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Financial Results
for the Year Ended December 31, 2024 — Consolidated
(Based on IFRS)

February 14, 2025

Company name **Sapporo Holdings Limited**

Security code 2501
Listed on Tokyo Stock Exchange (Prime Market); Sapporo Securities Exchange
URL <https://www.sapporoholdings.jp/en/>
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Scheduled dates:

Annual general meeting of shareholders March 28, 2025
Filing of annual financial report March 31, 2025
Commencement of dividend payments March 31, 2025
Supplementary information to the year-end earnings results Available
Year-end earnings results briefing held Yes
(mainly targeted at institutional investors and analysts)

1. Consolidated Financial Results for the Year Ended December 31, 2024
(January 1 – December 31, 2024)

(Amounts in million yen rounded to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-over-year changes)

	Revenue		Core operating profit		Operating profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended December 31, 2024	530,783	2.3	22,038	41.0	10,416	(11.9)	7,771	(11.3)
Year ended December 31, 2023	518,632	8.4	15,633	67.9	11,820	17.0	8,758	58.8
	Profit attributable to owners of parent		Total comprehensive income					
	million yen	%	million yen	%				
Year ended December 31, 2024	7,714	(11.6)	17,444	(9.3)				
Year ended December 31, 2023	8,724	60.1	19,228	170.7				

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to owners of parent	Ratio of profit before tax to total assets	Core operating profit margin
	yen	yen	%	%	%
Year ended December 31, 2024	99.00	98.84	4.1	1.7	4.2
Year ended December 31, 2023	111.99	111.95	5.0	1.9	3.0

Note: Equity method investment gains:

Year ended December 31, 2024: 76 million yen

Year ended December 31, 2023: 69 million yen

Profit (loss) before tax:

Year ended December 31, 2024: 11,576 million yen

Year ended December 31, 2023: 12,144 million yen

Operating profit margin:

Year ended December 31, 2024: 2.0%

Year ended December 31, 2023: 2.3%

*Core operating profit is a proprietary profit indicator that measures the performance consistency of our business.

Core operating profit is calculated as Revenue – Cost of sales – SG&A expenses.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity per share attributable to owners of parent
	million yen	million yen	million yen	%	Yen
Year ended December 31, 2024	664,963	197,157	196,030	29.5	2,515.68
Year ended December 31, 2023	663,573	183,248	182,315	27.5	2,340.41

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Year ended December 31, 2024	36,109	(5,836)	(25,372)	24,140
Year ended December 31, 2023	45,446	(16,439)	(27,140)	17,204

2. Dividends

	Dividend per share					Total dividends paid (full year)	Payout ratio (consolidated)	Dividends to equity attributable to owners of parent (consolidated)
	End Q1	End Q2	End Q3	Year-end	Full year			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended December 31, 2023	—	0.00	—	47.00	47.00	3,667	42.0	2.1
Year ended December 31, 2024	—	0.00	—	52.00	52.00	4,057	52.5	2.1
Year ending December 31, 2025 (forecast)	—	0.00	—	60.00	60.00		42.5	

3. Forecast of Consolidated Earnings for the Year Ending December 31, 2025 (January 1 – December 31, 2025)

(Percentage figures represent year-over-year changes)

	Revenue		Core operating profit		Operating profit		Profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending December 31, 2025	532,000	0.2	24,500	11.2	20,000	92.0	11,030	41.9	11,000	42.6	141.16

Note: Earnings forecasts for the six months ending June 30, 2025 are omitted because the company manages performance targets on a yearly basis.

4. Other

(1) Significant changes in the scope of consolidation during the period: None

Newly included: None

Excluded: None

(2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies required by IFRS: None

2) Changes other than 1) above: None

3) Changes in accounting estimates: None

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued at end of period (treasury stock included):

December 31, 2024: 78,794,298 shares

December 31, 2023: 78,794,298 shares

2) Number of shares held in treasury at end of period:

December 31, 2024: 870,978 shares

December 31, 2023: 895,451 shares

3) Average number of outstanding shares during the period:

Year Ended December 31, 2024: 77,917,001 shares

Year Ended December 31, 2023: 77,898,919 shares

Audit Status

The year-end financial results are outside the scope of audit procedures based on the Financial Instruments and Exchange Act.

Appropriate Use of Earnings Forecasts and Other Important Information

This document contains projections and other forward-looking statements based on information available to the Company as of the date of this document. Actual results may differ from those expressed or implied by forward-looking statements due to various factors. For the assumptions underlying the forecasts herein and other information on the use of earnings forecasts, refer to "Outlook for fiscal year ending December 31, 2025" on page 10.

1. Analysis of Operating Results and Financial Condition

(1) Operating Results

(a) Review of the fiscal year ended December 31, 2024

The uncertain outlook continues, with consumers becoming more cautious with their spending due to the impact of increasing geopolitical risks, the ongoing depreciation of the yen, inflation from surging prices of raw materials and energy, and Japan's "2024 logistics problem" (an issue arising from strengthened regulations on driver overtime work).

Under these circumstances, the Sapporo Group continued to implement structural reforms and accelerate growth with the aim of strengthening profitability in the second year of our "Medium-Term Management Plan (2023-2026)," and has delivered steady results.

Consolidated revenue increased year-on-year, mainly due to strong beer sales in the Japan market driven by the impact of the alcohol tax revision, favorable sales of "Sapporo Premium Beer" in the US and Asia, and the positive effect of the weak yen.

Consolidated core operating profit increased year-on-year due to the effects of increased revenue in the Alcoholic Beverages and Real Estate segments and the reversal of last year's recorded provisions for doubtful accounts on overdue receivables in the Overseas Soft Drink business.

Consolidated operating profit and profit attributable to owners of parent decreased year-on-year, mainly due to the impairment loss on goodwill incurred in the acquisition of shares of "STONE BREWING CO., LLC" (Stone hereinafter), despite the impact of the increase in consolidated core operating profit.

Summary in key figures

Millions of yen, except percentages

	Revenue	Core operating profit	Operating profit	Profit attributable to owners of parent
Year ended December 31, 2024	530,783	22,038	10,416	7,714
Year ended December 31, 2023	518,632	15,633	11,820	8,724
Change (%)	2.3	41.0	(11.9)	(11.6)

*Core operating profit is a proprietary profit indicator that measures the performance consistency of our business. Core operating profit is calculated as Revenue – Cost of sales – SG&A expenses.

Results by segment are outlined below.

Alcoholic Beverages

Revenue increased year-on-year due to factors including strong beer sales due to the effect of the alcohol tax revisions in the Japan market, strong sales of "Sapporo Premium Beer" in the US and Asia, and the positive effect of the weak yen.

Core operating profit increased year-on-year as a result of increased revenues in domestic alcoholic beverages, despite deteriorating market conditions in Canada and a softening craft beer market in the US.

Operating profit decreased year-on-year due to the recording of impairment loss on goodwill incurred in the acquisition of shares of Stone, despite the increase in core operating profit.

■ Revenue: ¥388.2 billion (up ¥11.3 billion, or 3.0% year-on-year)

■ Core operating profit: ¥18.8 billion (up ¥2.8 billion, or 17.4% year-on-year)

■ Operating profit: ¥4.7 billion (down ¥4.3 billion, or 47.5% year-on-year)

Details of Alcoholic Beverages (Japan and Overseas) and Restaurants in the Alcoholic Beverages segment were as follows.

Japan

While the on-trade products market is on par with the previous year as the impact from COVID-19 lessens, the off-trade market softened due to the shrinkage of the happoshu market following alcohol tax revisions. Total domestic demand for beer-type beverages (beer, happoshu (including happoshu (2))) was estimated to have been about 97% year-on-year. Total domestic demand for beer was estimated to be at roughly 105% year-on-year.

In this fiscal year, we are focusing more on strengthening beer and RTD* taking into account the alcohol tax revision implemented in October 2023.

In this context, the Sapporo Draft Beer Black Label canned products continued to perform strongly with sales volume at 117% year-on-year. However, happoshu (including happoshu (2)) was affected by a reactionary decline following the rush demand in the previous year due to alcohol tax revisions. Consequently, the Group's total domestic sales volume of beer-type beverages was 100% of the previous year's level. In addition, sales of canned RTDs grew 107% year-on-year.

*: RTD, or ready-to-drink beverages, are pre-mixed, low-alcohol cocktail-like beverages that can be consumed as is immediately after opening.

Overseas

In Canada, total demand for beer remains weak and is expected to decrease year-on-year. Likewise, a year-on-year decrease in total demand for beer in the US is also expected. In particular, the craft beer market continues to slow, remaining below previous year's level. As a result, the sales volume of overseas beer brands fell year-on-year.

In contrast, sales volume of Sapporo brand beer in North America increased to 111% year-on-year, mainly due to the continued strengthening of the sales network through sales synergies within the US.

Restaurants

Restaurant demand has performed well as socio-economic activities normalize and consumer activity and travel recover. Amid this, due to price revisions, a recovery in the number of customers, and attracting inbound tourists and senior customers, the Sapporo Group's Restaurants business recorded a year-on-year increase in existing store sales of 108%.

Food & Soft Drinks

Revenue declined year-on-year due to product lineup changes in the Japan market and a decrease in export sales in Overseas Soft Drinks among other factors.

Despite the impact of surging raw material costs, core operating profit for the Food & Soft Drinks segment as a whole increased year-on-year due to the positive effect of cost structure reforms and the reversal of provisions for doubtful accounts on overdue receivables in Overseas Soft Brinks recorded in the previous year.

Operating profit increased year-on-year due to gain on reversal of impairment losses on fixed assets and gain on sale of land in the Japan Food & Soft Drinks business.

■ Revenue: ¥117.9 billion (down ¥2.0 billion, or 1.6% year-on-year)

■ Core operating profit: ¥3.4 billion (up ¥1.8 billion, or 109.9% year-on-year)

■ Operating profit: ¥5.2 billion (up ¥3.5 billion, or 207.7% year-on-year)

Details of Food & Soft Drinks (Japan) and Overseas Soft Drinks in the Food & Soft Drinks segment were as follows.

Food & Soft Drinks (Japan)

Total demand for soft drinks in Japan was estimated to be 99% year-on-year. Meanwhile, the sales amount of the Group's domestic soft drinks was 97% year-on-year due to product lineup

changes and other factors, despite Kireto Lemon, the main brand in the lemon business, performing at 114% year-on-year, and the Tochi and Craft series tea beverages, centered on corn tea, performing well at 109% year-on-year. In addition, three bottled products of Pokka Lemon 100, our main brand product, were renewed and launched as food products with a functional claim to “lower elevated blood pressure (systolic blood pressure),” and the brand has had strong sales at 108% of the previous year’s level.

Overseas Soft Drinks

In Singapore, the overall market demand declined slightly due to the continuing inflation, resulting in sales amounting to 95% year-on-year (calculated in the local currency).

Additionally, in Malaysia, a focus area, sales amounted to 118% of the previous year's level(calculated in local currency) due to targeted sales activities, focusing on specific products categories and areas, as well as continuous improvements in our sales structure.

In the export business, excluding the above, sales to the Middle East, despite the suspension of sales last year to customers whose financial condition had deteriorated, we have resumed exports in August 2024 to new business partners with whom we have already signed contracts.

Real Estate

In the office leasing market in the Greater Tokyo area, occupancy rates and average rent levels have been on a recovery trend. In the five central wards, the office vacancy rate in Shibuya Ward remains relatively low compared to other wards, leading to an upward trend in rents.

In this context, revenue increased year-on-year due to improved office occupancy at Yebisu Garden Place, increased demand for outdoor brand products at Sapporo Factory due to continued inbound demand, strong performance of special events, and dividend income from equity investments in private funds.

Core operating profit increased year-on-year as the positive impact of increased revenue offset higher administrative expenses from surging personnel costs and the recording of opening costs for Hotel Sosei Sapporo MGallery Collection, which opened in January 2024.

Operating profit decreased year-on-year, mainly due to the reversal of gain of sales of real estate recorded in 2023.

■ Revenue: ¥24.6 billion (up ¥2.9 billion, or 13.4% year-on-year)

■ Core operating profit: ¥7.8 billion (up ¥2.1 billion, or 35.7% year-on-year)

■ Operating profit: ¥7.3 billion (down ¥1.5 billion, or 17.2% year-on-year)

(2) Consolidated Financial Condition

As of the end of the fiscal year consolidated accounting period, the following were the change factors in the condition of assets, liabilities, and equity.

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024	Change
Current assets	176,353	193,918	17,565
Non-current assets	487,220	471,045	(16,175)
Total assets	663,573	664,963	1,390
Current Liabilities	191,204	207,007	15,803
Non-current liabilities	289,121	260,799	(28,323)
Total liabilities	480,325	467,805	(12,520)
Total equity	183,248	197,157	13,909
Total liabilities and equity	663,573	664,963	1,390

At the end of the consolidated fiscal year under review, total assets increased by ¥1.4 billion to ¥665.0 billion compared to the previous consolidated fiscal year. This increase was primarily due to an increase in property, plant and equipment, which offset decreases in goodwill (resulting from impairment losses) and in other non-current financial assets (resulting from the sale of investment securities).

Total liabilities decreased by ¥12.5 billion to ¥467.8 billion compared to the previous consolidated fiscal year, as increases in current bonds and borrowings and non-current lease liabilities were offset by decreases in non-current bonds and borrowings.

Total equity increased by ¥13.9 billion to ¥197.2 billion compared to the previous consolidated fiscal year, primarily due to an increase in retained earnings resulting from the recognition of profit attributable to owners of parent.

(3) Consolidated Cash Flows

At the end of the fiscal year consolidated accounting period, cash and cash equivalents (collectively “cash”) increased by ¥6.9 billion (40%) to ¥24.1 billion, relative to the previous consolidated fiscal year-end.

The components of cash flow categories were as follows.

(Millions of yen)

Category	2023	2024	Change
Cash flows from operating activities	45,446	36,109	(9,337)
Cash flows from investing activities	(16,439)	(5,836)	10,602
Free cash flow	29,007	30,273	1,266
Cash flows from financial activities	(27,140)	(25,372)	1,769
Effect of exchange rate change on cash and cash equivalents	(43)	2,035	2,078
Net increase (decrease) in cash and cash equivalents	1,824	6,936	5,113
Cash and cash equivalents at beginning of period	15,380	17,204	1,824
Cash and cash equivalents at end of period	17,204	24,140	6,936

(Cash Flows from Operating Activities)

Cash provided by operating activities amounted to ¥36.1 billion (compared to ¥45.4 billion provided in the previous period). This was primarily due to the payment of income taxes amounting to ¥6.2 billion, interest paid amounting to ¥3.2 billion, offset by depreciation and amortization expenses of ¥22.6 billion, impairment losses of ¥13.5 billion, and profit before tax of ¥11.6 billion.

(Cash Flows from Investing Activities)

Cash used in investing activities was ¥5.8 billion (compared to ¥16.4 billion used in the previous period). This was mainly attributable to cash inflows of ¥20.6 billion from the sale of investment securities, ¥5.6 billion from the sale of property, plant, and equipment, and ¥3.0 billion from sale of shares of subsidiaries resulting in change in scope of consolidation, which were offset by cash outflows of ¥17.7 billion for the purchase of property, plant, and equipment and ¥17.5 billion for the purchase of investment properties.

(Cash Flows from Financing Activities)

Cash used in financing activities was ¥25.4 billion (compared to ¥27.1 billion used in the previous period). This was mainly due to an increase of ¥7.1 billion in short-term borrowings, offset by cash outflows of ¥17.4 billion for the repayment of long-term borrowings, a reduction of ¥8.0 billion in commercial paper, cash outflows of ¥4.0 billion for the repayment of lease liabilities, and dividend payments amounting to ¥3.7 billion.

Cash Flow Indicators

	2023	2024
Ratio of equity attributable to owners of parent to total assets (%)	27.5	29.5
Ratio of equity attributable to owners of parent to total assets based on market capitalization (%)	73.0	97.5
Cash flow to interest-bearing debt (years)	6.1	7.5
Interest coverage ratio (times)	21.3	11.3

Ratio of equity attributable to owners of parent to total assets: Equity attributable to owners of parent to total assets / Total assets

Ratio of equity attributable to owners of parent to total assets based on market capitalization:

Market capitalization / Total assets

Cash flow to interest-bearing debt: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest expense

Notes:

1. Market capitalization is calculated based on the number of shares issued and outstanding, excluding treasury stock.
2. "Cash flow" is operating cash flow.
3. Of the debt carried on the consolidated balance sheet, interest-bearing debt is total debt on which interest is currently payable.

(4) Outlook for Fiscal Year Ending December 31, 2025

(Outlook for 2025)

In the third year of our "Medium-Term Management Plan (2023-2026)," we will ensure the implementation of our growth strategy for 2025 and beyond while continuing structural reforms under the theme "Beyond150 - New Growth Through Business Structure Transformation - ."

In the next fiscal year, logistics costs are expected to soar, in addition to the surging cost of raw materials in line with the high prices of fiscal 2024.

Under these circumstances, the Sapporo Group will strengthen its profitability by decisively implementing structural reforms and accelerating growth.

We expect raw material prices and transportation costs to rise further in the domestic Alcoholic Beverages and Food & Soft Drinks segments, but the impact in domestic Alcoholic Beverages will be absorbed by price revisions and cost cuts, and in Food & Soft Drinks, we will strengthen earning power through the steady growth of the mainstay lemon business and other measures to increase earnings.

In the Real Estate segment, we will improve asset efficiency by enhancing the value of the tangible and intangible assets we own or are involved with and by promoting the investment management business, while striving to enhance corporate value through community development in Ebisu and Sapporo.

In the overseas business, the Group will focus on growing the Sapporo brand and decisively implementing cost structure reforms.

As a result of the above, revenue, core operating profit, operating profit, and profit attributable to owners of the parent company for the entire Group are expected to increase compared to the current fiscal year.

Overall outlook

Millions of yen,
except percentages

	Revenue	Core operating profit	Operating profit	Profit attributable to owners of parent
2025 forecast	532,000	24,500	20,000	11,000
2024 results	530,783	22,038	10,416	7,714
Projected change (%)	0.2	11.2	92.0	42.6

Results by segment are outlined below.

Alcoholic Beverages

Revenue is expected to increase due to growth in sales of RTD in Japan and SAPPORO PREMIUM BEER in North America, as well as price revisions.

Core operating profit and operating profit are expected to rise as a result of increased revenue, an improved product mix, and the implementation of structural reforms in North America—despite rising variable costs from surging raw material and transportation costs and increased sales promotion costs to strengthen the beer business.

■ Revenue ¥393.5 billion (up ¥5.3 billion, or 1.4% year-on-year)

■ Core operating profit ¥21.9 billion (up ¥3.1 billion, or 16.5% year-on-year)

■ Operating profit ¥20.9 billion (up ¥16.2 billion, or 342.9% year-on-year)

Details of Alcoholic Beverages (Japan and Overseas) and Restaurants in the Alcoholic Beverages segment are as follows.

Japan

In the next fiscal year, we will further strengthen our efforts in beer and pursue business growth centered on RTD, taking into account the alcohol tax revision in October 2026. In the beer business in particular, we will further pursue and enhance beer's appeal through brand investments that

transform our Company's own "originality," "story," and "assets" into strengths. Continuing from 2024, although soaring raw material prices and market inflation will strongly impact domestic alcoholic beverage performance, we expect to absorb this impact through price revisions, improvements in product mix, and cost control.

Overseas

In the United States, we recognize profitability improvement as an urgent issue and are decisively implementing structural reforms to radically review operating costs at our production facilities. Moreover, we will continue our efforts to grow the Sapporo brand and further promote its appeal. In Canada, we will continue to focus on strengthening our premium-brand beers, RTD, and non-alcoholic beers, while also striving to improve profitability further by enhancing business efficiency through cost structure reforms.

Restaurants

To maintain the recovery trend from 2023 to 2024 and build an even stronger management structure, we will continue to develop focused business categories such as YEBISU BAR and Ginza Lion LEO, while strengthening our existing stores. Although raw materials and other costs are expected to continue rising, we aim to enhance profitability and brand appeal through timely and appropriate price revisions and efforts to improve customer experience.

Food & Soft Drinks

Revenue in the overall segment is expected to decline due to the impact of business transfers in domestic Food & Soft Drinks, despite anticipated sales growth in the lemon business and Overseas Soft Drinks.

Core operating profit is estimated to increase, as rising raw material and logistics costs should be absorbed by improvements in the product mix and price revisions in Japan, along with revenue improvement measures such as cost controls in Overseas Soft Drink.

Operating profit is expected to decrease year-on-year due to the reversal effect from gains on the reversal of impairment losses and land sale gains recorded in the previous fiscal year in the domestic Food & Soft Drinks business.

- Revenue ¥113.0 billion (down ¥4.9 billion, or 4.2% year-on-year)
- Core operating profit ¥4.2 billion (up ¥0.8 billion, or 22.5% year-on-year)
- Operating profit ¥3.8 billion (down ¥1.4 billion, or 27.1% year-on-year)

Details of Food & Soft Drinks (Japan) and Overseas Soft Drinks in the Food & Soft Drinks segment are as follows.

Food & Soft Drinks (Japan)

Continuing from 2024, despite expected significant increases in raw materials, energy, and logistics costs, we will accelerate initiatives for steady growth in our mainstay lemon business and concentrate resources on R&D. Moreover, we will enhance profitability by implementing revenue-improving measures such as reducing variable selling expenses.

Overseas Soft Drinks

As in 2024, Overseas soft drinks will continue to be affected by soaring raw material prices, but we will address this through price revisions and improvements in raw material procurement. In Singapore, we aim to maximize profit through efficiency improvements while maintaining our current market share. In addition, by strengthening our sales and marketing structure in countries and regions with growth potential, such as Malaysia and the Middle East, we will position these markets as growth drivers for the Group.

Real Estate

Revenue is expected to increase due to higher income from properties completed in 2024 and dividend income from equity investments in private funds, despite anticipated declines from lower occupancy rates caused by the office air conditioning renovation at Yebisu Garden Place.

Core operating profit and operating profit are expected to decline due to costs related to the office air conditioning renovation at Yebisu Garden Place.

- Revenue ¥25.5 billion (up ¥0.9 billion, or 3.6% year-on-year)
- Core operating profit ¥7.0 billion (down ¥0.8 billion, or 10.8% year-on-year)
- Operating profit ¥6.2 billion (down ¥1.1 billion, or 15.6% year-on-year)

In the next fiscal year, we will improve asset efficiency by enhancing the value of the tangible and intangible assets we own or are involved with and by promoting the investment management business, while striving to enhance corporate value through community development in Ebisu and Sapporo.

(Medium- to Long-Term Management Policy for Increasing Group Value)

Our Company announced the “Medium- to Long-Term Management Policies for Increasing Group Value” on February 14, 2024, and has continuously advanced discussions under the “Medium- to Long-Term Strategy Project” to implement this policy. On February 14, 2025, the Board of Directors approved the final results of these discussions under the name “Group Medium- to Long-Term Growth Strategy.” An overview is presented below.

1. Medium- to Long-Term Vision and Outline of the Strategy

Our Company aims to realize its medium- to long-term vision of creating rich beer experiences and customer experiences to customer around the world. To achieve this vision, we will implement the following five strategies.

Main points of the strategy	Measures and targets
① Bonds with Community (Provision of exciting experiences and new ways of having fun)	We aim to achieve a 25% market share in the domestic beer market and a core operating profit margin of 10% or more in the domestic Alcoholic Beverages business by 2030. This will be accomplished by doubling marketing investments in our flagship brands and expanding customer touchpoints, primarily through the Restaurants business.
② Healthier Choice (Provision of even healthier options)	In Japan, we will strengthen our development framework for non-alcoholic and RTD products and promote health benefits through the integration of our alcoholic beverages and soft drinks divisions. Overseas, we will expand the non-alcoholic market in North America.
③ Efficient Foundation (Organizational reforms to execute growth strategies)	We plan to transition to a business holding company structure in 2026. We will continue improving management efficiency through two business division structure (domestic and overseas), strengthen governance, and invest in human capital.
④ Strategic Alliance (Establishment of strategic alliance)	In the U.S., in addition to structural reforms, we are considering alliances with other companies to establish a growth foundation for the Sapporo brand. In Vietnam, we are exploring market expansion collaboration with Carlsberg in both manufacturing and sales.
⑤ Inorganic Growth (Inorganic growth)	We are considering large-scale M&A by funds expected to be raised through injection of external capital into the Real Estate business. In Japan, we aim to strengthen the RTD business and SCM area, and in the US, our most important overseas market, we will solidify the beer business foundation and pursue significant growth (including in the non-alcoholic sector).

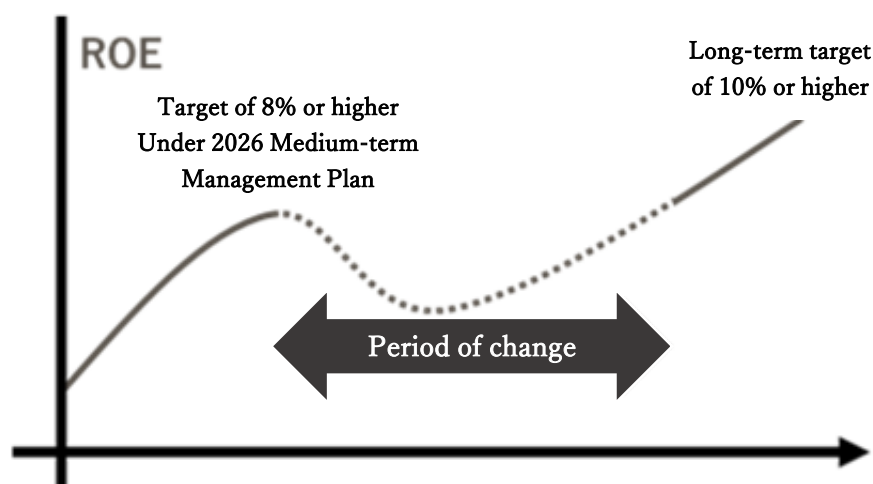
2. Financial Strategy

A return on equity (ROE) of 10% or above is set as a long-term target, and we aim to improve capital efficiency by managing finances with return on invested capital (ROIC) as a key indicator. We will implement appropriate cash allocation while ensuring financial stability (credit rating ‘A’ or higher) to support sustainable growth.

Moreover, we will enhance our profitability through the five strategies outlined above and target an average annual growth rate of approximately 10% in core operating profit from 2024 to 2030. Although ROE is expected to temporarily decline due to capital increases from off-balance sheet treatment in the Real Estate business (discussed below), we plan to accelerate profit growth through capital investment in the Alcoholic Beverages business, thereby further improving capital efficiency in the long term.

This upcoming medium-term period will be a time of drastic change during which our financial structure will undergo significant modifications depending on the strategies we choose. Therefore, we will consider implementing the financial targets for 2030 in conjunction with the formulation of the next Medium-term Management Plan.

<Mid-to-Long Term ROE Trend >



3. Injection of External Capital in Real Estate business

The purpose of external capital injection into the Real Estate business is to concentrate the Group's management resources on the Alcoholic Beverages business and to invest the expected funds into growth investments in the Alcoholic Beverages business to improve capital profitability and increase the corporate value of the entire Sapporo Group. Sapporo Real Estate Co., Ltd (SRE hereinafter) will be separated from the Group's balance sheet by incorporating capital from external partners. SRE also aim to increase corporate value by enhancing the value of properties.

We have received proposals from over ten corporations or funds regarding the injection of external capital into the Real Estate business. We are continuing to explore various options to achieve the objectives of this initiative, including the potential sale of shares in SRE, which holds Yebisu Garden Place, and determine the optimal course of action and timeline. We expect to reach a conclusion on these considerations by the end of 2025.

Since these considerations are expected to enter a critical phase in the future, we do not anticipate disclosing further details regarding the progress of these discussions. If any material event that is required to be disclosed occurs, we will disclose it in a timely and appropriate manner.

Please refer to "Notice Regarding Group Medium- to Long Term Growth Strategy" for more information:

https://www.sapporoholdings.jp/news/items/20250214_sh_mlt_en_1.pdf

(5) Dividend Policy and Dividends for 2024 and 2025

The Company considers the appropriate return of profits to its shareholders as a fundamental aspect of management policy and has adopted a basic policy to undertake stable dividend payments, taking into consideration the Company's performance and financial condition.

Going forward, the Company will strive to enhance dividend levels in line with corporate value growth, targeting a consolidated dividend payout ratio of 30% or more and setting a minimum annual dividend per share of 42 yen*. However, if net profit for the period changes significantly due to partial losses or gains from special factors, such impacts will be taken into account when determining the dividend. Retained earnings will be used for operational and capital investments that contribute to future corporate value growth.

Based on the above policy and considering operating results and the financial condition, the Company has decided to pay a dividend of 52 yen per share for 2024—an increase of 5 yen per share over the previous forecast. Although the Articles of Incorporation permit interim dividends, we currently distribute dividends on an annual basis. Dividend decisions are made by the general meeting of shareholders for year-end distributions, while any interim dividend is determined solely by the Board of Directors.

For the next fiscal year, we plan to pay an annual dividend of 60 yen per share, an increase of 8 yen per share over the current fiscal year, to further return profits to our shareholders.

*Annual dividend per share for the fiscal year 2022, when the current medium-term management plan was announced

2. Basic Approach to Selecting Accounting Standards

The Sapporo Group has voluntarily applied the International Financial Reporting Standards (IFRS) to its consolidated accounts from the first quarter of 2018. This change in accounting standard is aimed at facilitating international comparisons of Group financial information in the capital markets.

3. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	17,204	24,140
Trade and other receivables	98,023	99,458
Inventories	47,575	58,148
Other financial assets	4,393	6,178
Other current assets	7,589	5,340
Subtotal	174,785	193,265
Assets held for sale	1,568	653
Total current assets	176,353	193,918
Non-current assets		
Property, plant and equipment	145,687	157,799
Investment property	211,164	209,176
Goodwill	35,124	22,362
Intangible assets	6,993	6,279
Investments accounted for using equity method	1,359	1,323
Other financial assets	79,400	67,528
Retirement benefit asset	1,266	409
Other non-current assets	3,366	3,403
Deferred tax assets	2,863	2,766
Total non-current assets	487,220	471,045
Total assets	663,573	664,963

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	38,717	38,027
Bonds and borrowings	39,672	56,996
Lease liabilities	3,645	3,741
Income taxes payable	5,919	7,485
Other financial liabilities	37,158	32,060
Provisions	8,504	8,272
Other current liabilities	57,589	60,426
Total current liabilities	191,204	207,007
Non-current liabilities		
Bonds and borrowings	182,930	148,117
Lease liabilities	19,377	27,730
Other financial liabilities	58,252	60,987
Retirement benefit liability	3,412	3,297
Provisions	2,422	2,146
Other non-current liabilities	897	936
Deferred tax liabilities	21,831	17,585
Total non-current liabilities	289,121	260,799
Total liabilities	480,325	467,805
Equity		
Share capital	53,887	53,887
Capital surplus	40,754	40,832
Treasury shares	(1,783)	(1,722)
Retained earnings	50,828	65,268
Other components of equity	38,630	37,766
Total equity attributable to owners of parent	182,315	196,030
Non-controlling interests	933	1,127
Total equity	183,248	197,157
Total liabilities and equity	663,573	664,963

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Revenue	518,632	530,783
Cost of sales	361,793	365,865
Gross profit	156,839	164,918
Selling, general and administrative expenses	141,206	142,881
Other operating income	6,406	6,384
Other operating expenses	10,219	18,005
Operating profit	11,820	10,416
Finance income	3,361	4,371
Finance costs	3,107	3,287
Share of profit of investments accounted for using equity method	69	76
Profit before tax	12,144	11,576
Income tax expense	3,386	3,805
Profit	8,758	7,771
Profit attributable to		
Owners of parent	8,724	7,714
Non-controlling interests	33	57
Profit	8,758	7,771
Basic earnings per share	111.99	99.00
Diluted earnings per share	111.95	98.94

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit	8,758	7,771
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	6,353	6,256
Remeasurements of defined benefit plans	(71)	(694)
Total of items that will not be reclassified to profit or loss	6,282	5,561
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	4,195	4,115
Effective portion of cash flow hedges	(7)	(3)
Total of items that may be reclassified to profit or loss	4,188	4,112
Total other comprehensive income, net of tax	10,470	9,673
Comprehensive income	19,228	17,444
Comprehensive income attributable to		
Owners of parent	19,172	17,244
Non-controlling interests	56	201
Comprehensive income	19,228	17,444

(4) Consolidated Statement of Changes in Equity

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity				
					Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity
Balance as of January 1, 2023	53,887	40,645	(1,785)	43,392	4,714	10	25,446	-	30,171
Profit				8,724					-
Other comprehensive income					4,172	(7)	6,353	(71)	10,447
Comprehensive income	-	-	-	8,724	4,172	(7)	6,353	(71)	10,447
Purchase of treasury shares			(7)						-
Disposal of treasury shares		0	8						-
Dividends				(3,277)					-
Share-based payment transactions		109							-
Transfer to retained earnings				1,988			(2,059)	71	(1,988)
Total transactions with owners	-	109	2	(1,289)	-	-	(2,059)	71	(1,988)
Balance as of December 31, 2023	53,887	40,754	(1,783)	50,828	8,886	3	29,740	-	38,630

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2023	166,310	891	167,201
Profit	8,724	33	8,758
Other comprehensive income	10,447	23	10,470
Comprehensive income	19,172	56	19,228
Purchase of treasury shares	(7)	-	(7)
Disposal of treasury shares	8	-	8
Dividends	(3,277)	(15)	(3,292)
Share-based payment transactions	109	-	109
Transfer to retained earnings	-	-	-
Total transactions with owners	(3,167)	(15)	(3,181)
Balance as of December 31, 2023	182,315	933	183,248

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity				
					Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity
Balance as of January 1, 2024	53,887	40,754	(1,783)	50,828	8,886	3	29,740	-	38,630
Profit				7,714					-
Other comprehensive income					3,971	(3)	6,256	(694)	9,529
Comprehensive income	-	-	-	7,714	3,971	(3)	6,256	(694)	9,529
Purchase of treasury shares			(21)						-
Disposal of treasury shares			82						-
Dividends				(3,667)					-
Share-based payment transactions		78							-
Transfer to retained earnings				10,394			(11,088)	694	(10,394)
Total transactions with owners	-	78	61	6,727	-	-	(11,088)	694	(10,394)
Balance as of December 31, 2024	53,887	40,832	(1,722)	65,268	12,858	-	24,908	-	37,766

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2024	182,315	933	183,248
Profit	7,714	57	7,771
Other comprehensive income	9,529	144	9,673
Comprehensive income	17,244	201	17,444
Purchase of treasury shares	(21)	-	(21)
Disposal of treasury shares	82	-	82
Dividends	(3,667)	(7)	(3,674)
Share-based payment transactions	78	-	78
Transfer to retained earnings	-	-	-
Total transactions with owners	(3,528)	(7)	(3,535)
Balance as of December 31, 2024	196,030	1,127	197,157

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before tax	12,144	11,576
Depreciation and amortization	20,971	22,622
Impairment losses (reversal of impairment losses)	7,333	13,360
Interest and dividend income	(1,193)	(1,174)
Interest expenses	2,245	3,258
Foreign exchange loss (gain)	111	(1,318)
Share of loss (profit) of investments accounted for using equity method	(69)	(76)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	(3,668)	(1,266)
Decrease (increase) in trade and other receivables	(499)	(1,360)
Decrease (increase) in inventories	1,042	1,441
Increase (decrease) in trade and other payables	2,547	(1,493)
Increase (decrease) in accrued alcohol tax	1,286	1,438
Increase or decrease in retirement benefit asset or liability	(1,125)	(1,467)
Other	5,318	(1,366)
Subtotal	46,445	44,174
Interest and dividends received	1,250	1,320
Interest paid	(2,138)	(3,197)
Income taxes refund (paid)	(111)	(6,188)
Net cash provided by (used in) operating activities	45,446	36,109
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,466)	(17,671)
Proceeds from sale of property, plant and equipment	3,073	5,630
Purchase of investment property	(10,500)	(17,490)
Proceeds from sale of investment property	7,264	1,002
Purchase of intangible assets	(1,957)	(1,797)
Purchase of investment securities	(10,720)	(786)
Proceeds from sale of investment securities	5,322	20,569
Proceeds from redemption of investment securities	7,420	1,702
Proceeds from sale of businesses	—	1,088
Payments for loans receivable	(39)	(167)
Collection of loans receivable	64	52
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	2,986
Other	99	(955)
Net cash provided by (used in) investing activities	(16,439)	(5,836)

(Millions of ¥8 yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(16,309)	7,079
Net increase (decrease) in commercial papers	(17,000)	(8,000)
Proceeds from long-term borrowings	25,000	569
Repayments of long-term borrowings	(21,524)	(17,376)
Proceeds from issuance of bonds	20,000	—
Redemption of bonds	(10,000)	—
Dividends paid	(3,277)	(3,667)
Repayments of lease liabilities	(4,459)	(4,015)
Purchase of treasury shares	(7)	(21)
Other	434	58
Net cash provided by (used in) financing activities	(27,140)	(25,372)
Effect of exchange rate changes on cash and cash equivalents	(43)	2,035
Net increase (decrease) in cash and cash equivalents	1,824	6,936
Cash and cash equivalents at beginning of period	15,380	17,204
Cash and cash equivalents	17,204	24,140

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(6)Notes to the Consolidated Financial Statements
(Notes on the Going-concern Assumption)

Not applicable

(Reporting entity)

Sapporo Holdings Limited (the "Company") is a stock company located in Japan. Both its registered head office and principal business address are located in Shibuya-ku, Tokyo. The Company's consolidated financial statements, with a year-end date of December 31, 2024, consist of the Company and its subsidiaries (collectively the "Group"), as well as the Company's interest in its affiliates. The Group's business and key activities are described in (Segment Information).

(Basis of Creation)

(a) Compliance with IFRS

The Group's consolidated financial statements are prepared in accordance with IFRS (International Financial Reporting Standards). The Company has applied the provisions of Article 312 of the Regulation, as it meets the requirements of "Specified Company Complying with Designated International Accounting Standards" as stipulated in Article 1-2 of the Regulation on Consolidated Financial Statements.

(b) Presentation currency

The Group's consolidated financial statements are presented in Japanese yen, the functional currency of the Company, and are rounded to the nearest million yen.

(c) Changes in the presentation method

(Consolidated Statement of Cash Flows)

The item "Foreign exchange loss (gain)" was included within "Other" under "Cash flows from operating activities" in the previous fiscal year. However, as its monetary importance has increased, it is now presented as a separate line item starting this fiscal year. To reflect this change in the presentation, we have rearranged the consolidated statement of cash flows of the previous fiscal year. As a result, in the previous statement of cash flows, 5,429 million yen originally shown in "Other" under "Cash flows from operating activities" have been reclassified as 111 million yen under "Foreign exchange loss (gain)" and 5,318 million yen under "Other."

(Segment Information)

(a) Overview of reportable segment

The Company's reportable segments are components of the Sapporo Group for which separate financial information is available. These segments are periodically reviewed by the Board of Directors to decide on the allocation of resources and assess performance.

As a pure holding company, the Company oversees Group companies that independently formulate and execute business strategies for their products, services, and target market.

The Group's businesses are segmented mainly by the products, services, and sales markets of its companies and their affiliates. The Company's three reportable segments are Alcoholic Beverages, Food & Soft Drinks, and Real Estate.

The Alcoholic Beverages segment produces and sells alcoholic beverages and operates restaurants of various styles.

The Food & Soft Drinks segment produces and sells foods and soft drinks.

The Real Estate segment's activities include leasing and development of real estate.

(b) Revenue, profit (or loss)

Revenue and performance of the Group by reportable segment is as follows.

Year ended December 31, 2023 (January 1 – December 31, 2023)

(Millions of yen)

	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Total	Adjustment	Consolidated total
Revenue							

External customers	376,862	119,922	21,702	146	518,632	—	518,632
Intersegment revenue	12,363	1,025	2,388	—	15,777	(15,777)	—
Total	389,225	120,947	24,090	146	534,408	(15,777)	518,632
Operating profit	8,890	1,693	8,867	15	19,555	(7,735)	11,820

(Note) Intersegment revenue is based on prevailing market prices.

Year Ended December 31, 2024 (January 1 – December 31, 2024)

(Millions of yen)

	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Total	Adjustment	Consolidated total
Revenue							
External customers	388,162	117,950	24,602	69	530,783	—	530,783
Intersegment revenue	12,025	895	2,446	—	15,366	(15,366)	—
Total	400,187	118,845	27,048	69	546,149	(15,366)	530,783
Operating profit	4,719	5,210	7,343	1,107	18,378	(7,962)	10,416

(Note) Intersegment revenue is based on prevailing market prices.

The "Other" category comprises business segment ,that are not included in the reportable segments. Adjustment include general corporate expenses and intercompany eliminations. General corporate expenses are general administrative expenses that do not belong to any reporting segment.

(Subsequent Events)

None