



SAPPORO

Sapporo Group Business Results for 2022 Management Plan for 2023

*In this document, the following company name abbreviations are used:

SH: Sapporo Holdings Limited SB: Sapporo Breweries Ltd. SLN: Sapporo Lion, Inc.

PS: Pokka Sapporo Food & Beverage Ltd. SRE: Sapporo Real Estate Co., Ltd.

February 15th 2023

URL <https://www.sapporoholdings.jp/en/>

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Summary

➤ Overall Results for 2022

● Increased revenue and profit

- Revenue +9.4%

Main factors were revenue growth of alcoholic beverages overseas, especially in North America, and the recovery in commercial-use products in Japan alcoholic beverages and restaurant businesses

- Core operating profit +14.4%

Implemented price revisions in response to higher costs, such as surging raw material costs, and responded quickly including cost controls

Effects of structural reforms in the Restaurants and Food & Soft Drinks businesses also contributing steadily to bottom line

● Formulation of new Medium-Term Management Plan

- Acquisition of Stone Brewing Co., LLC.

Obtained manufacturing sites to accelerate growth and establish a foothold for accelerating the pace of growth

- Decisive implementation of structural reforms to accelerate growth

Focus on capital efficiency

Clarified businesses to tap into stronger growth and businesses to reorganize or exit

➤ Policy for 2023

- **Promote specific initiatives to enhance corporate value (initial fiscal year of the Medium-Term Management Plan)**
 - Strengthen Japan beer business and realize effects of Sendai Brewery reorganization
 - Develop foundation for growth in U.S.
 - Reshuffle business portfolio and complete fundamental changes by 2024
 - Conduct appropriate monitoring
 - Initiatives for key sustainability issues
- **Achieve plan through steady implementation**
 - Revenue +2.4% and core operating profit +45.0%
 - Plan to hike dividend (42 to 45 yen) to return more profits to shareholders

Business Results for 2022

Financial Highlights for in FY2022



(billions of yen)	2021 Result	2022 Result	YoY changes (amount)	YoY changes (%)
Revenue	437.2	478.4	41.3	9.4%
Revenue (Excluding liquor tax)	331.2	364.2	33.0	10.0%
Overseas revenue	74.5	102.2	27.7	37.2%
EBITDA	28.6	29.9	1.2	4.3%
Core operating profit	8.1	9.3	1.2	14.4%
Core operating profit margin	1.9%	1.9%	—	—
Other operating income (expense)	13.9	0.8	(13.1)	(94.3%)
Operating profit	22.0	10.1	(11.9)	(54.1%)
Profit before tax	21.2	11.4	(9.8)	(46.3%)
Profit attributable to owners of parent	12.3	5.4	(6.9)	(55.8%)
ROE	7.9%	3.3%	—	—

The balance of debt excludes the balance of lease obligations.

Financial Highlights for in FY2022



(billions of yen)	2021 Result	2022 Result	YoY changes (amount)	YoY changes (%)
Revenue by Segment	437.2	478.4	41.3	9.4%
Alcoholic Beverages	289.7	334.6	45.0	15.5%
Japanese	228.6	245.4	16.8	7.3%
Overseas	53.4	74.0	20.5	38.4%
Restaurants	7.6	15.3	7.7	101.0%
Food & Soft Drinks	125.5	122.9	(2.5)	(2.0%)
Real Estate	21.9	20.7	(1.1)	(5.2%)
Other	0.2	0.1	(0.0)	(15.5%)

(billions of yen)	2021 Result	2022 Result	YoY changes (amount)	YoY changes (%)
Core Operating Profit by Segment	8.1	9.3	1.2	14.4%
Alcoholic Beverages	5.4	7.7	2.3	42.1%
Japanese	7.9	8.5	0.6	7.0%
Overseas	1.7	(0.3)	(2.0)	—
Restaurants	(4.2)	(0.5)	3.7	—
Food & Soft Drinks	0.7	1.8	1.1	148.2%
Real Estate	8.2	6.5	(1.8)	(21.5%)
Other • General corporate and intercompany eliminations	(6.2)	(6.6)	(0.4)	—

Revenue increased overall driven by the alcoholic beverages business

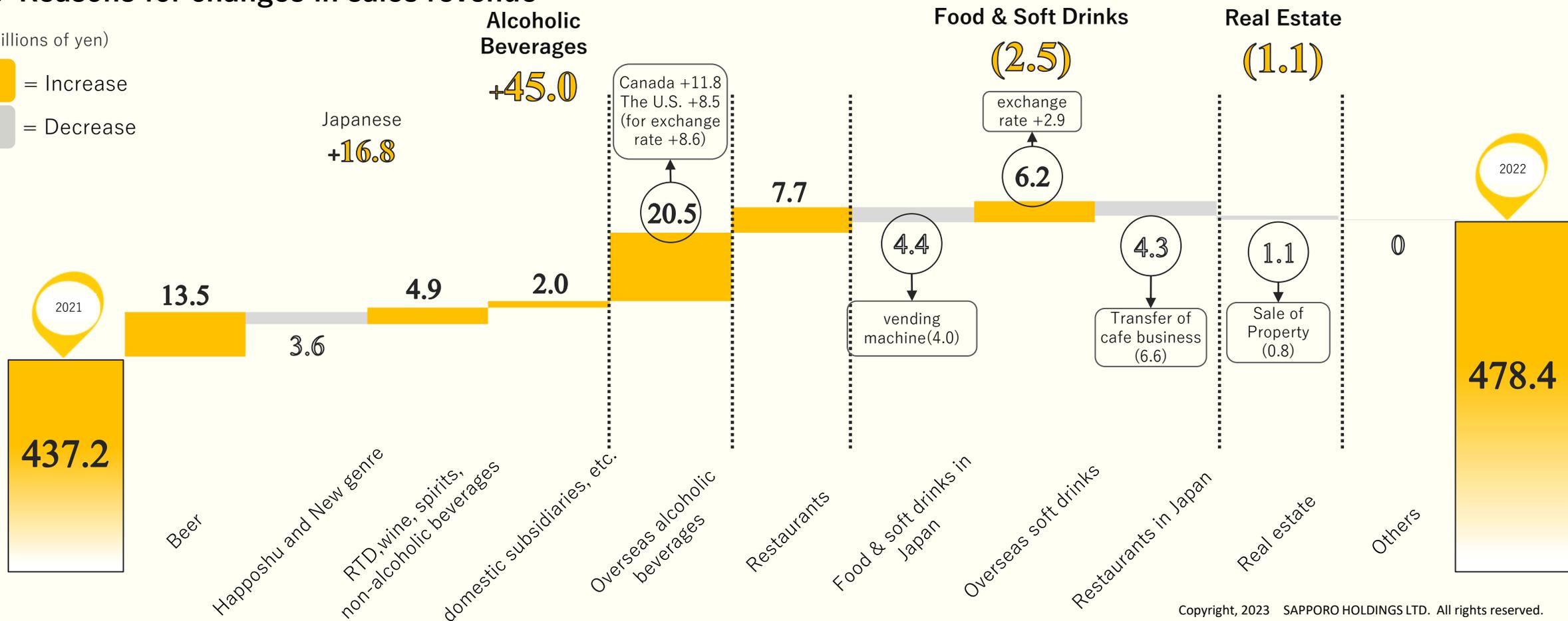
Main factors were revenue growth of overseas alcoholic beverages predominantly in North America, commercial-use market recovered, initiated price revisions in response to rising costs, and effect of exchange rates

Reasons for changes in sales revenue

Effect of exchange rates +¥11.5 billion: overseas alcoholic beverages +¥8.6 billion and overseas soft drinks +¥2.9 billion

(billions of yen)

- = Increase
- = Decrease



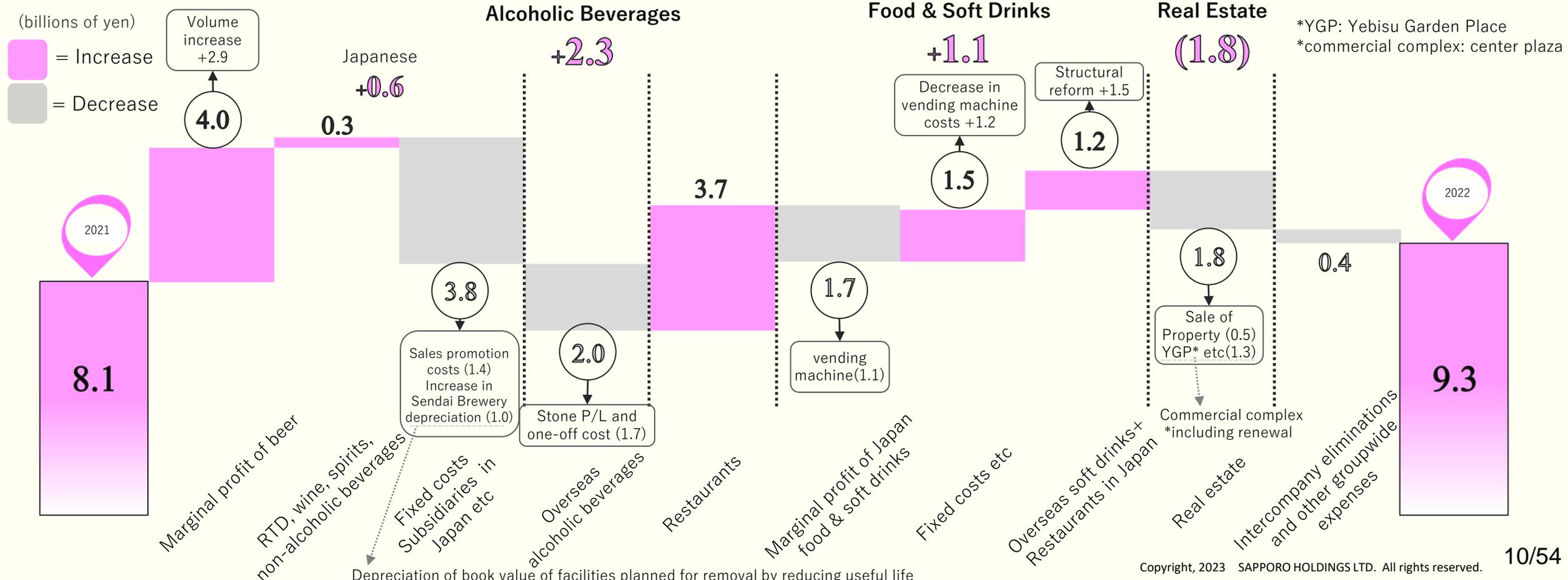
Financial Summary in FY2022



Increased profit thanks to the effects of **increased revenue** and structural reforms of the Restaurants and Food & Soft Drinks businesses despite the impact of rising raw materials costs, etc.
Steadily implementing price revisions in response to higher costs such as surging raw material costs, etc.

Reasons for changes in core operating profit

Decrease in revenue caused by surging raw material costs: ¥(10.0) billion

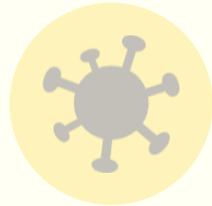


Review of Financial Results for 2022



Alcoholic beverages in Japan

- ▶ Enhanced beer and RTD amid various changes in operating environment



Protraction of pandemic



Inflation

Revised prices for alcohol including beer and RTD

➤ Unique beer marketing leveraging diversity

➤ Growth of new main genres and RTD through focus strategy



Beer up **10%** y-o-y

GOLD STAR up **5%** y-o-y
RTD up **3%** y-o-y

Continuing to enhance beer and RTD to achieve greater profitability and business growth

Alcoholic beverages in overseas

*SPB: SAPPORO PREMIUM BEER



- ▶ Acquired all shares of Stone Brewing Co. LLC
Accelerated pace of overseas business growth centered on SPB*

➤ U.S.

Despite total demand falling below 2021, Sapporo brand **posted its best-ever sales results**

Significant growth at + **10%** year-on-year



Recovery of commercial-use products



Expansion of retail stores for home-use products

Meanwhile, greatly impacted by surging logistics costs. Improving low efficiency logistics network an issue

➤ Canada

Sleeman achieved record high profits

Despite total demand falling around 4%, Sleeman Breweries managed to increase sales volume by **3%** year-on-year

➤ Vietnam

Sapporo Vietnam achieved record high profits

sales volume up **38%** year-on-year amid recovery in the Japan market and strong exports

Aim for early creation of synergy with Stone and for greater growth

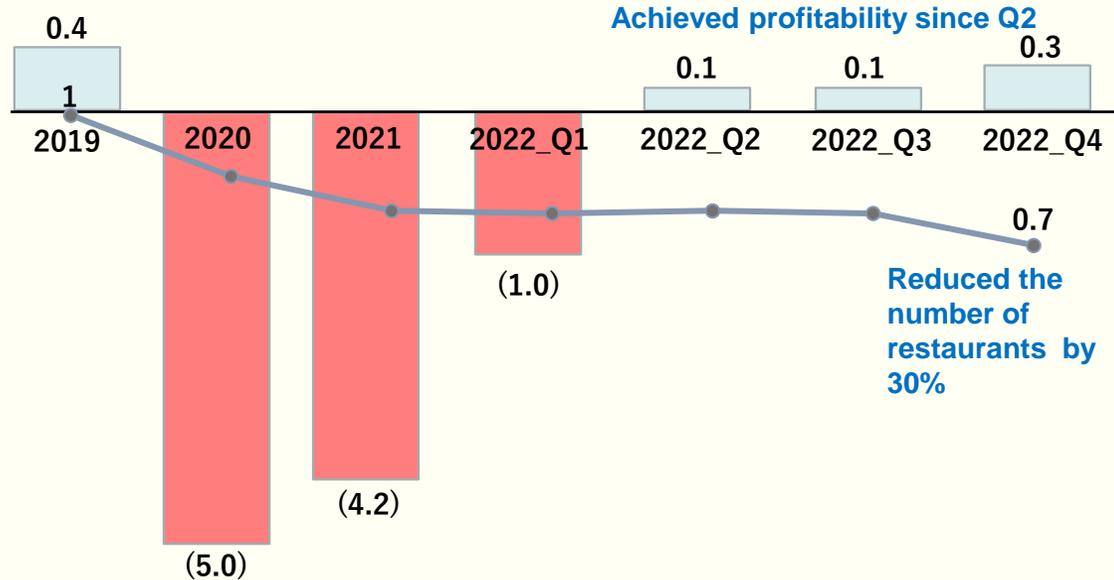
Review of Financial Results for 2022

Alcoholic beverages in restaurants

- ▶ Enhanced corporate structure through structural reforms

➤ Greatly narrowed loss through structural reforms promoted since 2020

Bar graph: Trend in restaurant business core operating profit (billions of yen)
Line graph: Trend in number of Sapporo Lion restaurants (change with 2019 as 1)



Focus on strengthening revenue base and generating synergies with the Japan alcoholic beverages business
Achieve profitability in 2023

Food & Soft Drinks

- ▶ Implemented structural reforms aimed at “shifting management resources to growth areas”

Structural Reforms

*PVS:Public Vending Services, Inc.

- Reorganization of vending machine operator subsidiaries
Liquidation of PVS* in November 2022
- Transfer of cafe business
Business sold in April, 2022
- Reorganize business locations of Shinsyu-ichi Miso
Production site sold in February, 2022

Growth strategy

- Kireto Lemon
Achieved record high shipments 7 consecutive years
- Softdrinks sales overseas trended favorably
Singapore+7%、export+15%



Decisively implement fundamental structural reforms by 2024
Focus on Lemon brand businesses and grow overseas soft drinks

Real estate

*YGP: Yebisu Garden Place

- ▶ Enhanced property value of YGP* and implemented measures to diversify revenue structure

➤ Working to improve value of YGP* properties

Began updating HVAC

Systematically update over about 10 years working on 2 to 4 floors each year
Improve indoor environment in office area and enhance functions as office space



Completed seismic damping work

Significantly reduces the degree of building sway and the duration of strong shaking
Transformed into a cutting edge earthquake-resistant building providing greater safety and security to all users



2022 onward

April 2022

August 2022

November 2022

Introduced renewable energy

Electricity procured by SRE and supplied to YGP* will be switched to renewable energy, including in tenant areas
(Significantly reduced CO₂ emissions by 33%)

Grand opening of center plaza

Steady growth in visitor traffic
Also, successfully attracting younger visitors

- Initiatives to diversify revenue structure
Equity investments: 4 cases

- *Closed no. 4 parking lot at Sapporo factory

Launched the renewal project for an eight-story commercial complex and office building in the evolving east area
Grand opening planned for August 2024.

*Closing of no. 4 parking lot at the Sapporo factory:
one of the parking lots at the factory (commercial complex)



Aim to build asset turnover business model that enhances competitiveness by increasing property value and promoting community development with a long-term time horizon

Review of Financial Results for 2022

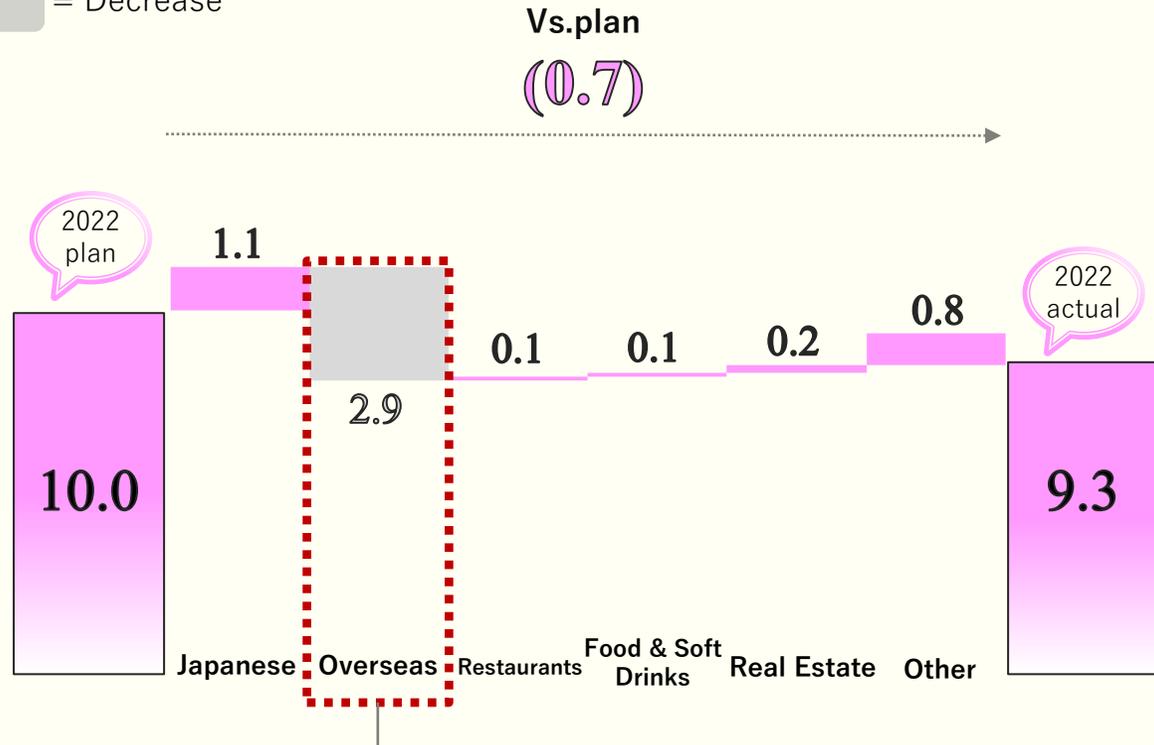


Vs. plan: operating profit achieved the plan (+¥2.8 billion), but revenue (¥(0.3) billion) and core operating profit (¥(0.7) billion) fell short
Main factors for core operating profit falling short of plan: sharp uptick in logistics costs for overseas alcoholic beverages and one-off costs, etc. from the Stone acquisition

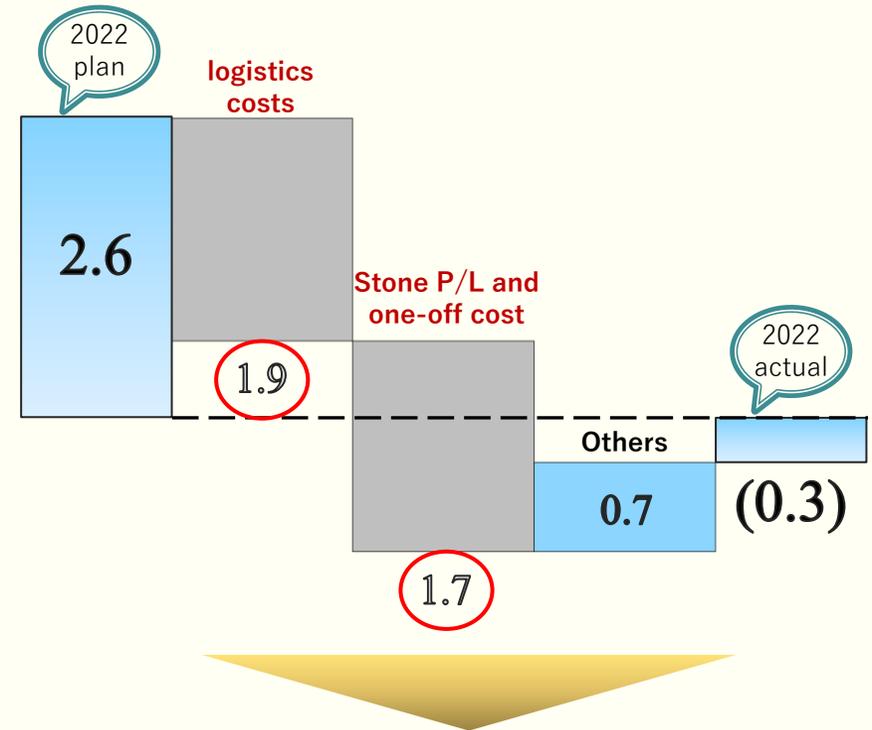
Reasons for changes in core operating profit (Plan variance factor)

(billions of yen)

- = Increase
- = Decrease



Breakdown of overseas alcoholic beverages business



Achieve synergies with Stone Brewing and improve profitability

Management Plan for 2023

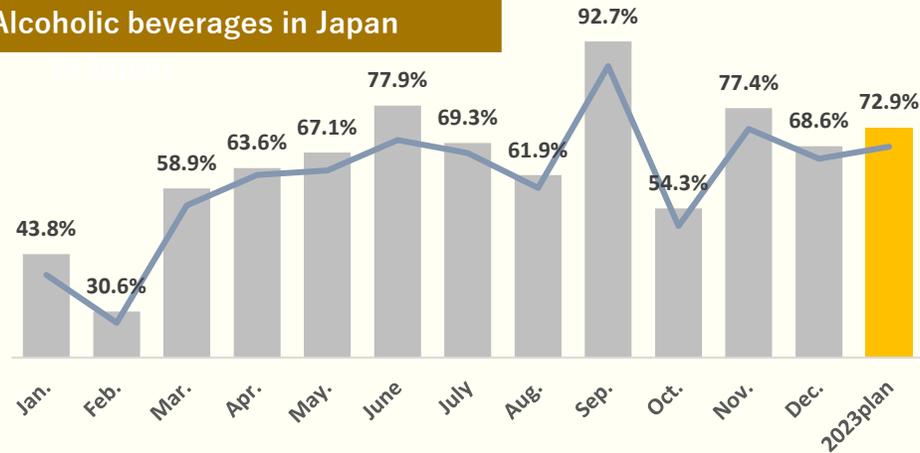
Assumptions of Management Plan for 2023



Impacts of the COVID-19 pandemic

- Japan alcoholic beverages: commercial-use sales volume expected to recover to **73%** of 2019 level
- Restaurants: Expected to recover to **87%** of 2019 level

Alcoholic beverages in Japan



Bar graph: Commercial-use (bottles and kegs) Sales Volume Results and Plan (vs. 2019)

Line graph: Total Demand for Commercial-use Products (vs. 2019) (estimated by Sapporo HD)

Alcoholic beverages in resutaurants



Bar graph : Sapporo Lion restaurants existing store Sales Results and Plan(vs. 2019)

Higher costs such as surging raw material costs

- Expect cost increases of ¥12.5 billion yen compared to 2022. We'll respond with various price revisions and cost controls implemented in 2022.
- Respond to risk of additional cost increases by closely monitoring the situation

Results for 2022

Rising raw materials costs, etc ¥(10.0) billion
(Domestic ¥(6.0) billion, overseas ¥(4.0) billion)

Outlook for 2023

Rising raw materials costs, etc ¥(12.5) billion
(Domestic ¥(10.0) billion, overseas ¥(2.5) billion)

Group Management Plan 2023



(billions of yen)	2022 Result	2023 Plan	YoY changes (amount)	YoY changes (%)
Revenue	478.4	490.0	11.6	2.4%
Revenue (Excluding liquor tax)	364.2	374.2	9.9	2.7%
Overseas revenue	102.2	111.8	9.6	9.4%
EBITDA	29.9	34.7	4.8	16.2%
Core operating profit	9.3	13.5	4.2	45.0%
Core operating profit margin	1.9%	2.8%	—	—
Other operating income (expense)	0.8	(0.4)	(4.8)	—
Operating profit	10.1	9.5	(0.6)	(6.0%)
Profit before tax	11.4	7.7	(3.6)	(32.0%)
Profit attributable to owners of parent	5.4	5.5	0.1	0.9%
ROE	3.3%	3.3%	—	—

The balance of debt excludes the balance of lease obligations.

Group Management Plan 2023

Financial Targets

	2022 Result	2023 Plan	2026 Target
ROE	3.3%	3.3%	8.0%
(Approximation) Core operating profit *	9.3billion yen	13.5billion yen	25.0billion yen
EBITDA Average growth rate (CAGR)		16.2%	About 10%
(Approximation) EBITDA *	29.9billion yen	34.7billion yen	50.0billion yen
Overseas revenue Average growth rate (CAGR)		9.4%	About 10%
(Approximation) Overseas revenue *	102.2billion yen	111.8billion yen	140.0billion yen

*Approximation for achieving financial targets

Group Management Plan 2023



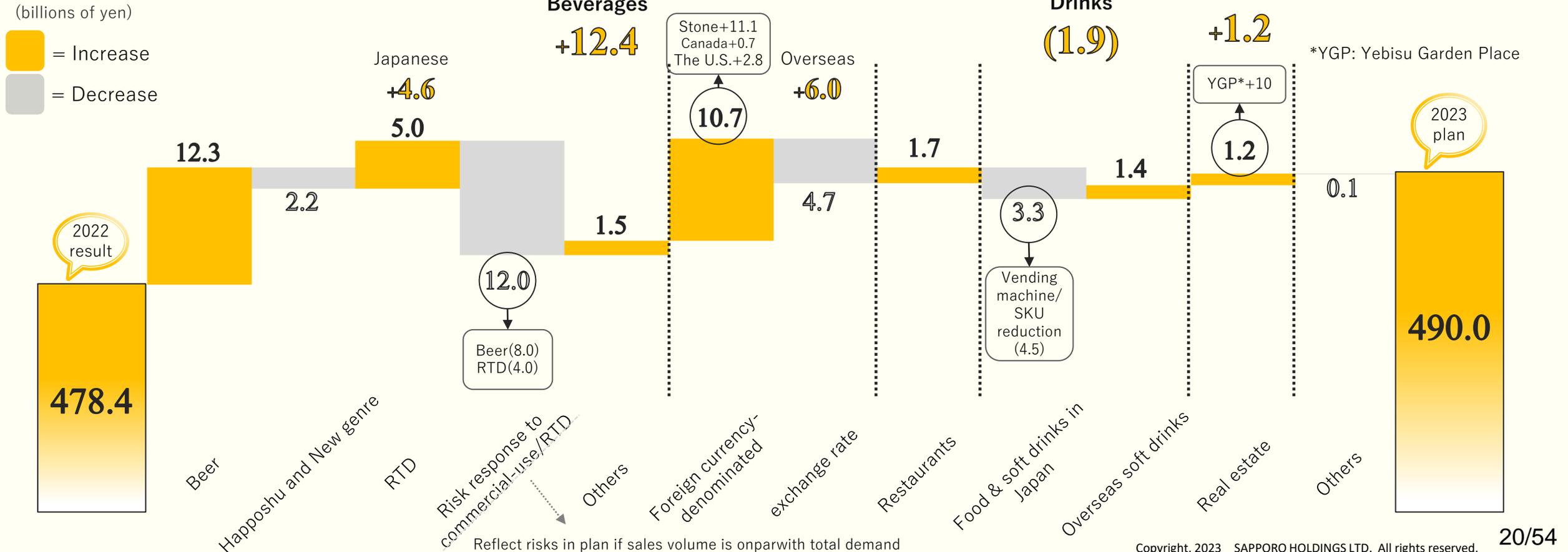
(billions of yen)	2022 Result	2023 Plan	YoY changes (amount)	YoY changes (%)
Revenue by Segment	478.4	490.0	11.6	2.4%
Alcoholic Beverages	334.6	347.0	12.4	3.7%
Japanese	245.4	250.0	4.6	1.9%
Overseas	74.0	80.0	6.0	8.2%
Restaurants	15.3	17.0	1.7	11.1%
Food & Soft Drinks	122.9	121.0	(1.9)	(1.6%)
Japanese	98.3	95.0	(3.3)	(3.4%)
Overseas	24.6	26.0	1.4	5.8%
Real Estate	20.7	22.0	1.2	6.0%
Other	0.1	0.0	(0.1)	(71.5%)

(billions of yen)	2022 Result	2023 Plan	YoY changes (amount)	YoY changes (%)
Core Operating Profit by Segment	9.3	13.5	4.2	45.0%
Alcoholic Beverages	7.7	13.4	5.6	72.8%
Japanese	8.5	12.5	4.0	47.6%
Overseas	(0.3)	(0.5)	0.8	—
Restaurants	(0.5)	(0.4)	0.9	—
Food & Soft Drinks	1.8	2.4	0.6	34.0%
Japanese	0.9	1.3	0.4	44.8%
Overseas	0.9	1.1	0.2	23.2%
Real Estate	6.5	5.9	(0.6)	(9.3%)
Other · General corporate and intercompany eliminations	(6.6)	(8.1)	(1.4)	—

Drivers behind increased revenue of Alcoholic Beverages business

Main factors will be price revisions of Japan alcoholic beverages, strengthening of beer/RTD, and inclusion of results of Stone Brewing in overseas alcoholic beverages, etc.

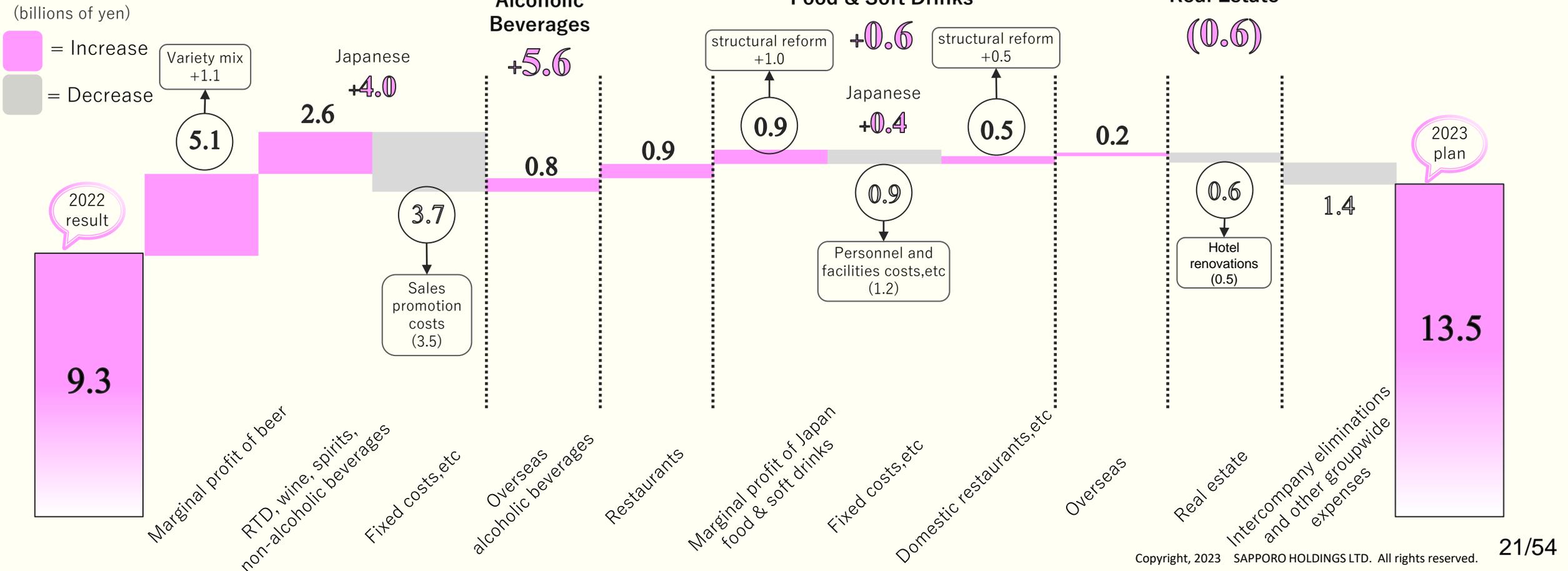
Reasons for changes in sales revenue



We expect higher costs amid additional surges in raw materials costs, but **profit will increase** amid increased revenue of Japan alcoholic beverages and structural reforms of the Food & Soft Drinks business

Reasons for changes in core operating profit

Decrease in revenue caused by surging raw material costs: ¥(12.5) billion



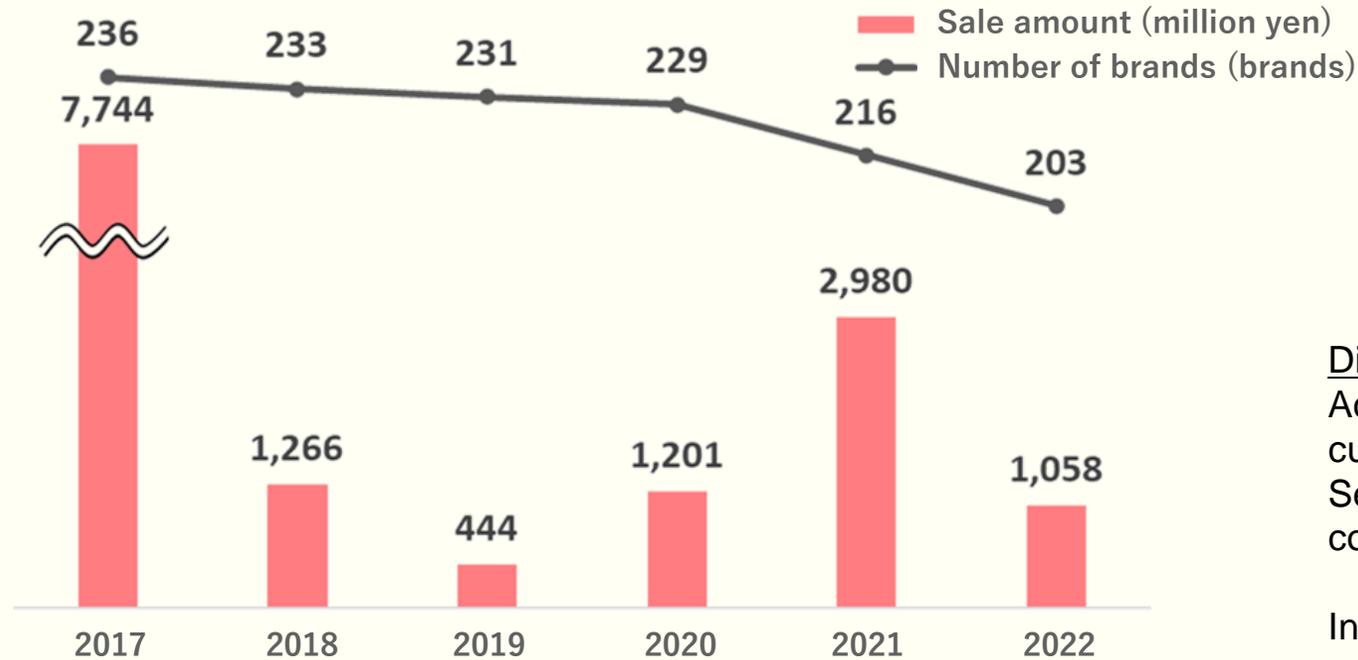
Target for core operating profit

	2022 Result	2023 Plan	2026 Target
Alcoholic beverages in Japan	3.5%	5.0%	5.7%
Alcoholic beverages in Overseas	(0.4%)	0.6%	6.2%
Alcoholic beverages in Restaurants	(3.3%)	2.1%	5.0%
Food & Soft Drinks In Japan	0.9%	1.3%	3.8%
Food & Soft Drinks In Overseas	3.6%	4.2%	5.0%
Real Estate ※	4.9%	4.6%	5.7%

*EBITDA-based ROA

Balance sheet reforms

Reduce cross-shareholdings of **13** stocks (2022 Result)



*The divested amount and number of stocks include SH and SB.

Dividend plan

Plan to increase dividend in 2023

¥42

(2022)



¥45

(plan for 2023)

Dividend policy

Achieve a consolidated dividend payout ratio of at least 30% with the current level as the lower limit.

Seek to increase the dividend level following enhancements to corporate value.

In case profit attributable to owners of parent largely fluctuates due to special extraordinary factors, the dividend amount will be determined base on the impacts.

Set to reduce the ratio of book value of cross-shareholdings to total equity attributable to owners of parent to **less than 20%** by 2026.

Monitoring System for Achieving the Medium-Term Management Plan Targets

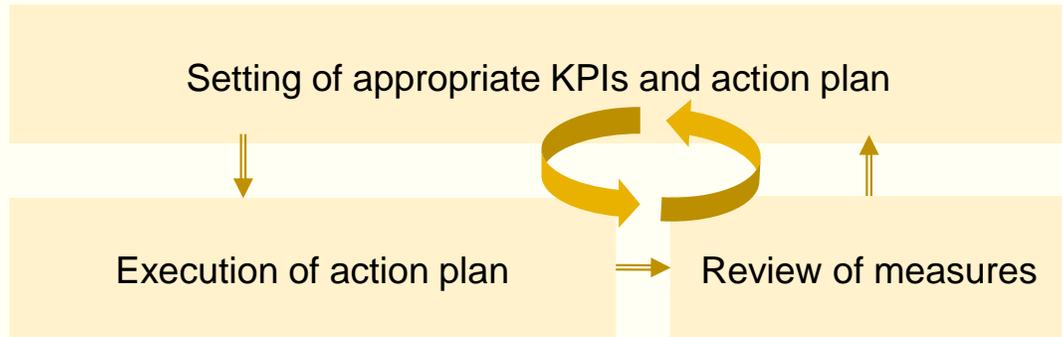
The Board of Directors will conduct appropriate monitoring to increase the attainability of the plan's targets
Progress will be disclosed to stakeholders

Monitoring by supervision side (Board of Directors including outside directors)

Decision making and business execution by execution side

Monthly and quarterly progress management of action plan and KPIs

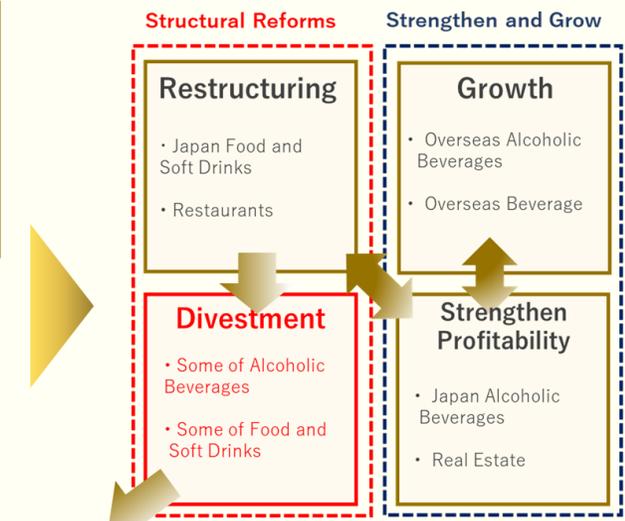
Review of business portfolio annually



See p.25 for details about action plan and KPI details



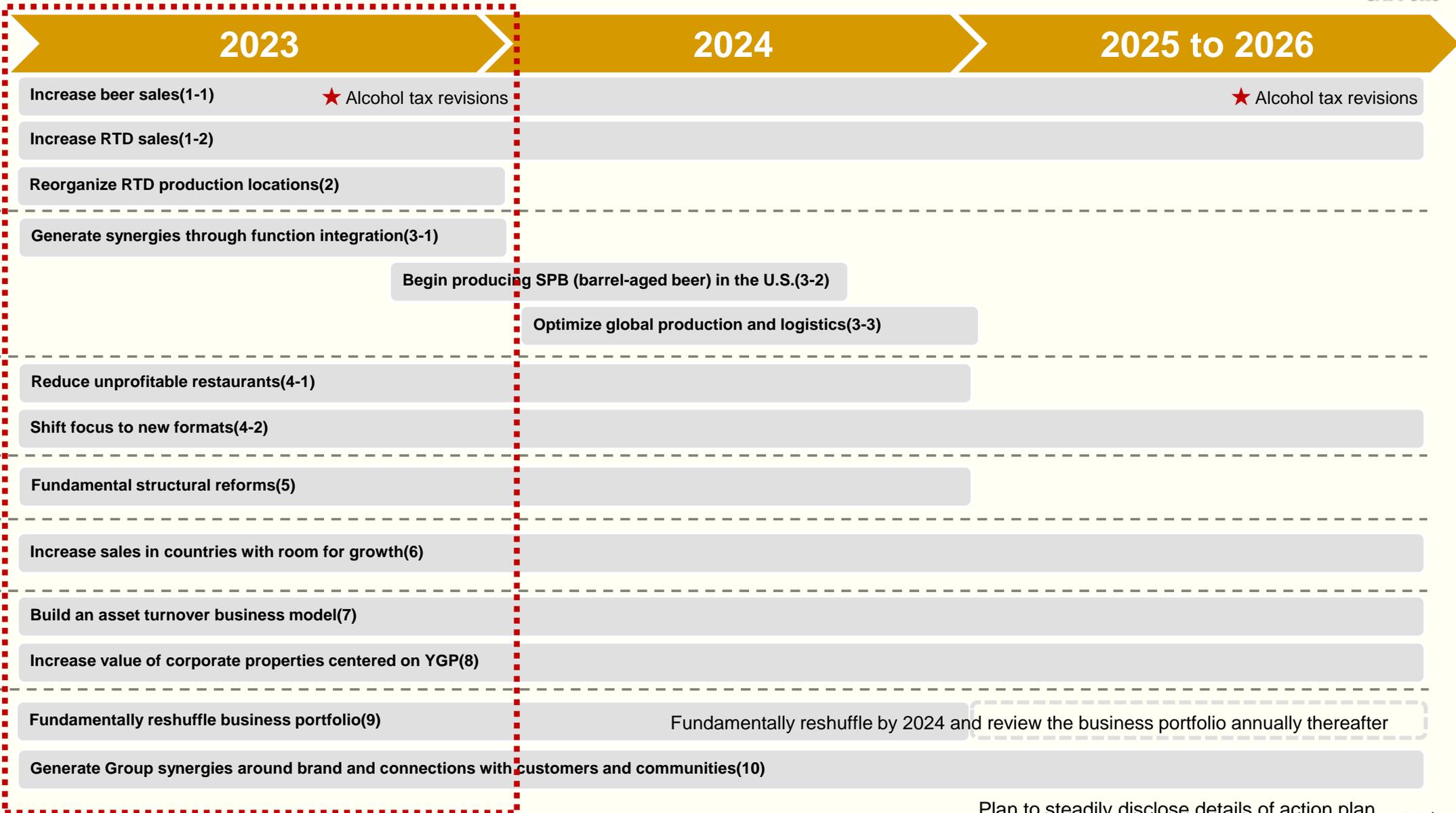
- 【Profitability】
- 【Synergy】
- 【Resource allocation】



Careful examination of direction annually from six perspectives, mainly ROIC and profitability, i.e., achievement of core operating profit targets

Timely disclosure to stakeholders

2023 Action Plan



Plan to steadily disclose details of action plan

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2023 Action Plan



Japan alcoholic beverages

Increase Beer & RTD sales (1-1~2)

▶ Take action to increase sales of beer and RTD eyeing revisions to alcohol tax and the recovery of restaurant demand

Market outlook

Beer	Recovery in restaurant market becoming stronger Sales of canned beer will decline momentarily on the recovery in restaurants, but should increase again with alcohol tax revisions
New genres Happoshu	Accelerating exodus to other categories following alcohol tax revisions
RTD	Expected inflow from new genres following alcohol tax revisions will lead to growth again
Non-alcohol Low-alcohol	Sales trending strongly Large room for market revitalization

		2023 sales plan			Total demand outlook	
(10,000 cases)		Plan	YoY	vs 2019	YoY	vs 2019
Japanese beer and beer-type beverages total		3,943	+0%	(9%)	(3%)	(14%)
Genre	Beer	2,816	+5%	(6%)	+2%	(9%)
	Happoshu	101	(33%)	(52%)	(6%)	(9%)
	New genre	1,026	(8%)	(9%)	(8%)	(21%)
Container	Bottles	-	+11%	(19%)	+11%	(39%)
	Cans	-	(4%)	+0%	(6%)	(8%)
	Kegs	-	+12%	(30%)	+13%	(29%)
RTD		1,443	+18%	+60%	+0%	-
Non-alcoholic beer and low alcohol beer taste beverage		80	+16%	+14%	+3%	-

633ml x 20 bottles for beer, non-alcoholic beer and low alcohol beer taste beverage
250ml x 24 bottles for RTD

Sales of beer and RTD expected to increase over the medium to long term, while sales of new genres will decline. 2023 could see temporary weakness in household-use sales due to the recovery in restaurants.

Recreate a new brand system centered around core brands, **turnaround the low profit situation**, and achieve **business growth**

Promote increased appeal of beer

Strengthening mainstay brands



To be released on February 21

Increase appeal of our many beer brands



Classic

Released as Limited Edition Hokkaido, a precursor to limited edition regional beers
Increased sales year-on-year 13 years running

Lager beer

Establish a presence under the nickname Red Star, Japan's oldest beer brand



NIPPON HOP

Promote increased appeal of beer by creating a series of products made from rare domestic hops

Focus on high margin beers

Increase share of beer to 79%

Share of beer

68% (2022) 79% (2026)

Increase high added-value products
Seek to increase prices

Selling price before alcohol tax

Target for vs 2022
+11%

Products that create new markets

Creation of new categories/new categories/new competitive edge

Set to release **New Lemon Sour**, which will be promoted as going great with a meal to create new demand
Create a new "wave" in the RTD market to invigorate it
Pursue "the essence of Lemon Sour" to create the perfect lemon sour that will keep customers coming back
Joint development with Pokka
Deliver a refreshingly great taste with the authentic and juicy taste of lemon



To be released on March 22

New proposals that contribute to well-being

Proposal of new IPA product in non-alcoholic beer category
Invigorate market by improving taste
To feature robust bitterness with refreshing aromatics similar to IPA



Yowanai CRAFT

To be released on April 4

Focus on reasonable investment

- GOLD STAR
- Focus resources on Koime no Lemon Sour



Up 5%
year-on-year



Up 36%
year-on-year

Real experiences at restaurants

Increase premium feel with restaurant experiences
Contribute to restaurant industry and improved living of customers



2023 Action Plan

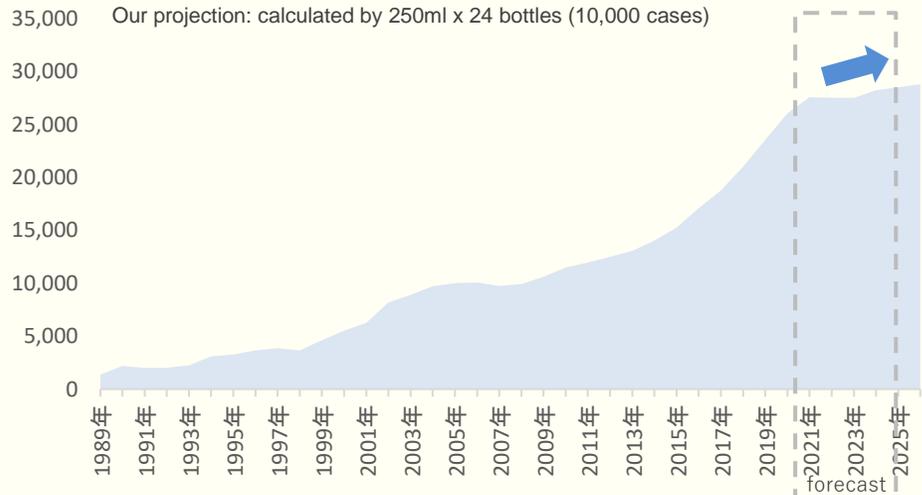
Japan alcoholic beverages

Reorganize RTD production locations (2)



▶ Start production of RTD in Sendai eyeing further growth of the RTD business

Background: RTD market expected to grow over the medium to long term



Before: products supplied using in-house manufacturing facilities of Shizuoka Plant + external manufacturing functions

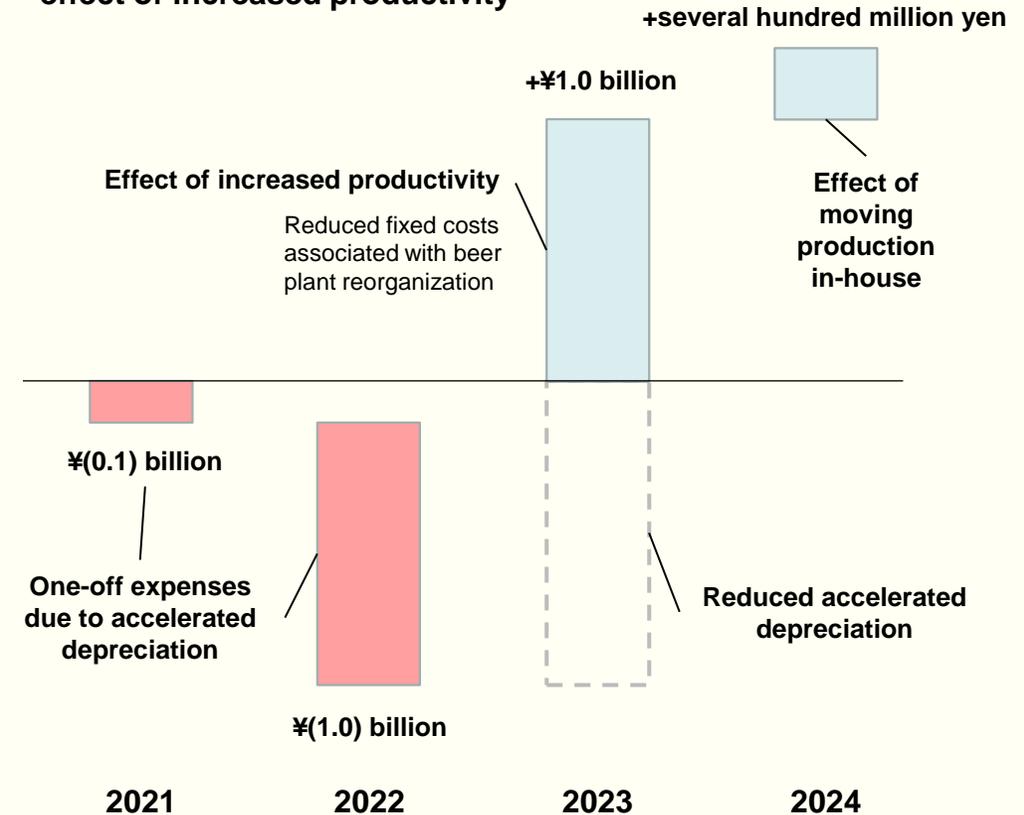
After reorganization: in-house production capacity will be doubled to increase in-house manufacturing rate

73% (2022) → 88% (2026)

● Achieve (1) cost savings, (2) improve responsiveness to newly developed products, and (3) increase elasticity of supply-demand

Cost reduction effect

2023 will see a reverse in accelerated depreciation and the effect of increased productivity



2023 Action Plan

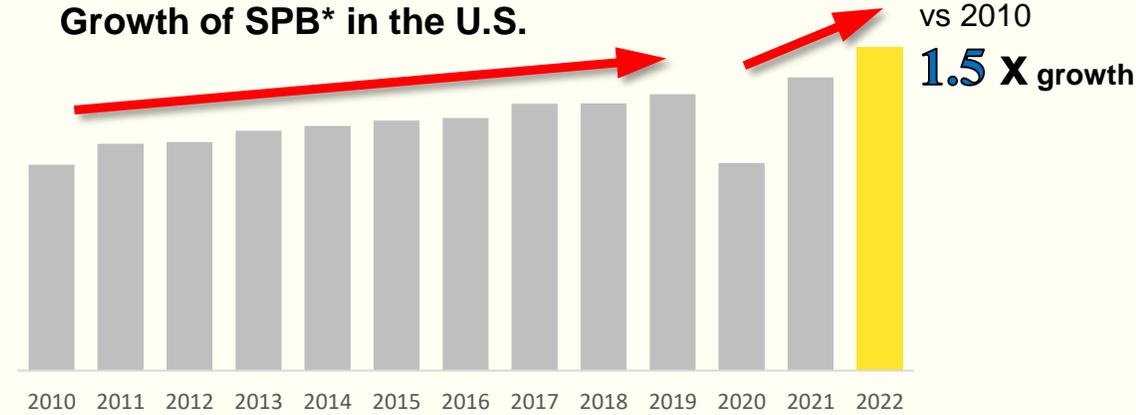


Overseas alcoholic beverages

Achieve synergies with Stone Brewing quickly (3-1~3)

- ▶ Further growth of SPB* in the U.S. as well as lower logistics costs and stabilize quality through local production for local consumption

Growth of SPB* in the U.S.



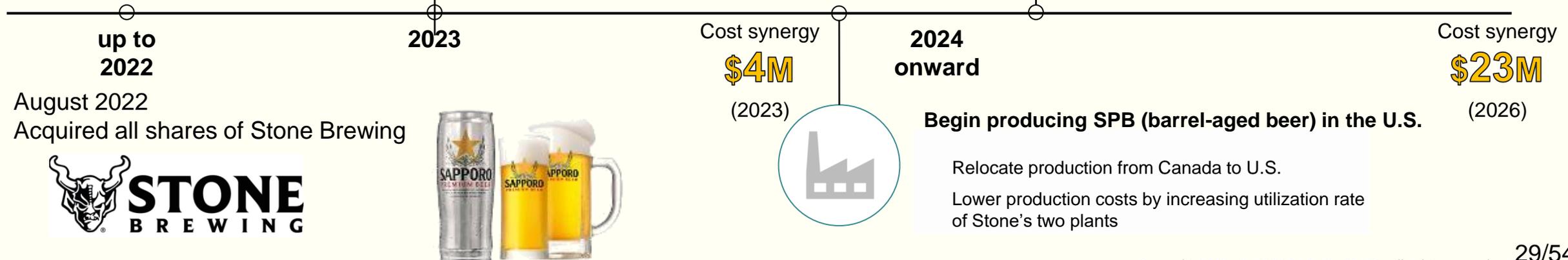
Generate synergies through function integration

Increase sales of SPB* and Stone brands through joint sales and marketing
 Lower administration costs through function merger centered on administrative divisions



Optimize global production and logistics

Relocate production from Vietnam to U.S.
 Lower production costs by increasing utilization rate of Stone's two plants
 Utilization rate of Vietnam plant will cover increased manufacturing for Vietnam, APAC and Europe



2023 Action Plan



Restaurant

Reduce unprofitable restaurants Shift focus to new formats (4-1~2)

- ▶ Complete closures of unprofitable restaurants before the end of 2023
- ▶ Improve profitability by shifting focus to new formats
(Promote store openings in “small and suburban” format focused on Yebisu and LEO)



Japan Food & Soft Drinks

Fundamental structural reforms (5)

- ▶ Implement actions in the Medium-Term Management Plan by 2024
Decisively implement fundamental structural reforms
 - Divest/Exit unprofitable businesses and non-core businesses
 - Fix structural issues through business partnerships
 - Advance further structural reforms of vending machine business
 - Significantly reduce soft drink and soup SKUs
 - Reorganize multiple production locations
 - Promote growth strategy by shifting resources to Lemon brand businesses

Plan to steadily disclose specifics of structural reforms

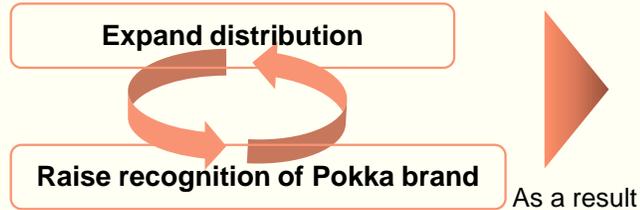
Overseas Soft Drinks

*Marketing share calculated by Sapporo Holdings based on data reported by NielsenIQ through Market Track Service using RTD tea category for 260 weeks up to December 2022 Copyright © 2023, NielsenIQ

Increase sales in countries with room for growth (6)

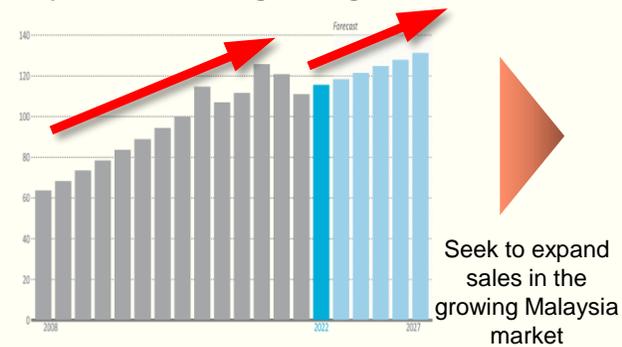
- ▶ Maintain high market share in Singapore, enhance sales structure in Malaysia, and achieve sales growth by expanding the export business for the Middle East, etc.

Singapore Sales amount plan **+2%** (vs. 2022) Maintain high or top market share in tea soft drinks



Nielsen Market Track "RTD TEA market share" *

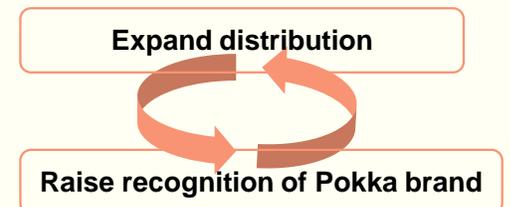
Malaysia Sales amount plan **+6%** (vs. 2022)
Malaysia market is growing



Euromonitor International `Market size RTD Tea`

Our market share (Malaysia)
11% (2018) to **15%** (2022)

Nielsen Market Track "RTD TEA market share" *



using the know-how gained in Singapore

Export Sales amount plan **+9%** (vs. 2022)
Plan to expand mainly in Middle East

2023 Action Plan



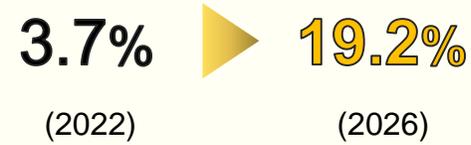
Real Estate

Build an asset turnover business model (7)

▶ Move ahead with preparations to establish private placement fund and REIT

Aim to establish REIT Preparation Office in spring 2023 and investment advisory firm in autumn

Asset share of securitization business



Real Estate

*YGP: Yebisu Garden Place

Increase value of corporate properties centered on YGP* (8)

▶ Increase value of YGP*

HVAC will be updated in the office building and value engineering work for security will be carried out to increase its value

Aim to increase rents following enhanced value proposition



▶ Increase asset value of Sapporo area - Grand opening of Hotel Sosei Sapporo M Gallery -

Hotel Clubby Sapporo, located on the west side of Sapporo Factory will be renovated

A hotel management agreement will be concluded with Accor, one of the world's largest hospitality groups based out of Paris, France, and the hotel will be **renamed and reopened** as **Hotel Sosei Sapporo M Gallery** in early 2024.

Accor: Based in Paris, France, Accor is one of the world's largest hospitality groups, with more than 5,300 hotels and residences and over 10,000 restaurants and bars under management in 110 countries around the world.

MGallery: a luxury boutique hotel brand of the Accor Group

▶ Shifting all properties to electricity generated from renewable energy to further promote the use of renewable energy

We're decided to **decarbonize the electricity that powers all of our properties** and expect to reduce our own CO₂ emissions by around 13,000 tons annually* (equivalent to an approx. 56% reduction in SRE's CO₂ emissions)

We've **created a renewable energy roadmap** to "switch all electricity to renewable energy" and "achieve energy creation where we generate our own energy to power our operations"

*Expect to reduce CO₂ emissions by approx. 25,000 tons annually when including tenants

Switch YGP*'s electricity to renewable energy

Switch electricity of all owned properties to renewable energy

Switch all electricity to renewable energy
Decarbonize the company

Achieve energy creation for the electricity used by the company

2022 onward

2023 onward

2025 onward

2040 onward

Entire Group

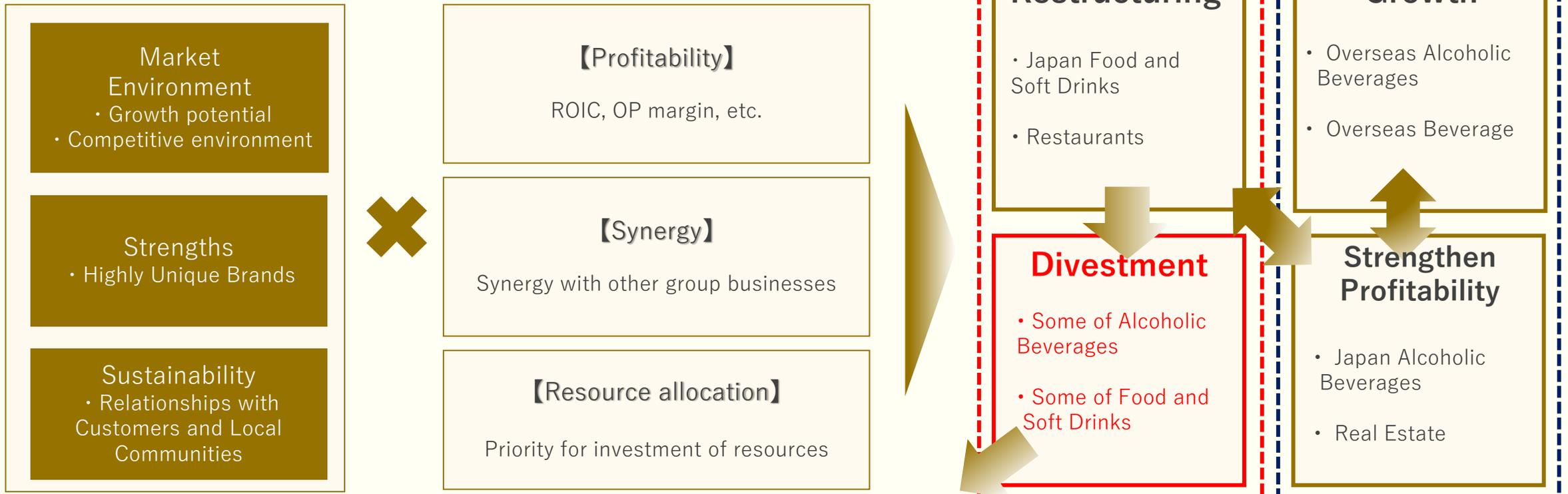
Fundamentally reshuffle business portfolio (9)

Studied each business from six perspectives and categorized them into four quadrants.

Businesses categorized as “business liquidation” will be promptly executed.

Other businesses will be carefully monitored annually for achievement of main criteria including ROIC and core operating profit

Approach to Portfolio Consolidation



Entire Group

Generate Group synergies around brand and connections with customers and communities (10)

▶ Japan alcoholic beverages x Japan food & soft drinks

Set to release New Lemon Sour, which will be promoted as going great with a meal to create new demand



▶ Japan alcoholic beverages x restaurants

Increase dissemination of Black Label and Yebisu brands

Black Label THE BAR x Black Label brand

YEBISUBAR x Yebisu brand

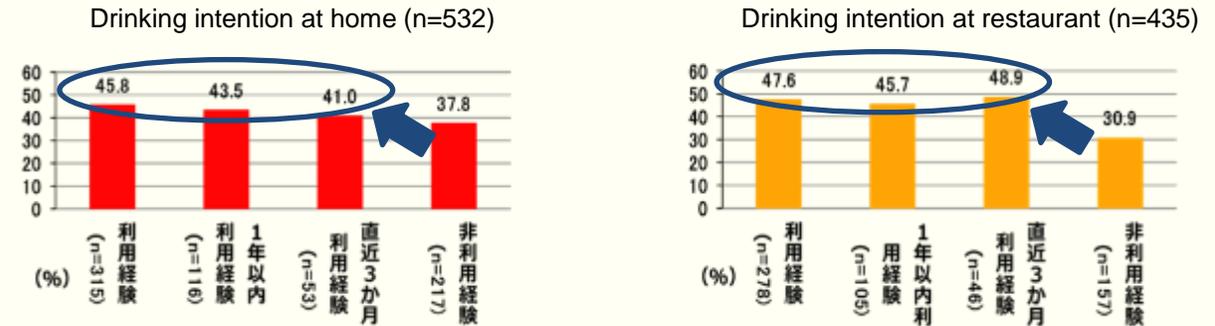


▶ Japan alcoholic beverages x real estate

Experience at Yebisu Garden Place promotes drinking of Yebisu Beer

Surveyed connection between experience at Yebisu Garden Place and drinking intention of Yebisu Beer

The survey found that compared to people who did not visit Yebisu Garden Place, people who did had a higher intention to drink Yebisu beer at home or at a restaurant, with a particularly high tendency to drink it at a restaurant



<About the survey>

■ Targets: survey provided to 1,000 men and women in Tokyo between the ages of 20 and 69 (Including people who don't drink beer)

■ Method: online survey

■ Period: January 13 to 15, 2023

By increasing the value and appeal of Yebisu Garden Place going forward, we will contribute to Ebisu's community development and increasing the value of the beer brand

Action Plan KPI



Establish KPI for each business segment and manage progress appropriately to achieve the targets of the Medium-Term Management Plan

PowerPoint materials for Medium-Term Management Plan

		2022	2023	2026	Vs. 2022
Japan alcoholic beverages	Reinforcement of Beer / Improving Profitability of Beer-type Bev.				
	Increase beer sales: share of beer sales (1-1)	68%	71%	79%	+¥5.0 billion
	Improve profit margin: selling price excluding alcohol tax (1-1)	-	+9% (year-on-year)	+11% (VS 2022)	
	RTD Business Growth and Production Streamlining, Etc.				
RTD growth: RTD sales amount (1-2)	-	+23% (year-on-year)	+74% (VS 2022)	+¥4.0 billion	
Increase production efficiency: ratio of in-house production (2)	73%	64%	88%		
Overseas alcoholic beverages	Stone Acquisition Synergy / SPB Growth	6.61million cases	7.47million cases	10.0million cases	+¥4.0 billion
	Sapporo brand volume (3-1~3)				
	Cost synergy (3-1~3) *Forex assumption: ¥130	-	\$4M	\$23M	
Japan food & soft drinks	Cost Structure Reforms (5)	-	¥1.0billion	¥2.0billion	+¥2.0 billion
Overseas soft drinks	Expanding Sales and Increasing Logistics Efficiency Overseas sales amount (6) *Local currency basis	-	+3% (year-on-year)	+30% (VS 2022)	
Real Estate	Revenue Structure Diversification Asset share of securitization business (7)	3.7%	7.2%	19.2%	+¥2.0 billion
	Increase value of YGP* *YGP: Yebisu Garden Place Rate of increase in average rent price (8)	-	+0.4% (year-on-year)	+2.5% (VS 2022)	
Entire Group	Drastic Reorganization of Unprofitable Businesses, Etc. (9)	¥1.0billion (year-on-year)	¥0.5billion (year-on-year)	-	

Sustainability Management Initiatives: Key Sustainability Issues



Total revision of key sustainability issues when formulating the Medium-Term Management Plan.
Positioned “**Creating a decarbonized society,**” “**Harmonizing with local communities**” and “**Active participation of diverse human resources**” as focus issues.

Through the Time and Space where all our businesses is playing ,
we contribute to Well-being of People and Local Communities



Sustainability Management Initiatives: Sustainability Targets



Established targets for key sustainability issues and now we are promoting initiatives to achieve them

Black text indicates results and blue text indicates targets

Classification	Material Issues	Specific Initiatives	Targets Setting Companies	Target Year	Targets	2021	2022	2026	2030	2050
Harmony with the Environment	Realization of a decarbonized society	Reducing CO2 emissions at company sites and supply chains	Common to all operating companies	2050	Scope 1, 2 Zero CO2 emissions	184.1 Kt	Calculating			
				2030	Reduction of CO2 emissions at the Scope 1 and 2 SBT certification level (= 4.2%/year from the base year)					
			SB, PS, SBL	2030	Reduction of CO2 emissions at the Scope 3 SBT certification level (= 2.5%/year from the base year)	903.3 Kt	Calculating			
Co-prosperity with Society	Mutual prosperity with local communities	<ul style="list-style-type: none"> Improvement of regional value Resolution of local issues using company resources 	SRE		Progress in sustainable urban development that contributes to improving area brand value	-	-			
			SB		Progress of our “regional revitalization business”	-	-			
			PS		Progress in building an environment for lemon production in Japan	-	-			
			PS, SGF	2030	Number of regional learning programs (food education, on-site classes, factory tours, etc.) related to the food and beverage business	-	-		140	
Activation of Human Resources and Potentials	Active participation of diverse human resources	Promotion of Diversity & Inclusion (D&I)	SH, SB, PS, SRE, SLN	2026	Work engagement (*1) 54 or higher	53.9	53.6	54		
			SH, SB, PS, SRE, SLN	2026	At least 12% female executives and at least 20% female executives	-	8.3%	12%	20%	
			SH, SB, PS, SRE, SLN	2030	At least 12% female managers and at least 20% female managers	4.2%	5.4%	12%	20%	
		SH, SB, PS, SRE, SLN	2026	Integrated survey “Challenges for future value creation” (*2) 3.0 or higher	2.6	2.7	3.0			
		SH, SB, PS, SRE, SLN	2026	Presenteeism loss rate (*3) 33.4% or less	36.3	34.4	33.4			

See pages 38-40 for our initiatives in 2022 to address key sustainability issues

*1 Indicators in Stress Check and Employee Awareness Survey <Deviation>

*2 Sapporo Group’s proprietary survey indicators in Stress Check and Employee Awareness Survey <quantified using 1.0 to 4.0>

*3 Indicators in Stress Check and Employee Awareness Survey: average for SH and four operating companies

Appendix

Harmony with the Environment

Realization of a decarbonized society

Began test sales of Sapporo Draft Beer Black Label using a six-can pack that significantly reduces paper usage

ecoフレンドリー



left: Conventional product, center: improved six-can pack, right: eco-hat

- Initiated “eco-friendly” project for next-generation packaging
- Worked to develop eco-friendly containers and packaging that significantly reduce paper usage
- The improved six-can pack uses 19.6% less paper than conventional packaging formats
- The “eco-hat” uses around 68% less paper than conventional packaging
- Based on the results of the test sales, we will verify and make improvements aimed at full-scale adoption

Installed solar power generation system at Sapporo Beer’s Hokkaido Brewery



- On December 1, 2022, installed solar power generation system at Hokkaido Plant using the PPA model
- Largest system within the Sapporo Group
- System is expected to generate around 1,539 MWh of electricity annually and reduce CO₂ emissions by around 840 tons annually

Jointly received Minister of Land, Infrastructure, Transport and Tourism Award, the top prize in the Excellent Green Logistics Commendation Program

- Sapporo Group Logistics received the award
- Highly praised for its collaboration with multiple companies from different industries to achieve (1) increased transport efficiency, (2) reduced environmental impacts including lowering CO₂ emissions, and (3) improvements in drivers’ work environment.



Appendix: Initiatives to Address Key Sustainability Issues

Co-prosperity with Society

Mutual prosperity with local communities

Sustainable community development that helps enhance area brand value
-Grand opening of YGP* center plaza-



- Grand opening on November 8, 2022
- Promote fun, relaxing and appealing community development for Yebisu Garden Place and the people who live, work and visit Ebisu.

Activation of Human Resources and Potentials

Active participation of diverse human resources

Sapporo Beer and Pokka Sapporo Food & Beverage were awarded consecutively at gan-ally-bu Award 2022



- At the awards ceremony for gan-ally-bu Award 2022, organized by Gan-Ally-Bu, a private sector project working to address cancer and labor issues, Sapporo Beer won Gold for the fifth year running and Pokka Sapporo Food & Beverage won Silver for the fourth consecutive year.
- Recognizing the sacrifices made by employees effected by cancer, we aim to foster an environment where everyone is engaged and understands the uncertainty and challenges of employees facing various circumstances.

Appendix: Initiatives to Strengthen Management Foundation

Strengthening of management foundation

DX

Sapporo Beer and IBM Japan are officially implementing an AI system called N-Wing★ to promote the digital transformation of RTD product development scheme

- Implementing an AI system called N-Wing★ for RTD product development (“New Wing Star”)
- Expected to reduce total time spent on product development by around 50%.
- Uses an AI-powered algorithm to create unique combinations that people cannot think of and pass down knowledge.
- Aiming to develop new products around RTD brands in summer 2023 and beyond.

Strengthening of management foundation

New value creation

Linkage between Uchi-repi, an app supporting family meals, and Smart Receipt®, a digital receipt service



Uchi-repi



Smart Receipt®

- Implementing functions convenient for users
 - Linking shopping information from Smart Receipt® to Uchi-repi
 - Monitors ingredients in a user’s refrigerator and proposes recipe ideas that can be made with the food on hand
 - The ingredients used to prepare the recipe are automatically removed from the refrigerator inventory data
- Expected to contribute to reduced food waste and loss.

Appendix: Quarterly results for FY2022



(billions of yen)	2021 Q1	2022 Q1	YoY changes	YoY changes	2021 Q2	2022 Q2	YoY changes	YoY changes	2021 Q3	2022 Q3	YoY changes	YoY changes	2021 Q4	2022 Q4	YoY changes	YoY changes
	Result	Result	(amount)	(%)												
Revenue by Segment	89.9	93.2	3.4	3.7%	109.8	120.5	10.7	9.8%	109.4	132.0	22.7	20.7%	128.1	132.6	4.5	3.5%
Alcoholic Beverages	56.6	60.6	3.9	6.9%	73.9	85.6	11.7	15.8%	71.5	94.8	23.3	32.6%	87.6	93.7	6.0	6.9%
Japanese	44.7	46.1	1.5	3.3%	58.0	63.6	5.6	9.6%	55.7	68.7	13.0	23.4%	70.3	67.0	(3.3)	(4.7%)
Overseas	10.2	12.1	1.9	18.8%	14.6	17.9	3.3	22.4%	14.7	21.7	7.0	47.6%	13.9	22.2	8.3	59.8%
Restaurants	1.8	2.3	0.5	29.9%	1.3	4.1	2.8	221.2%	1.1	4.4	3.3	304.6%	3.5	4.5	1.0	29.5%
Food & Soft Drinks	27.6	27.7	0.1	0.4%	30.4	29.8	(0.6)	(1.9%)	32.4	32.0	(0.4)	(1.3%)	35.1	33.4	(1.7)	(4.8%)
Real Estate	5.6	5.0	(0.7)	(11.8%)	5.5	5.1	(0.4)	(7.0%)	5.4	5.1	(0.2)	(4.6%)	5.4	5.5	0.2	2.9%
Other	0.0	0.0	(0.0)	(27.0%)	0.0	0.0	(0.0)	(15.4%)	0.0	0.0	(0.0)	(9.4%)	0.0	0.0	(0.0)	(9.0%)
Core Operating Profit by Segment	(6.9)	(6.4)	0.5	-	3.4	4.2	0.9	25.2%	5.0	7.9	2.9	58.0%	6.6	3.6	(3.0)	(46.0%)
Alcoholic Beverages	(5.0)	(3.9)	1.1	-	2.1	3.4	1.3	64.8%	3.0	5.4	2.4	80.7%	5.4	2.8	(2.6)	(47.7%)
Japanese	(3.0)	(2.8)	0.2	-	2.7	3.0	0.3	9.9%	2.7	4.5	1.8	68.0%	5.5	3.8	(1.7)	(31.2%)
Overseas	(0.3)	(0.1)	0.2	-	0.5	0.3	(0.2)	(33.0%)	1.4	0.8	(0.6)	(40.5%)	0.1	(1.3)	(1.4)	(1003.1%)
Restaurants	(1.7)	(1.0)	0.8	-	(1.1)	0.1	1.2	-	(1.1)	0.1	1.1	-	(0.3)	0.3	0.6	-
Food & Soft Drinks	(1.1)	(1.0)	0.1	-	(0.0)	0.2	0.3	-	0.9	1.6	0.7	85.7%	1.0	0.9	(0.0)	(3.1%)
Real Estate	0.7	0.1	(0.6)	(87.4%)	3.1	2.5	(0.6)	(19.2%)	2.6	2.3	(0.4)	(13.6%)	1.8	1.6	(0.2)	(10.5%)
Other • General corporate and intercompany eliminations	(1.5)	(1.6)	(0.1)	-	(1.7)	(1.9)	(0.2)	-	(1.5)	(1.3)	0.1	-	(1.6)	(1.8)	(0.2)	15.2%

Appendix : Changes in Balance Sheets



(billions of yen)

Total assets	End of 2021	End of 2022	change
Cash and cash equivalents	17.4	15.4	(2.0)
Trade receivables	91.5	96.6	5.1
Inventories	39.2	47.5	8.3
Other current assets	19.7	19.9	0.2
Fixed assets and intangible assets	128.5	138.4	9.9
Investment property	203.2	209.6	6.4
Goodwill	19.2	33.8	14.6
Other non-current assets	75.8	77.8	2.0
Total assets	594.6	639.1	44.6

Total liabilities and equity	End of 2021	End of 2022	change
Trade payables	33.2	35.7	2.5
Short-term financial liabilities	61.2	86.5	25.4
Other current liabilities	116.1	97.3	(18.9)
Long-term financial liabilities	136.9	155.4	18.4
Net defined benefit liabilities	0.3	3.5	3.2
Other non-current liabilities	83.4	93.6	10.1
Total liabilities	431.2	471.9	40.7
Equity attributable to owners of parent	162.6	166.3	3.7
Non-controlling interests	0.8	0.9	0.1
Total equity	163.3	167.2	3.9
Total liabilities and equity	594.6	639.1	44.6
Debt-to-equity ratio (times) :Net	1.1	1.4	—
Balance of financial liabilities	198.1	241.9	43.8

Investment on a cash basis was **¥53.6 billion**

< Consolidated cash flow (CF) statement >

(billions of yen)	2021 Result	2022 Result	Change	Change (%)
CF from operating activities	30.3	7.8	(22.5)	(74.2%)
CF from investing activities	20.7	(46.1)	(66.9)	—
Free CF	51.0	(38.3)	(89.4)	—
CF from financing activities	(53.1)	36.5	89.5	—

< Changes in amount of investment (cash basis) >



< Investment total (① + ② + ③) > **¥53.6 billion**

① **Capital expenditure** (cash basis): **¥22.3 billion**

(Property, plant and equipment, intangible assets, investment property)

< Major items >

- Alcoholic Beverages: **¥6.4 billion**

SB: ¥2.0 billion Sleeman ¥2.7 billion

- Food & Soft Drinks: **¥2.1 billion**

PS : ¥1.2 billion POKKA PTE. LTD. : ¥0.2 billion

- Real Estate: **¥12.8 billion**

Acquisition of investment property

- Group-wide: **¥1.0 billion**

② **Lease fees: ¥3.4 billion**

(excluding lease fees for renting restaurant premises)

③ **Other investments: ¥27.8 billion**

(Acquisition of stock in Stone Brewing Co., LLC : ¥22.6 billion
Invest in property's equity etc.)

Appendix : Major sales volume & sale



(Beer and beer-type beverages and non-alcoholic beer calculations based on large bottles, RTDs are calculated by 250 ml × 24 bottles.)

Sales Volume: Beer (Japan) ※1

	Fiscal 2021	Fiscal 2022	YoY Change(%)
Sapporo Draft Beer Black Label (total)	1,249	1,399	12.0%
YEBISU (total)	685	666	(2.9%)
1 Beer (total)	2,441	2,677	9.7%
2 Happoshu (total)	165	151	(8.7%)
3 New genre beer products (total)	1,214	1,114	(8.2%)
Beer, happoshu, and new genre (total 1+2+3)	3,820	3,942	3.2%
RTD	1,186	1,219	2.8%
Non-alcoholic beer and low alcohol beer taste beverage	72	69	(3.9%)

Sales Volume: Beer (International)

	Fiscal 2021	Fiscal 2022	YoY Change(%)
Overseas brand (SLEEMAN, Anchor, Stone, etc.)	1,330	1,457	9.5%
Sapporo brand	378	418	10.6%
North America	1,709	1,876	9.8%
Sapporo brand	190	243	27.4%
Other areas	190	243	27.4%
Total	1,899	2,118	11.5%

Sales: Beer (Japan) *including liquor tax

	Fiscal 2021	Fiscal 2022	YoY Change(%)
Beer	131.8	145.2	10.2%
Happoshu	6.4	5.9	(7.4%)
New genre	44.6	41.5	(7.0%)
Subtotal	182.8	192.6	5.4%
Rebate subtracted from sales	(10.5)	(10.1)	—
Total	172.3	182.5	5.9%

Sales: Alcoholic Beverage (Japan)

	Fiscal 2021	Fiscal 2022	YoY Change(%)
Domestic wines	3.3	3.4	2.7%
Imported wines	6.5	7.1	9.5%
Wine (total)	9.8	10.5	7.2%
Spirits and Shochu (total)	24.2	27.2	12.5%
RTD	19.8	20.4	3.1%
Subtotal	53.8	58.1	8.1%
Rebate subtracted from sales	(10.2)	(10.2)	0.3%
Total	43.6	47.9	9.9%

Sales: Food & Soft Drinks (Japan) ※2

	Fiscal 2021	Fiscal 2022	YoY Change(%)
Soft Drinks	62.7	61.0	(2.6%)
Food (Lemon · Soups · Plant milk)	33.1	32.9	(0.6%)

※1 : Following the agreement of the Brewers Association of Japan, the sales volume for the first half and end of the fiscal year shall be disclosed.

※2 : Pokka Sapporo is only domestic sales.

Appendix : Alcoholic Beverages (Japan)



<Domestic beer and beer-type beverages:
YoY change in sales volume by genre> (Jan – Dec)

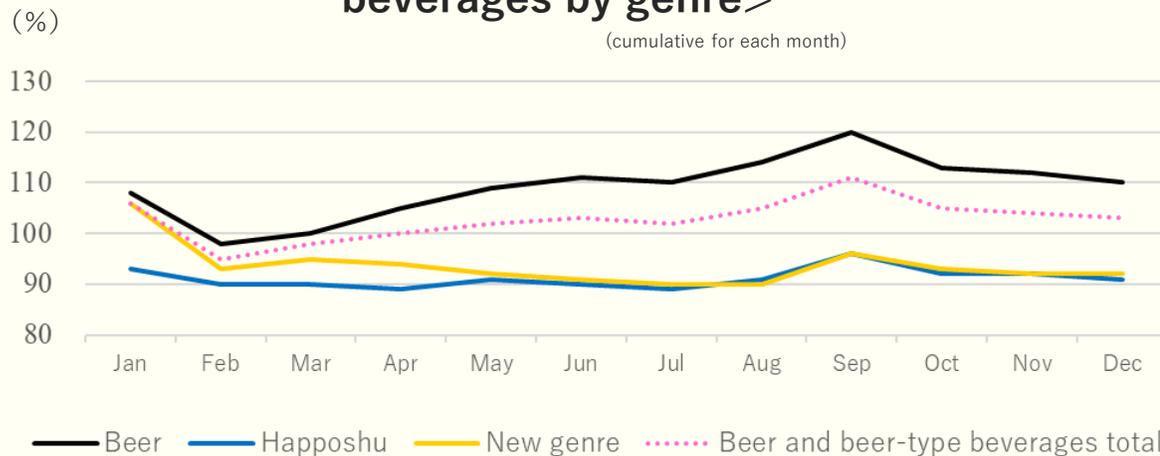
[Beer and beer-type beverages total] up **3%** YoY

- ✓ Beer: up **10%** y-o-y
- ✓ Happoshu: down **9%** y-o-y
- ✓ New genre: down **8%** y-o-y

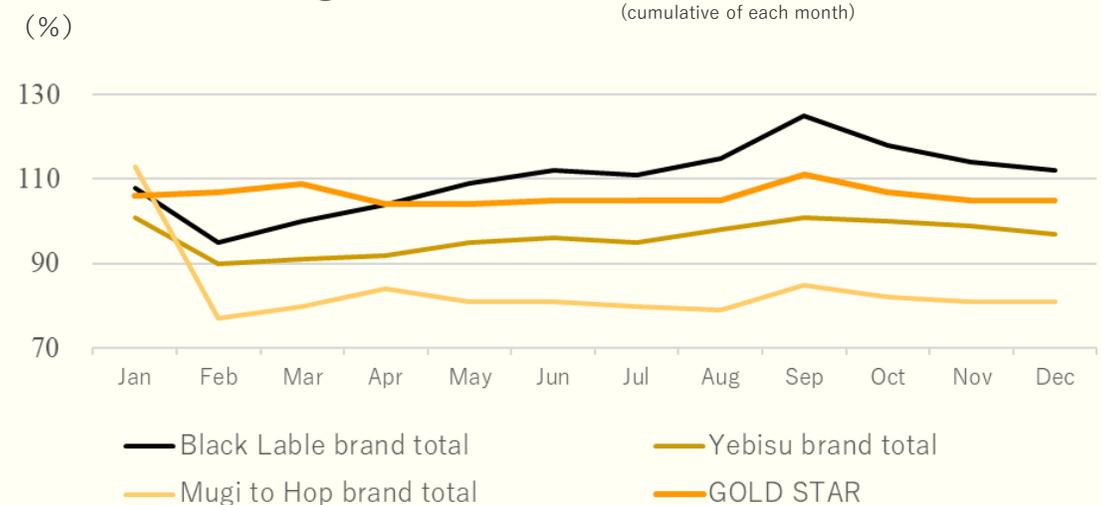
<Major domestic brands: YoY change in sales volume> (Jan – Dec)

- ✓ Black Label brand  up **12%** y-o-y
- ✓ YEBISU brand  down **3%** y-c
- ✓ Mugito Hop brand  down **19%** y-o-y
- ✓ GOLD STAR  up **5%** y-o-y

<YoY changes in sales volume of beer and beer-type beverages by genre>



<YoY changes in sales volume of main brands>



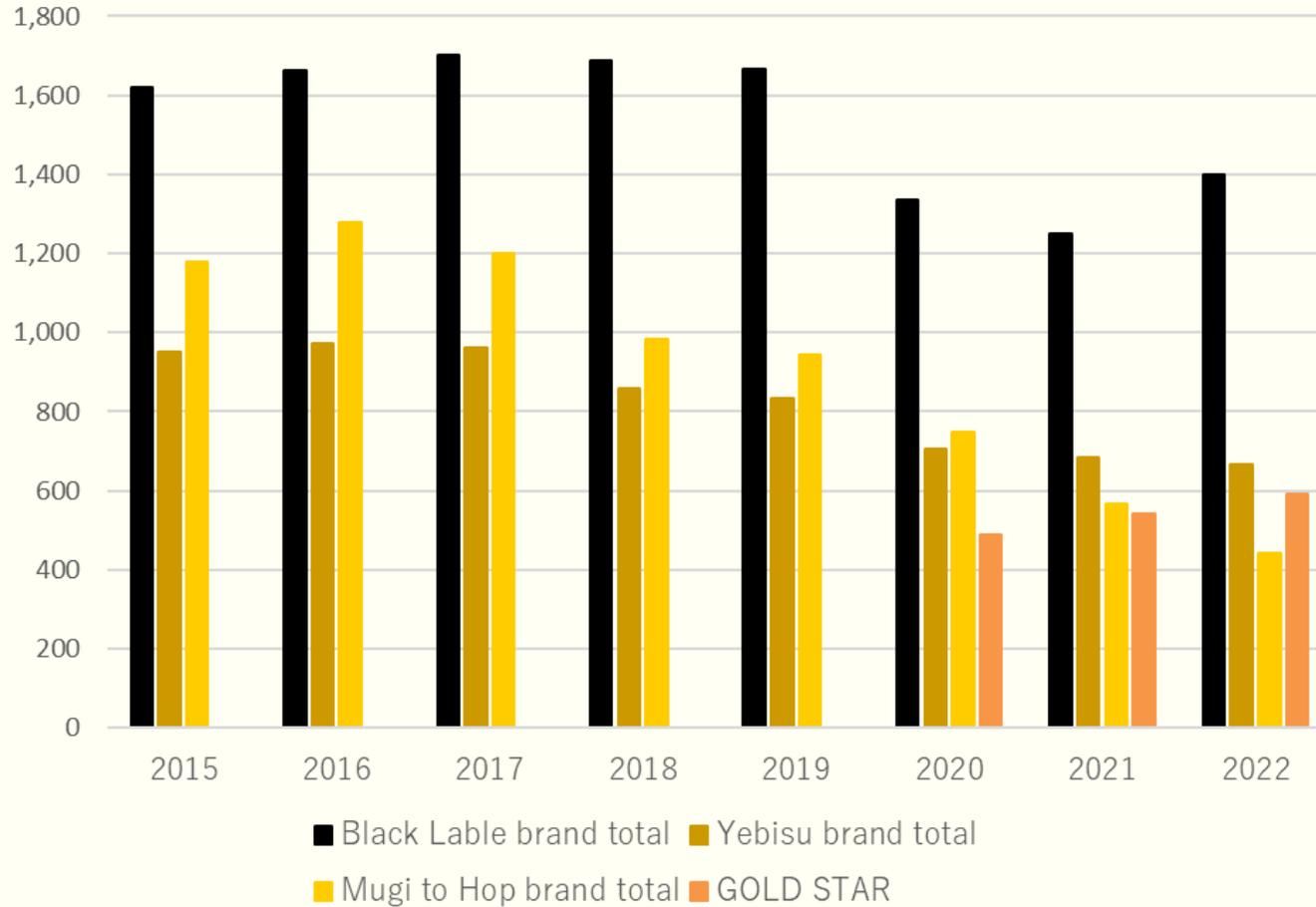
Appendix : Alcoholic Beverages (Japan)



< Main brand Jan- Dec Sales volume change >

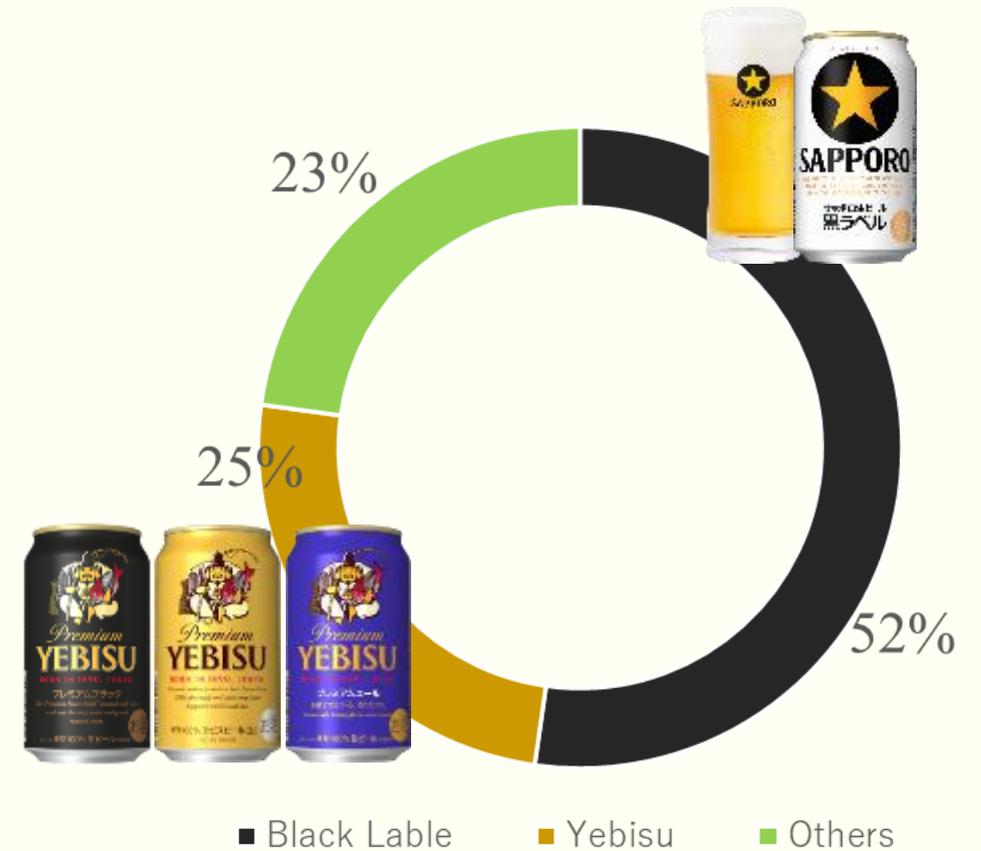
(10,000 cases)

(Jan - Dec)



< Beer lineup sales volume (Jan- Dec break down) >

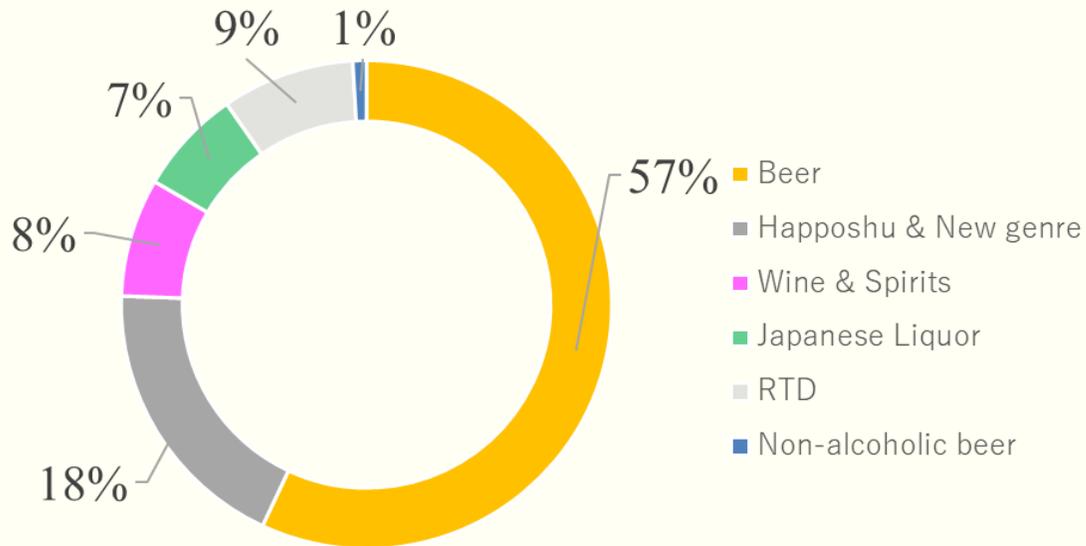
(Jan - Dec)



Appendix : Alcoholic Beverages (Japan)



< Jan- Dec sales breakdown by category >



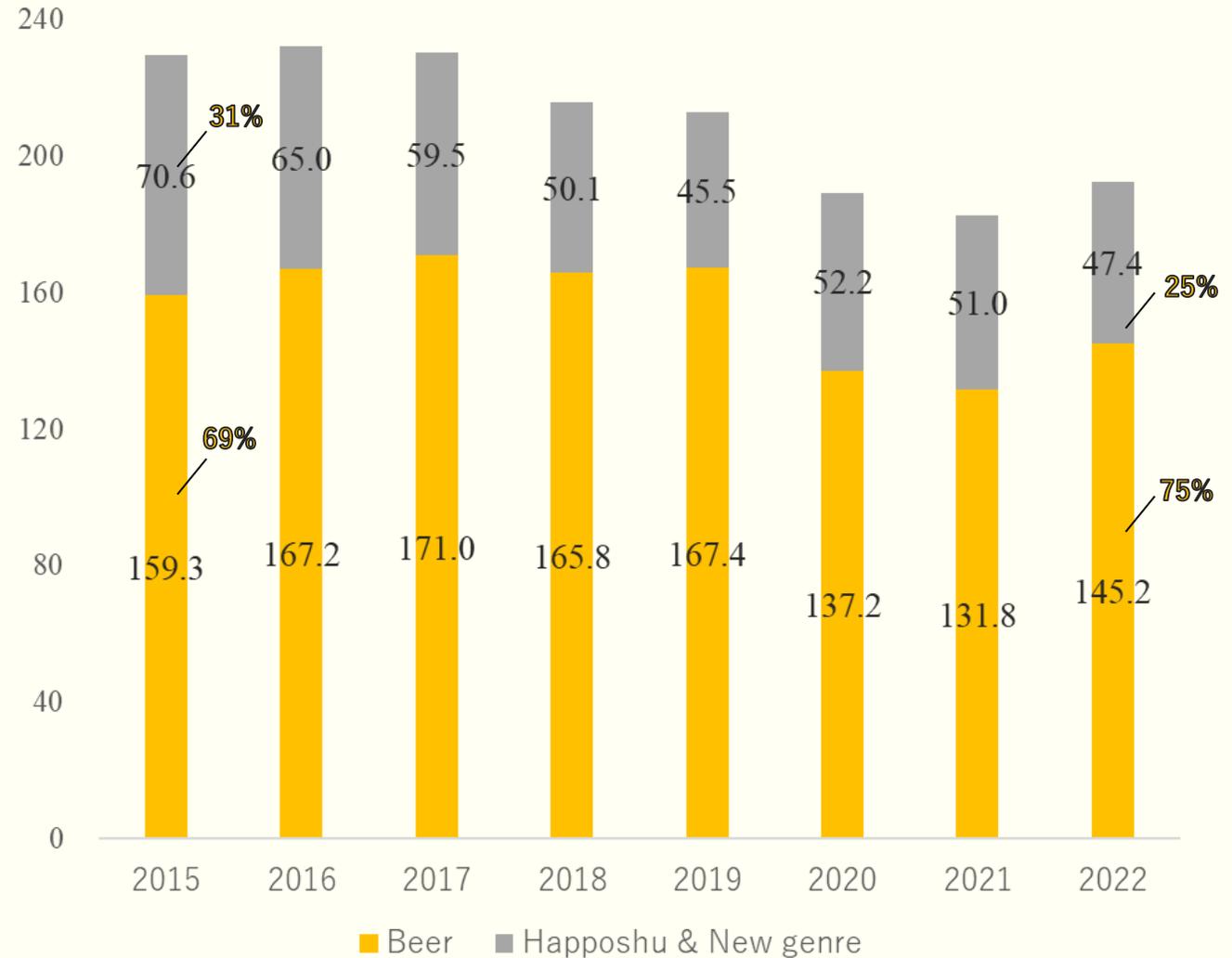
*Before subsidiary companies sales, elimination of inter- company transactions and rebate deduction

*From 2021, Hyosai Sour and 99.99 keg are reclassified from Spirits to RTD.

< Jan- Dec sales revenue >

(billions of yen)

※Incl. liquor tax

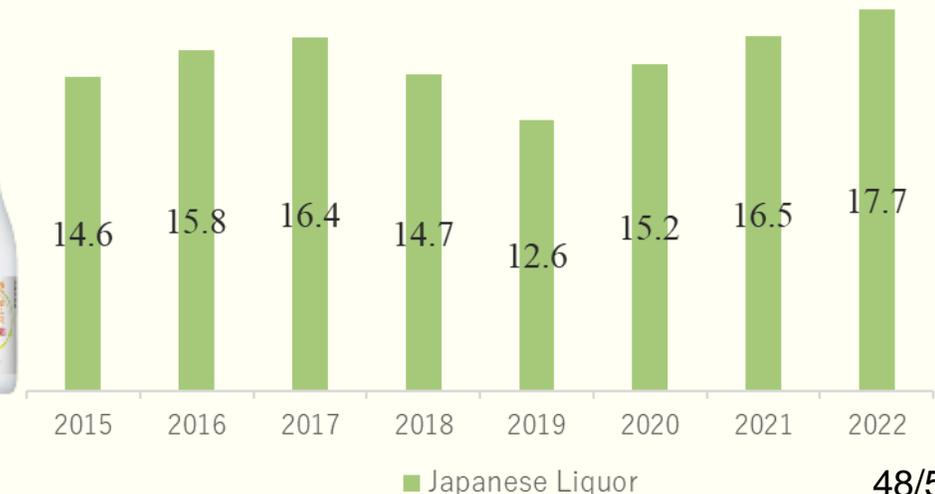
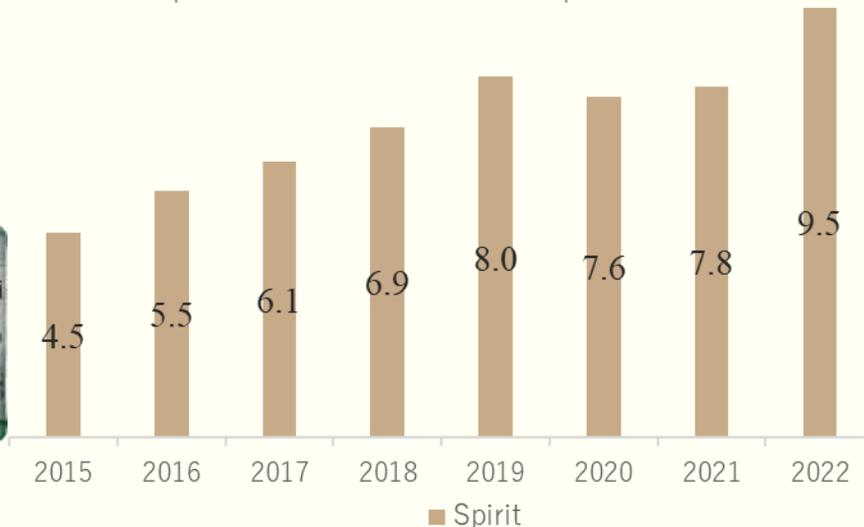


Appendix : Alcoholic Beverages (Japan)



< Jan- Dec sales revenue > (billions of yen)

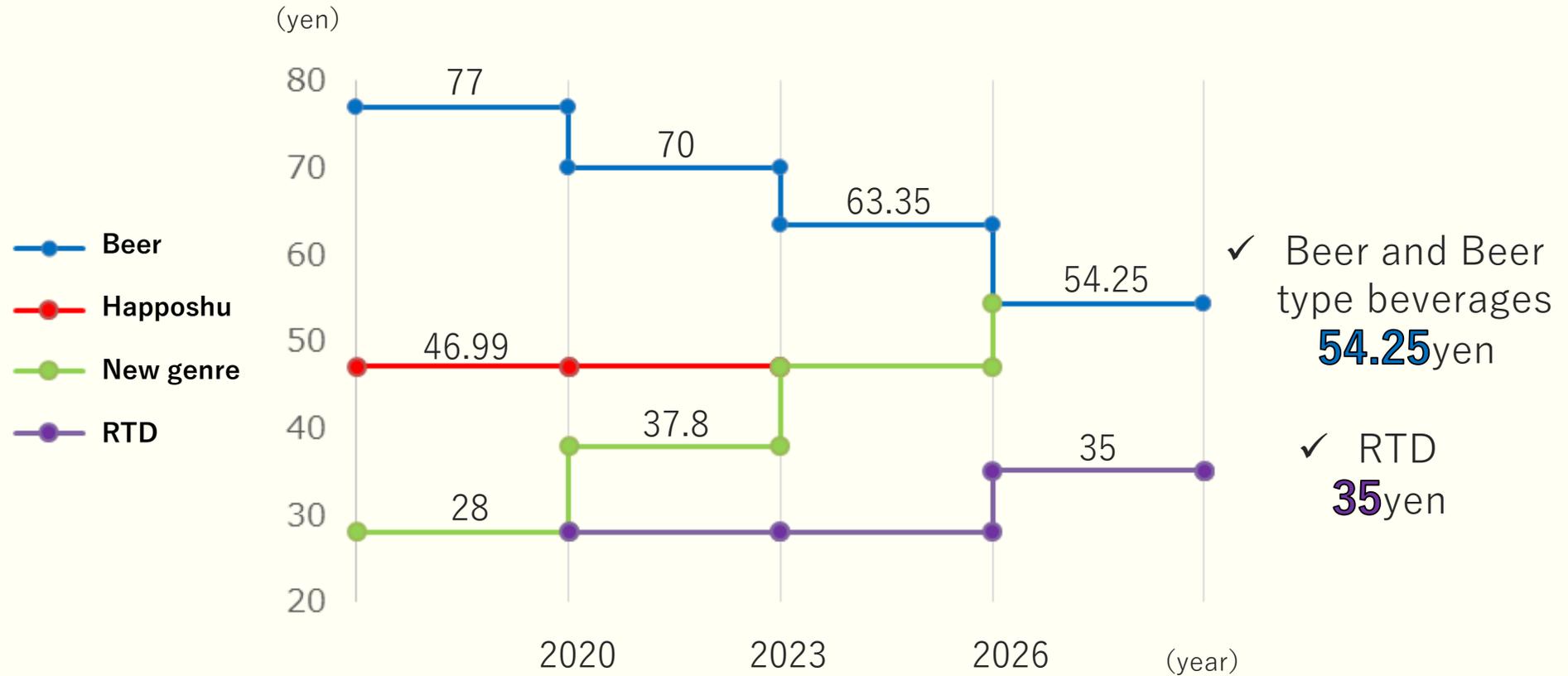
*From 2021, Hyosai Sour and 99.99 keg are reclassified from Spirits to RTD.



Appendix : Alcoholic Beverages (Japan)



< Changes in the amount of liquor tax per 350 ml >



Appendix : Alcoholic Beverages (Overseas)



< Overseas beer : YoY change in sales volume >

(Jan - Dec)

【North America Total up 10 % y-o-y

✓ Overseas brand

up **10** % y-o-y



✓ Sapporo brand

up **11** % y-o-y

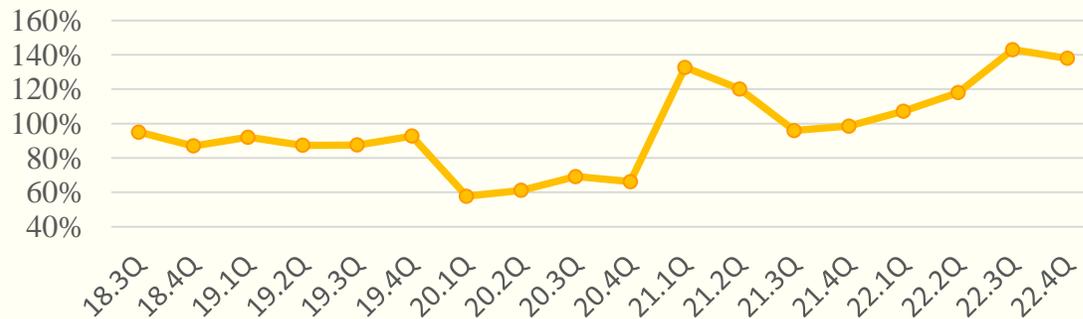


【Other Areas Total】 up 27 %y-o-y

(Main area : Asia pacific , Europe , Oceania) (Jan - Dec)

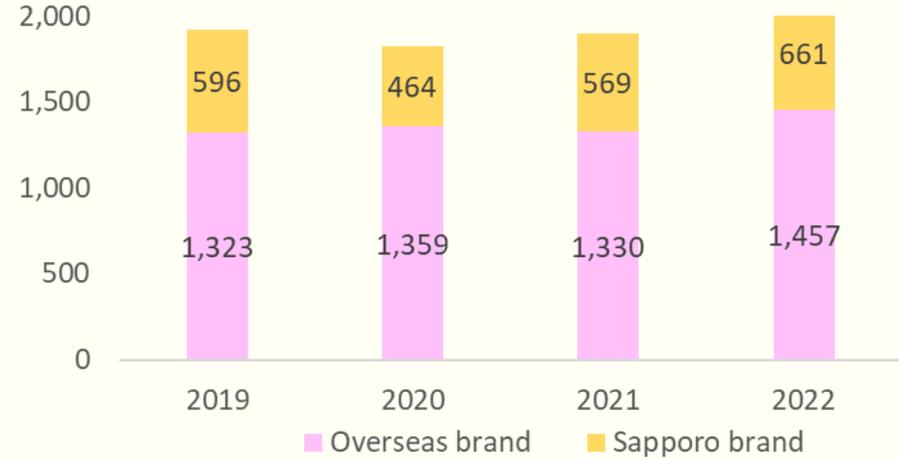
✓ Sapporo brand : up **27** %y-o-y

< Y-o-y change in domestic sales volume in Vietnam >



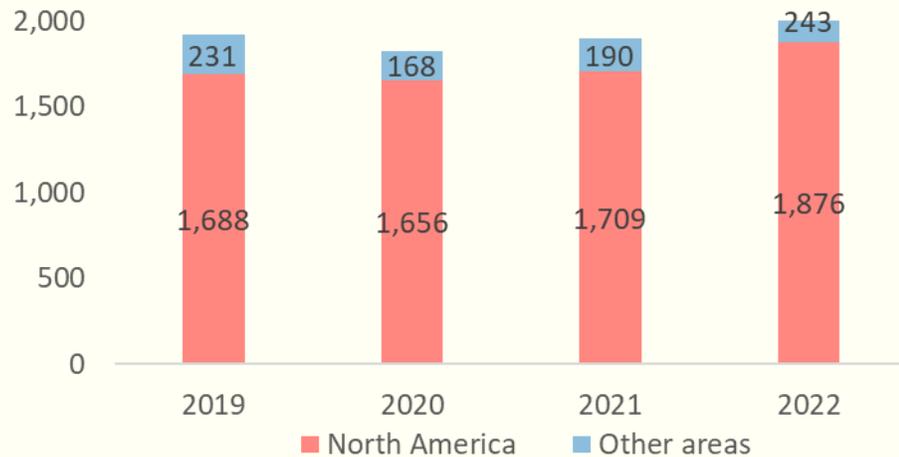
< Overseas sales volume by brand (Jan-Dec) >

(10,000 cases)



< Overseas sales volume by Area (Jan-Dec) >

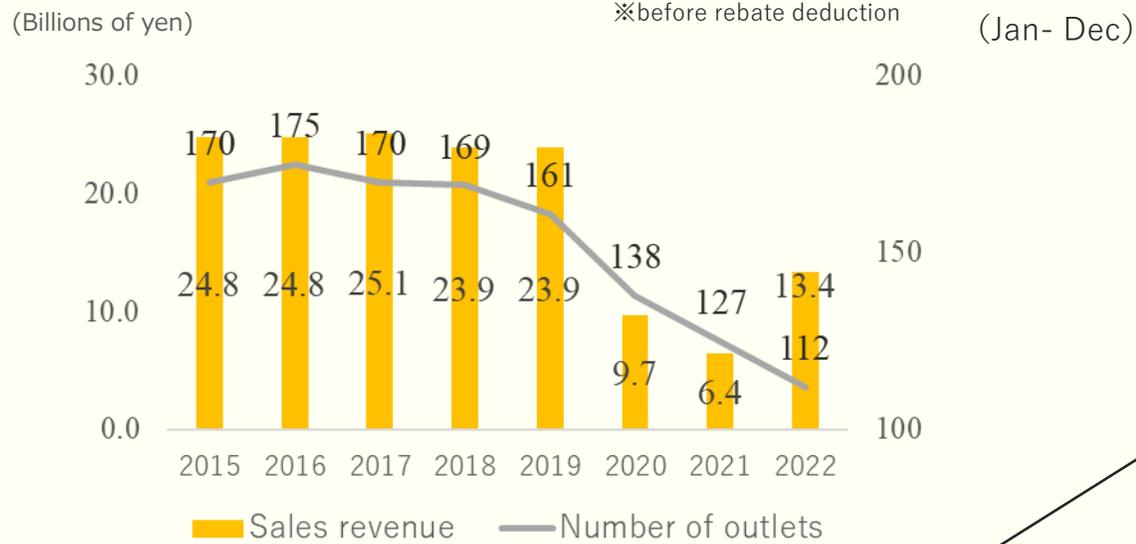
(10,000 cases)



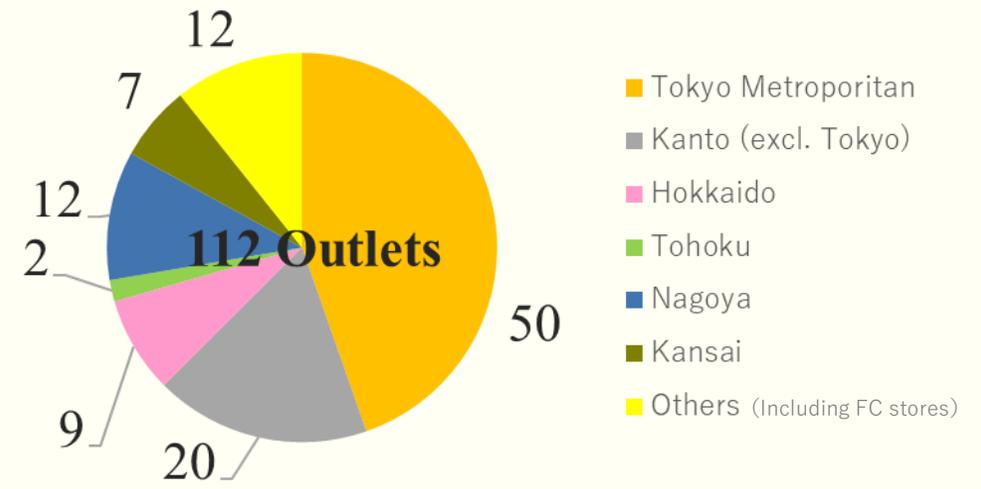
Appendix : Alcoholic Beverages (Restaurants)



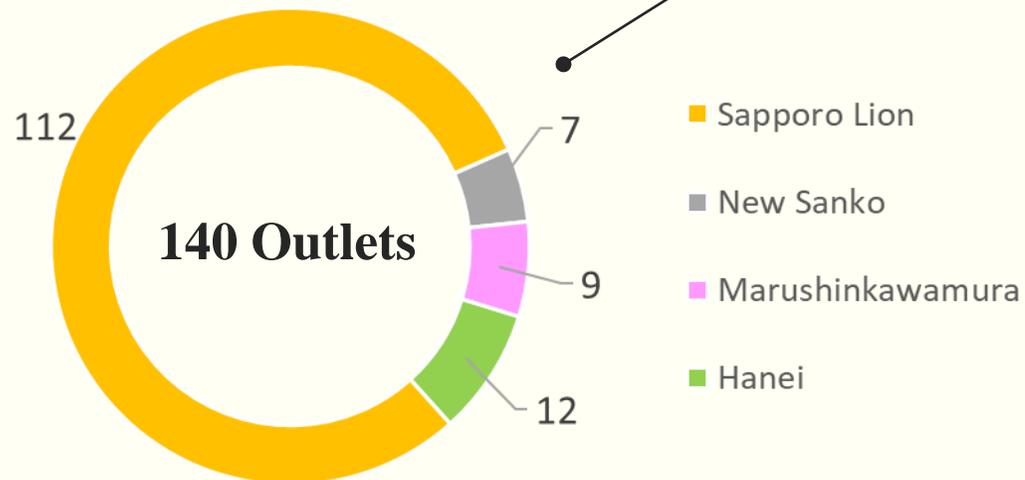
< Sales revenue and number of Sapporo Lion Outlets >



< Sapporo Lion outlets As of Dec 31, 2022 >



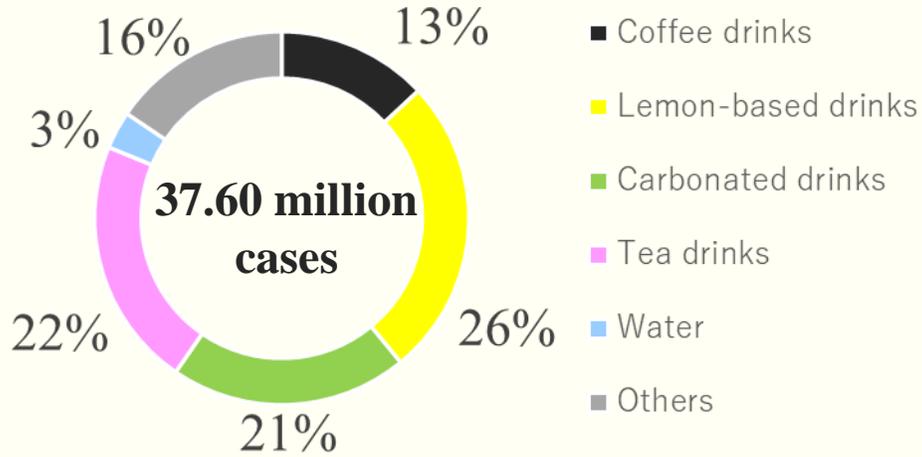
< Total number of outlets >



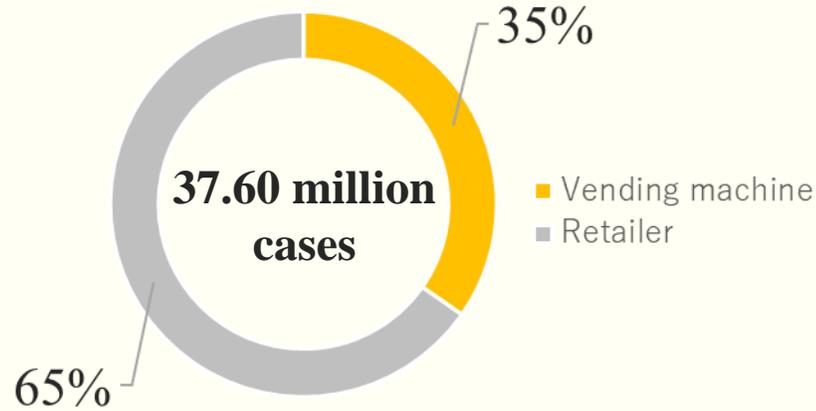
< Brands >



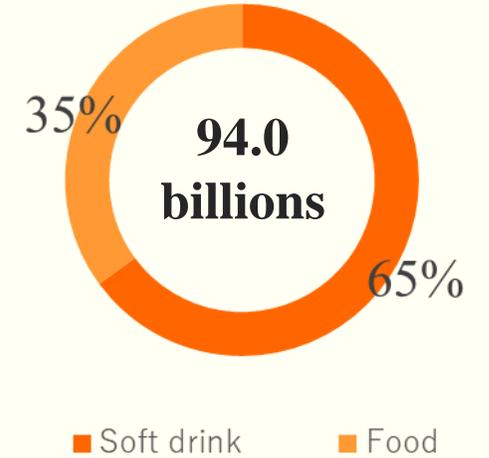
< Japanese soft drinks
Sales composition by genre (Jan- Dec)>



< Japanese soft drinks
POKKA SAPPORO Food & Beverage >
Sales composition by sales channel (Jan- Dec)



< Japanese soft drinks
POKKA SAPPORO Food & Beverage >
Sales composition (Jan- Dec)



< Japanese soft drinks POKKA SAPPORO Food & Beverage >
Sales volume & Sales by genre (Jan- Dec)

【Lemon based-drinks】

✓ **up 0%** y-o-y
(Sales volume)



【Unsweetened tea drinks】

✓ **up 2%** y-o-y
(Sales volume)



【Coffee drinks】

✓ **down 7%** y-o-y
(Sales volume)



【Lemon-based food products】

✓ **down 2%** y-o-y
(Sales)



【Soups】

✓ **up 1%** y-o-y
(Sales)



【Soy milk, chilled products】

✓ **down 3%** y-o-y
(Sales)



Appendix : Real Estate

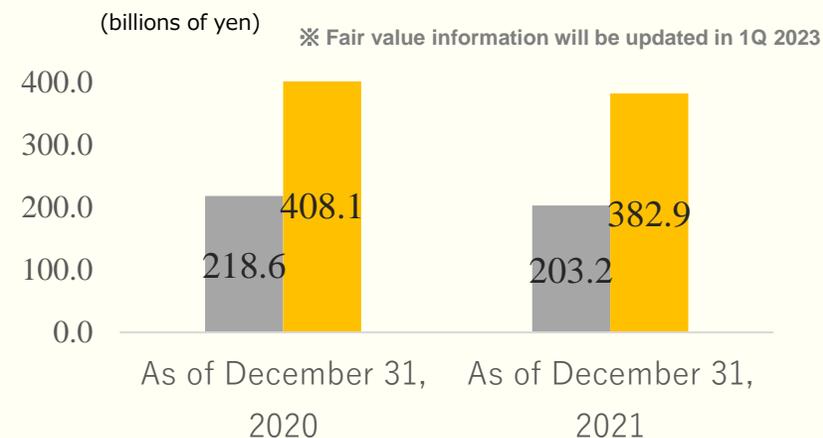
< Major rental properties & occupancy rates : (Averages for 2022)>

	Site area (m ²)	Floor area (m ²)	Occupancy rate (%)	No. of floors
Yebisu Garden Place ⁽¹⁾	56,943	298,007	83	40 floors above ground, 5 below
Ginza Place	645	7,350	97	11 floors above ground, 2 below
Strata Ginza ⁽²⁾	1,117	11,411	100	13 floors above ground, 1 below

*1: The number of floors is for the office block only. Occupancy rates are for office areas only.

*2: Figures are for entire property. Sapporo owns 922m² of the site (sectional ownership) and 89.72% of the building (joint management)

< Information about Investment property >



■ Carrying value on the consolidated statement of financial position
 ■ Fair value



(billions of yen)

< Core Operating profit >	2021	2022	Change
Yebisu Garden Place, etc.	6.9	4.9	(2.0)
Other area & other operations	2.4	2.1	(0.3)
Hokkaido	0.7	0.7	0.0
Equity investment, etc	(1.7)	(1.2)	0.5
Total	8.2	6.5	(1.8)

(billions of yen)

< EBITDA >	2021	2022	Change
Yebisu Garden Place, etc.	10.0	8.2	(1.8)
Other area & other operations	3.7	2.8	(0.9)
Hokkaido	1.3	1.3	0.0
Equity investment, etc	(1.2)	(0.7)	0.5
Total	13.7	11.5	(2.2)

As an intrinsic part of people's lives, Sapporo will contribute to the evolution of creative, enriching and rewarding lifestyles.



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Actual published future results may therefore differ materially from the content of this document.

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