Asahi Group Holdings, Ltd.
H1 2025 Financial Results Briefing: Summary of Conference Call (2)

Date: Friday, August 8, 2025, 11:30-13:00

Presenter: Kaoru Sakita, Group CFO, Director and Executive Officer

◆ Business Segment Changes (P14)

- In April 2025, we changed our previous four-region operational structure to a three-region structure to promote swifter decision-making and more efficient business operations, as well as to accelerate our premium, multi beverages, and global brands growth strategies across the Group.

- We have applied the new three-region structure to the financial results disclosure from the first half of fiscal 2025 and have reorganized previous data for actual results, year-on-year comparisons, and comparisons with our initial plan back through January.

- To talk through the major changes, as shown on the left side of the slide, East Asia Alcohol Beverages, which was previously included in the Europe segment, has been transferred to the Japan segment. Southeast and South Asia Alcohol Beverages along with existing Non-alcohol Beverages have both been transferred to Oceania segment. Going forward, our disclosure segments will focus on the three regions of Japan & East Asia, Europe, and Asia Pacific.

- The scale of each transferred business is listed on the right of the slide. Please note that the impact of these changes on our fiscal 2025 forecast for Core Operating Profit will be minimal.

◆ Financial Highlights (Revenue and Core Operating Profit) (P15)

- Overall revenue increased by 0.6% year on year in the first half. While revenue declined in Europe due mainly to unfavorable weather conditions, total revenue increased, driven by appropriate pricing strategies and progress on premiumization.

- Overall Core Operating Profit contracted by 3.2%. While Japan & East Asia and Europe generated higher profits, overall Core Operating Profit declined as a result of a decline in profits from the Asia Pacific segment and higher company-wide expenses.

- While we do not disclose interim forecasts, the first-half revenue result was lower than expected, particularly in Europe. Overall Core Operating Profit exceeded plan, primarily driven by higher-than-anticipated performances from Japan & East Asia and the Asia Pacific.

- Regarding the annual forecasts listed on the right side of the slide, our revenue estimate has been revised down by JPY 23.1 billion to reflect the first-half performance, and we now expect a year-on-year increase in revenue of +2.4%.

- By contrast, our full-year forecast for overall Core Operating Profit has been revised up to +4.1%. While we revised down our expectations for Asia Pacific, following a review of the newly transferred Southeast and South Asia Alcohol Beverages business in that region, we revised up our estimates for Core Operating Profit from Japan & East Asia.

◆ Operating Profit/Profit Attributable to Owners of Parent (P16)

- First-half operating profit declined by 11.4% year on year to JPY 92.3 billion. While business integration-related expenses declined, we did record impairment losses associated with East Asia, following the reorganization of our business segments.

- Profit attributable to owners of parent declined by 23.1% to JPY 58.7 billion primarily due to a deterioration in the financial account balance. Adjusted profit attributable to owners of parent, which excludes one-off factors such as impairment losses, contracted by 11.7% to JPY 67.5 billion.

- Regarding our full-year plan, we expect operating profit will contract by -5.2% compared to the previous year when profits were recorded on the sale of fixed assets and after incorporating the impairment loss recorded in the first half. Compared to our initial plan, we have revised down anticipated annual operating profit and profit for the period after incorporating the first-half impairment loss and other factors.

◆ Overview of Balance Sheet and Cash Flow Position (P17)

- Looking next at our balance sheet forecasts, total assets are expected to exceed our initial plan by JPY 76.0 billion and record a total of JPY 5.4370 trillion as a result of capital investment and increased goodwill.

- The Net Debt/EBITDA ratio is expected to rise to 3.11x due in part to the redemption of subordinated debt and in increase in the balance of financial obligations.

- Regarding free cash flow (FCF), we expect to generate a lower FCF figure compared to the previous year of JPY 130.0 billion due to both higher capital investment and the comparative decline relative to measures taken at the end of 2024 to maximize cash mainly outside Japan.

- Our expected annual dividend remains unchanged at JPY 52 per share, representing an increase of JPY 3 per share as outlined in our initial plan. However, as disclosed on August 7, we will seek to enhance shareholder returns through share buybacks totaling JPY 70.0 billion in the current fiscal year.

◆ Japan & East Asia (P18)

- Overall revenue increased by 1.8% year on year, fueled primarily by successful price revisions at Japan Alcohol Beverages and Japan Non-alcohol Beverages.

- Core Operating Profit rose by 1.4% year on year. While Core Operating Profit from Japan Non-alcohol Beverages and Food contracted, the overall measure increased on the back of higher profit from Japan Alcohol Beverages and East Asia business.

- While revenue tracked below plan mainly due to shortfall from Non-alcohol Beverages, overall Core Operating Profit exceeded plan. This was driven by strong performances from Alcohol Beverages and East Asia, which offset the shortfalls from Non-alcohol Beverages and Food.

- In terms of full-year forecasts, our forecast for total revenue was revised up to +3.3% year on year. While the forecast for Non-alcohol Beverages revenue was revised down, the forecasts for Alcohol Beverages and Food (including new M&A-generated consolidation effects) have been revised up.

- Our forecast for Core Operating Profit has been revised up to +5.5% year on year, driven by increased sales of liquor, RTDs, and non-alcohol adult beverages in Alcohol Beverages and greater cost efficiencies at regional headquarters.

◆ Europe (P19)

- First-half revenue contracted by 2.7% year on year, primarily due to reduced demand in Poland and unfavorable weather in Central and Eastern Europe.

- Core Operating Profit increased by 2.3% as ongoing premiumization efforts improved price mixes and variable costs were controlled.

- Revenue fell short of expectations due to lower volumes, but Core Operating Profit tracked in line with plan after that decline was offset primarily by improved efficiency of both variable and fixed costs.

- Our full-year revenue forecast has been revised down to −0.7% year on year. While we will take measures to generate a recovery in demand in the second half, we reviewed our sales plans in each market based on first-half performance and other relevant elements.

- By contrast, we revised up our full-year forecast for Core Operating Profit to +3.2%. While we will continue to make strategic investments primarily in brands with an eye on medium-term growth, we also intend to strengthen cost management.

◆ Asia Pacific (P20)

- First-half revenue increased by 2.0% year on year. While revenue from Alcohol Beverages declined primarily in Oceania, Non-alcohol Beverages sales increased year on year in Oceania and Southeast Asia.

- Core Operating Profit declined by 4.0% primarily due to lower sales volumes for Oceania Alcohol Beverages and higher fixed costs.

- Compared to our plan, revenue came in roughly as expected. Overall Core Operating Profit exceeded plan. While the newly transferred Southeast and South Asia Alcohol Beverages business fell short of expectations and failed to achieve its profit target, Oceania exceeded its profit target driven by greater efficiencies across all costs measures.

- Regarding our annual forecasts for the Asia Pacific segment, the revenue growth forecast has been revised down to +4.4% following a review of sales plans for Alcohol Beverages primarily in Southeast and South Asia.

- Our forecast for annual Core Operating Profit has been revised down to +2.3%. While estimates for Oceania remain unchanged from the initial forecasts, we have reconsidered our aggressive expansion strategy for the current period in Southeast and South Asia Alcohol Beverages.

- While each of our business segments are progressing at different rates and exhibit their own strengths and weaknesses, we will aim to steadily achieve our plans for fiscal 2025 by continuing to pursue our growth strategies and earnings structure reforms, while also steadily implementing financial strategies to achieve our new financial guidelines.