end of period	—	753	1,079

(Note)
1. These are included in "Finance income" and "Finance costs" in the consolidated statement of profit or loss
2. Financial liabilities measured at fair value through profit or loss within gains and losses recognized in other comprehensive income are included in "Translation differences on foreign operations" in the consolidated statement of comprehensive income.

(4) Derivatives and Hedge Accounting

Hedge accounting conducted in the Group's risk management is described in "(2) Risk Management."

(i) Effect on the Consolidated Statement of Financial Position

Effect of derivatives designated as hedging instruments is set out below. Carrying amounts of derivatives designated as hedging instruments are measured at fair value and included in "Other financial assets" or "Other financial liabilities" or "Bonds and borrowings" in the consolidated statement of financial position.

Previous Year (as of December 31, 2023)

			Carrying amount (fair value)	
Hedge type	Hedging instrument	Notional amount (Millions of yen)	Assets (Millions of yen)	Liabilities (Millions of yen)
Cash flow hedge	Foreign exchange contract	511,300	1,124	3,422
	Currency swap	94,703	12,166	34
	Commodity swap	45,324	3,858	1,110
	VPPA	24,186	3,329	1,810
Total		675,515	20,479	6,377
Hedges of net investments in foreign operations	Euro denominated bonds	471,366 (Euro 3,000 million)	—	471,366

The average rates applied to the foreign exchange contracts are ¥127.59 per US dollar, ¥140.48 per euro, 0.21 euro per Polish zloty, 0.67 US dollar per Australian dollar and ¥18.57 per Chinese yuan. The average rates applied to the currency swap is ¥130.46 per euro. The average rates applied to the VPPAs are 218 Polish zloty and 67 euros per 1Mwh.

The notional amount of VPPAs is calculated by multiplying the contracted unit price by the forecasted electricity purchase volumes.

Current Year (as of December 31, 2024)

			Carrying amount (fair value)	
Hedge type	Hedging instrument	Notional amount (Millions of yen)	Assets (Millions of yen)	Liabilities (Millions of yen)
Cash flow hedge	Foreign exchange contract	473,656	7,515	1,132
	Currency swap	169,528	3,068	48
	Commodity swap	31,251	5,457	509
	VPPA	27,828	2,970	3,126
Total		702,265	19,011	4,816
Hedges of net investments in foreign operations	Euro denominated bonds	230,888 (Euro 1,400 million)	—	230,888

The average rates applied to the foreign exchange contracts are ¥ 134.54 per US dollar, ¥146.35 per euro, 0.23 euro per Polish zloty, 0.68 US dollar per Australian dollar and ¥19.18 per Chinese yuan. The average rates applied to the currency swap is ¥165.00 per euro. The average rates applied to the VPPAs are 218 Polish zloty, 67 euros and 90 Australian dollar per 1Mwh.

The notional amount of VPPAs is calculated by multiplying the contracted unit price by the forecasted electricity purchase volumes.

Hedge transactions conducted by the Group hedge all hedged items, and there are no transactions that only hedge certain risk elements. The periods for which the foreign exchange contract, currency swap, commodity swap and VPPA would hedge cash flow fluctuations are approximately 4 years, 3 years, 5 years and 10 years at the longest, respectively.

The ineffective portion recognized in profit or loss is not significant, and thus a description of changes in fair value is omitted for the hedging instruments which were used as a basis to recognize the ineffective portion.

In addition, in VPPAs, there is a possibility of material ineffectiveness due to factors such as actual electricity purchase volumes differing from the forecast.

Fair value of derivatives that are not designated as a hedging instrument is as follows:

Millions of yen

	Previous year (as of December 31, 2023)		Current year (as of December 31, 2024)	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange contract	63	1,169	**469**	**2,335**
Currency swap	3,220	441	**2,187**	**910**
Commodity swap	15	—	**17**	**—**
VPPA	—	1,553	**—**	**—**
Total	3,299	3,165	**2,673**	**3,245**

Reserve of cash flow hedges, reserve of costs of hedging and hedges of net investments in foreign operations are as follows:

Reserve of cash flow hedges arising from hedging relationships for which their hedge accounting is discontinued is not significant.

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
Reserve of cash flow hedges		
Foreign exchange contract	(480)	**4,662**
Currency swap	(2,255)	**2,644**
Commodity swap	1,906	**3,540**
VPPA	1,053	**(108)**
Total	224	**10,738**
Reserve of costs of hedging		
Currency swap (period-related)	(425)	**(492)**
Hedges of net investments in foreign operations		
Euro denominated Bonds	(68,293)	**(84,782)**

The ineffective portion recognized in profit or loss is not significant, and thus a description of changes in fair value is omitted for the hedging instruments which were used as a basis to recognize the ineffective portion.

(ii) Effect on the Consolidated Statement of Profit or Loss and the Consolidated Statement of Comprehensive Income

Effect on profit or loss and other comprehensive income of derivatives designated as hedging instruments in cash flow hedges, costs of hedging and hedges of net investments in foreign operations are as follows:

Previous Year (ended December 31, 2023)

Millions of yen

Risk type	Gains (losses) recognized in other comprehensive income (Note)	Amount reclassified from other equity interest to profit or loss (Note)	Line item in profit or loss on reclassification
Cash flow hedges			
Foreign exchange risk	3,770	(82)	Finance costs
Price risk	(4,815)	—	
Interest rate risk	—	—	
Total	(1,045)	(82)	
Costs of hedging			
Foreign exchange risk (period-related)	79	(2)	Finance costs
Hedges of net investments in foreign operations			
Foreign exchange risk for net investment	(46,952)	—	

(Note) The amounts are gross values before tax.

Current Year (ended December 31, 2024)

Millions of yen

Risk type	Gains (losses) recognized in other comprehensive income (Note)	Amount reclassified from other equity interest to profit or loss (Note)	Line item in profit or loss on reclassification
Cash flow hedges			
Foreign exchange risk	**18,797**	**(1,525)**	**Finance costs**
Price risk	**680**	**—**	
Interest rate risk	**—**	**—**	
Total	**19,477**	**(1,525)**	
Costs of hedging			
Foreign exchange risk (period-related)	**381**	**(477)**	**Finance costs**
Hedges of net investments in foreign operations			
Foreign exchange risk for net investment	**(22,160)**	**—**	

(Note) The amounts are gross values before tax.

There is no reclassification due to discontinuation of hedge accounting. Reserve of cash flow hedges accumulated in other components of equity is reclassified and included in the cost of the assets such as an inventory if the hedged item is a forecast transaction to acquire the assets. There are ¥(1,998) million (previous year: ¥(752) million) of foreign exchange risks among the amounts reclassified to the cost.

The ineffective portion recognized in profit or loss is not significant.

(5) Offset of financial assets and liabilities

The Company has entered into cash pooling agreements with financial institutions. The Company has a legally enforceable right to offset financial assets and liabilities recognized based on the cash pooling agreements, and an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities recognized based on the above cash pooling agreements at the end of the current year are as follows:

Previous Year (ended December 31, 2023)

Millions of yen

	Aggregate amount recognized	Amount offset	Net amount presented in the statement of financial position
<Financial assets>			
Cash and cash equivalents	222,268	(215,802)	6,466
<Financial liabilities>			
Bonds and borrowings	215,802	(215,802)	—

Current Year (ended December 31, 2024)

Millions of yen

	Aggregate amount recognized	Amount offset	Net amount presented in the statement of financial position
<Financial assets>			
Cash and cash equivalents	**435,688**	**(405,584)**	**30,103**
<Financial liabilities>			
Bonds and borrowings	**405,584**	**(405,584)**	**—**

34. Significant Non-cash Transactions

Previous Year (ended December 31, 2023)
There are no significant non-cash transactions.

Current Year (ended December 31, 2024)
There are no significant non-cash transactions.

35. Changes in Ownership Interests in Subsidiaries

(1) Earnings and Expenses on Acquisitions of Subsidiaries

Previous Year (ended December 31, 2023)
Omitted due to lack of materiality.

Current year (ended December 31, 2024)
The Group acquired shares in Octopi Brewing, LLC and one other company which resulted in their addition to the scope of consolidation. The main assets and liabilities of investees on commencement of consolidation as well as the relationship between the acquisition cost of shares, etc. and net consideration paid are analyzed as follows.

	Millions of yen
Current assets	2,862
Non-current assets	20,466
Goodwill	7,073
Current liabilities	(1,824)
Non-current liabilities	(6,766)
Acquisition cost of shares, etc.	21,812
Cash and cash equivalents of acquired companies	(363)
Net cash used for purchase of shares of subsidiaries	21,448

(2) Earnings and Expenses on Sales of Subsidiaries

Previous Year (ended December 31, 2023)
There are no significant changes in ownership interests in subsidiaries.

Current Year (ended December 31, 2024)
Omitted due to lack of materiality.

36. Changes in Liabilities Arising from Financing Activities

Previous Year (ended December 31, 2023)

Millions of yen

Item	Balance as of January 1, 2023	Change owing to financing cash flow	Non-cash changes: Acquisition	Long- and short-term transfer	Change in scope of consolidation	Exchange differences	Changes in fair value	Other	Balance as of December 31, 2023
Short-term borrowings (Note)	224,302	(200,705)	—	—	—	250	—	—	23,846
Lease obligations	102,120	(24,555)	26,918	—	—	6,957	—	—	111,441
Current portion of long-term borrowings	43,046	(42,823)	—	44,420	—	16	—	—	44,658
Long-term borrowings	103,632	49,761	—	(44,420)	—	5	—	—	108,980
Current portion of bonds	99,919	(100,000)	—	295,956	—	25,042	—	423	321,342
Bonds	1,026,409	149,360	—	(295,956)	—	31,300	—	857	911,970
Derivative liabilities (assets) held to hedge liabilities arising from financing activities	(807)	—	—	—	—	—	(11,313)	—	(12,120)
Total	1,598,622	(168,962)	26,918	—	—	63,573	(11,313)	1,280	1,510,119

(Note) Short-term borrowings include commercial papers.

Current Year (ended December 31, 2024)

Millions of yen

Item	Balance as of January 1, 2024	Change owing to financing cash flow	Non-cash changes: Acquisition	Long- and short-term transfer	Change in scope of consolidation	Exchange differences	Changes in fair value	Other	Balance as of December 31, 2024
Short-term borrowings (Note)	23,846	(19,960)	—	—	—	320	—	—	4,206
Lease obligations	111,441	(30,038)	28,721	—	4,521	4,665	—	(8,468)	110,844
Current portion of long-term borrowings	44,658	(44,677)	—	37,720	—	7	—	657	38,367
Long-term borrowings	108,980	—	—	(37,720)	—	(47)	—	3,057	74,270
Current portion of bonds	321,342	(332,632)	—	403,349	—	15,920	—	574	408,554
Bonds	911,970	233,837	—	(403,349)	—	10,837	—	481	753,777
Derivative liabilities (assets) held to hedge liabilities arising from financing activities	(12,120)	18,230	—	—	—	—	(9,126)	—	(3,017)
Total	1,510,119	(175,240)	28,721	—	4,521	31,704	(9,126)	(3,697)	1,387,003

(Note) Short-term borrowings include commercial papers.

37. Related Party Transactions

(1) Transactions and Outstanding Balances with Related Parties

There are no material transactions with related parties.

(2) Key Management Personnel Compensation

Compensation to the Group's key management personnel is as follows:

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Short-term employee benefits expense	722	**1,014**
Share-based Payments	107	**174**
Total	829	**1,188**

38. Business combination

Previous year (ended December 31, 2023)

There are no significant business combinations.

Current year (ended December 31, 2024)

There are no significant business combinations.

39. Interest in Other Entities

(1) Interest in Subsidiaries

Subsidiaries included in the consolidated financial statements are as follows:

Previous Year (ended December 31, 2023)

Name	Location	Proportion of ownership interest (%)
Asahi Group Japan, Ltd.	Sumida-ku, Tokyo	100.00
Asahi Breweries, Ltd.	Sumida-ku, Tokyo	100.00 (100.00)
The Nikka Whiskey Distilling Co., Ltd.	Yoichi-cho, Hokkaido	100.00 (100.00)
ENOTECA CO.,LTD.	Minato-ku, Tokyo	100.00 (100.00)
Asahi Soft Drinks Co., Ltd.	Sumida-ku, Tokyo	100.00 (100.00)
Calpis Co., Ltd.	Sumida-ku, Tokyo	100.00 (100.00)
Asahi Group Foods, Ltd.	Sumida-ku, Tokyo	100.00 (100.00)
Asahi Logistics, Ltd.	Ota-ku, Tokyo	100.00 (100.00)
NADAMAN CO., LTD	Chiyoda-ku, Tokyo	100.00 (100.00)
Asahi Professional Management Co., Ltd.	Sumida-ku, Tokyo	100.00 (100.00)
Asahi Europe & International Ltd	Surrey, United Kingdom	100.00
Birra Peroni S.r.l.	Roma Italy	100.00 (100.00)
Koninklijke Grolsch N.V.	Enschede Netherlands	100.00 (100.00)
Meantime Brewing Company Ltd.	London United Kingdom	100.00 (100.00)
Asahi UK Ltd	London United Kingdom	100.00 (100.00)
Plzeňský Prazdroj, a.s.	Pilsen Czech Republic	100.00 (100.00)
Plzeňský Prazdroj Slovensko, a.s.	Veľký Šariš Slovakia	100.00 (100.00)
Kompania Piwowarska S.A.	Wielkopolskie Poland	100.00 (100.00)
Ursus Breweries SA	Buzau Romania	98.68 (98.68)
Dreher Sörgyárak Zrt.	Budapest Hungary	99.78 (99.78)
Asahi Beer (China) Investment Co., Ltd.	Shanghai, China	100.00
Asahi Holdings (Australia) Pty Ltd	Victoria, Australia	100.00
CUB Pty Ltd	Victoria, Australia	100.00 (100.00)
Asahi Beverages Pty Ltd	Victoria, Australia	100.00 (100.00)
Asahi Beverages (NZ) Limited	Auckland, New Zealand	100.00 (100.00)
Asahi Holdings Southeast Asia Sdn. Bhd.	Kuala Lumpur, Malaysia	100.00 (100.00)
Etika Beverages Sdn. Bhd.	Kuala Lumpur, Malaysia	100.00 (100.00)
Etika Dairies Sdn. Bhd.	Kuala Lumpur, Malaysia	100.00 (100.00)
Asahi Loi Hein Company Limited	Yangon, Myanmar	51.00 (51.00)
Asahi Global Procurement Pte. Ltd.	Singapore	100.00
Asahi Quality & Innovations, Ltd.	Moriya-shi, Ibaraki	100.00
Other 168 Subsidiaries	—	—

(Note) Percentage in ( ) represents indirect ownership interest out of the total ownership interest noted above.

Current Year (ended December 31, 2024)

Name	Location	Proportion of ownership interest (%)
Asahi Group Japan, Ltd.	Sumida-ku, Tokyo	**100.00**
Asahi Breweries, Ltd.	Sumida-ku, Tokyo	**100.00** **(100.00)**
The Nikka Whiskey Distilling Co., Ltd.	Yoichi-cho, Hokkaido	**100.00** **(100.00)**
ENOTECA CO.,LTD.	Minato-ku, Tokyo	**100.00** **(100.00)**
Asahi Soft Drinks Co., Ltd.	Sumida-ku, Tokyo	**100.00** **(100.00)**
Calpis Co., Ltd.	Sumida-ku, Tokyo	**100.00** **(100.00)**
Asahi Group Foods, Ltd.	Sumida-ku, Tokyo	**100.00** **(100.00)**
Asahi Logistics, Ltd.	Ota-ku, Tokyo	**100.00** **(100.00)**
Asahi Professional Management Co., Ltd.	Sumida-ku, Tokyo	**100.00** **(100.00)**
Asahi Europe & International Ltd	Surrey, United Kingdom	**100.00**
Birra Peroni S.r.l.	Roma Italy	**100.00** **(100.00)**
Koninklijke Grolsch N.V.	Enschede Netherlands	**100.00** **(100.00)**
Asahi UK Ltd	London United Kingdom	**100.00** **(100.00)**
Plzeňský Prazdroj, a.s.	Pilsen Czech Republic	**100.00** **(100.00)**
Plzeňský Prazdroj Slovensko, a.s.	Veľký Šariš Slovakia	**100.00** **(100.00)**
Kompania Piwowarska S.A.	Wielkopolskie Poland	**100.00** **(100.00)**
Ursus Breweries SA	Buzau Romania	**98.68** **(98.68)**
Dreher Sörgyárak Zrt.	Budapest Hungary	**99.98** **(99.98)**
Asahi Beer (China) Investment Co., Ltd.	Shanghai, China	**100.00**
Asahi Holdings (Australia) Pty Ltd	Victoria, Australia	**100.00**
CUB Pty Ltd	Victoria, Australia	**100.00** **(100.00)**
Asahi Beverages Pty Ltd	Victoria, Australia	**100.00** **(100.00)**
Asahi Beverages (NZ) Limited	Auckland, New Zealand	**100.00** **(100.00)**
Asahi Holdings Southeast Asia Sdn. Bhd.	Kuala Lumpur, Malaysia	**100.00** **(100.00)**
Etika Beverages Sdn. Bhd.	Kuala Lumpur, Malaysia	**100.00** **(100.00)**
Etika Dairies Sdn. Bhd.	Kuala Lumpur, Malaysia	**100.00** **(100.00)**
Asahi Loi Hein Company Limited	Yangon, Myanmar	**51.00** **(51.00)**
Asahi Global Procurement Pte. Ltd.	Singapore	**100.00**
Asahi Quality & Innovations, Ltd.	Moriya-shi, Ibaraki	**100.00**
Other 165 Subsidiaries	—	**—**

(Note) Percentage in ( ) represents indirect ownership interest out of the total ownership interest noted above.

(2) Interests in Associates and Joint Ventures

(i) Associates

The carrying amount of interests, share of profit of and share of other comprehensive income of associates are as follows. There are no associates that are material to the Group.

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
The carrying amount of interests	10,966	**11,218**

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Profit	881	**526**
Other comprehensive income	120	**229**
Total comprehensive income	1,002	**756**

(ii) Joint Ventures

The carrying amount of interests, share of profit of and share of other comprehensive income of joint ventures are as follows. There are no joint ventures that are material to the Group.

Millions of yen

	Previous year (as of December 31, 2023)	Current year (as of December 31, 2024)
The carrying amount of interests	115	**151**

Millions of yen

	Previous year (ended December 31, 2023)	Current year (ended December 31, 2024)
Profit	(5)	**22**
Other comprehensive income	12	**12**
Total comprehensive income	6	**35**

40. Commitments

There are no significant commitments regarding acquisition of assets.

41. Contingencies

There are no significant contingencies.

42. Subsequent Events

There are no subsequent events.

Independent Auditor's Report

KPMG

Independent auditor's report

To the Board of Directors of Asahi Group Holdings, Ltd.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Asahi Group Holdings, Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill related to the Oceania business

The key audit matter	How the matter was addressed in our audit
As described in Note 14, "Goodwill and Intangible Assets" to the consolidated financial statements, Asahi Group Holdings, Ltd. and its consolidated subsidiaries recognized goodwill of ¥1,380,398 million in their consolidated statement of financial position for the current fiscal year, allocated to the Oceania business, which represented approximately 25.5% of total assets in the consolidated financial statements. A group of cash-generating units to which goodwill is allocated is tested for impairment annually and whenever it is determined that there is any indication of impairment. When the recoverable amount of a group of cash-generating units is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is the higher of either the value in use or the fair value less costs of disposal. In the current fiscal year, fair value less costs of disposal was used as the recoverable amount in the impairment testing on the group of cash-generating units related to the Oceania business. The future cash flows used to measure the fair value less costs of disposal were estimated based on the business plan of the Oceania business approved by management and the growth rate applied to the periods subsequent to those covered by the business plan. Key assumptions, such as increases in future revenue and the growth rate applied to the periods subsequent to those covered by the business plan, used in estimating the future cash flows, involved a high degree of uncertainty as they are affected by changes in factors such as the business conditions and competitive environment in Oceania, and management's judgment thereon had a significant effect on the estimated future cash flows. In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the fair value required a high degree of expertise in valuation. We, therefore, determined that the valuation of goodwill related to the Oceania business	In order to assess whether the valuation of goodwill related to the Oceania business was reasonable, we involved the component auditor of the consolidated subsidiary that oversees the Oceania business and performed the audit procedures set out below, including the direction and supervision of the component auditor and the review of its work, among others. **(1) Assessment of estimation uncertainty** Assessed whether key assumptions used to prepare the business plan were appropriately selected by evaluating whether there was any effect on the determination of an impairment loss to be recognized when the effect of specific uncertainties were incorporated into key assumptions. **(2) Internal control testing** Tested the design and operating effectiveness of certain internal controls relevant to the valuation of goodwill, with a greater focus on controls designed to ensure the appropriateness of the estimated future cash flows. **(3) Assessment of the reasonableness of the estimated fair value less costs of disposal** Assessed whether key assumptions adopted in estimating the fair value less costs of disposal is appropriate primarily by performing the following procedures: ● Assessment of the consistency of the projected increase in revenue with the business plan through inquiry of the personnel responsible for the Oceania business and inspection of relevant documents; ● Trend analysis of revenue for previous years including comparison of latest actuals, as well as comparison of the projected increase in revenue with relevant forecast data on the alcohol beverage and soft drink markets in Oceania published by external organizations; ● Comparison of the growth rate applied to the periods subsequent to those covered by the business plan with relevant market data forecasts published by external organizations with the assistance of a valuation specialist within the network firms of the auditor of the consolidated subsidiary; and ● Assessment of the appropriateness of the model adopted by management to estimate the discount rate with the assistance of a valuation specialist within the network firms of the auditor of the consolidated subsidiary, as well

was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	as the assessment of the reasonableness of the discount rate through comparison with an estimate independently developed by the specialist.

Valuation of goodwill related to the Europe (International) business

The key audit matter	How the matter was addressed in our audit
As described in Note 14, "Goodwill and Intangible Assets" to the consolidated financial statements, Asahi Group Holdings, Ltd. and its consolidated subsidiaries recognized goodwill of ¥125,040 million in their consolidated statement of financial position for the current fiscal year, allocated to the Europe (International) business, which represented approximately 2.3% of total assets in the consolidated financial statements. A group of cash-generating units to which goodwill is allocated is tested for impairment annually and whenever it is determined that there is any indication of impairment. When the recoverable amount of a group of cash-generating units is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is the higher of either the value in use or the fair value less costs of disposal. In the current fiscal year, the value in use was used as the recoverable amount in the impairment testing on the group of cash-generating units related to the Europe (International) business. The future cash flows used to measure the value in use were estimated based on the business plan of the Europe (International) business approved by management and the growth rate applied to the periods subsequent to those covered by the business plan. Key assumptions, such as increases in future revenue and the growth rate applied to the periods subsequent to those covered by the business plan, used in estimating the future cash flows, involved a high degree of uncertainty as they are affected by changes in factors such as the business conditions and competitive environment in each region of the export destination markets, and management's judgment thereon had a significant effect on the estimated future cash flows. In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the value in use required a high degree of expertise in valuation. We, therefore, determined that the valuation of goodwill related to the Europe (International) business was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	In order to assess whether the valuation of goodwill related to the Europe (International) business was reasonable, we involved the component auditor of the consolidated subsidiary that oversees the Europe (International) business and performed the audit procedures set out below, including the direction and supervision of the component auditor and the review of its work, among others. **(1) Assessment of estimation uncertainty** Assessed whether key assumptions used to prepare the business plan were appropriately selected by evaluating whether there was any effect on the determination of an impairment loss to be recognized when the effect of specific uncertainties were incorporated into key assumptions. **(2) Internal control testing** Tested the design and operating effectiveness of certain internal controls relevant to the valuation of goodwill, with a greater focus on controls designed to ensure the appropriateness of the estimated future cash flows. **(3) Assessment of the reasonableness of the estimated value in use** Assessed whether key assumptions adopted in estimating the value in use is appropriate primarily by performing the following procedures: ● Assessment of the consistency of the projected increase in revenue with the business plan through inquiry of the personnel responsible for the Europe (International) business and inspection of relevant documents; ● Trend analysis of revenue for previous years including comparison of latest actuals, as well as comparison of the projected increase in revenue with forecast data on the alcohol beverage markets for major export destinations published by external organizations; ● Comparison of the growth rate applied to the periods subsequent to those covered by the business plan with relevant market data forecasts published by external organizations with the assistance of a valuation specialist within our domestic network firms; and ● Assessment of the appropriateness of the model adopted by management to estimate the discount rate with the assistance of a valuation specialist within our domestic network firms, as well as the assessment of the reasonableness of the discount rate through comparison with an estimate independently developed by the specialist.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & supervisory board members and the audit & supervisory board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with audit & supervisory board members and the audit & supervisory board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide audit & supervisory board members and the audit & supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with audit & supervisory board members and the audit & supervisory board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and network firms for audit and non-audit services provided to the Company and its consolidated subsidiaries for the current year are 1,251 million yen and 78 million yen, respectively.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Kanako Ogura
Designated Engagement Partner
Certified Public Accountant

/S/ Hiroshi Tani
Designated Engagement Partner
Certified Public Accountant

/S/ Masahiro Morita
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
March 26, 2025

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Asahi Group Holdings, Ltd.

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