

December 25, 2018

Changes to the Overseas Alcoholic Beverages Business Structure

As of January 1, 2019, Sapporo Holdings Ltd. (SH) plans to merge its subsidiary Sapporo International Inc. (SI) into Sapporo Breweries Ltd. (SB) and transfer the subsidiaries of SI to SH and SB.

In line with “Reforms to the Group management platform” outlined in the First Medium-Term Management Plan 2020, the Sapporo Group will carry out “Strategic shift of managerial resources” and pursue “Business structure reforms and promotion of segment management” in order to further accelerate “Promotion of its global expansion”, a key driver to the Group’s growth strategy.

Through this realignment of the Sapporo Group’s overseas alcoholic beverages business, we aim to enhance our brand presence in North America that is the cornerstone of our overseas business, in the rapidly growing Asia market centering around Vietnam, as well as in Europe. By stepping up our global marketing of the unique brands under the Group’s umbrella, we seek to realize our long-term management vision and management philosophy.

Details

1. Alcoholic beverages business in North America

In order to formulate a Sapporo Group business strategy including potential M&As, the following subsidiaries will be transferred from SI to SH with aims to achieving further growth in the North American market that is the cornerstone of the Group’s overseas business.

- (1) SAPPORO U.S.A., INC. (Alcoholic beverages distributor)
- (2) ANCHOR BREWING COMPANY, LLC. (Alcoholic beverages manufacturer/ distributor)
- (3) SLEEMAN BREWERIES LTD. (Alcoholic beverages manufacturer/ distributor)

*SAPPORO U.S.A and ANCHOR BREWING are scheduled to undergo management integration on April 1, 2019 to maximize synergy effects in manufacturing and distribution.

2. Alcoholic beverages business in Asia

In order to generate enhanced value of the “SAPPORO” brand in the Asian region in line with SB’s brand strategy, SAPPORO VIETNAM LTD. (Alcoholic beverages manufacturer/ distributor) will be transferred from SI to SB.

SB will promote boosting its presence in Southeast Asia and Oceania with an operational hub in Vietnam in addition to the exporting of alcoholic beverages to countries in East Asia such as South Korea, Hong Kong, Taiwan, and China. This business transfer will also help optimize global supply chain management.

*The transfer of the East Asia alcoholic beverages export business to SB was completed in January 2018.

3. Alcoholic beverages business in Europe

Similar to the Asian region, the Group aims to boost the value of the “SAPPORO” brand in Europe in line with SB’s brand strategy. The Group will seek to enhance its presence across Europe with the establishment of a European distribution subsidiary under the SB umbrella in spring of 2019.

<Overview of the European distribution subsidiary>

Company name: SAPPORO EUROPE B.V. (tentative)

Location: Amstelveen (suburb of Amsterdam), the Netherlands

Business: Distribution of alcoholic beverages across all of Europe

Capital: ¥10 million

Please note that COUNTRY PURE FOODS, INC. (food and beverages manufacturer/distributor in the US) will also be transferred to SH.

4. Schedule

January 1, 2019: Absorption of SI into SB and realignment of SI subsidiaries

Spring 2019: Establishment of the European distribution subsidiary

April 1, 2019: Management integration between Sapporo USA and Anchor Brewing