



SAPPORO HOLDINGS LTD.

Sapporo Holdings Limited

Financial Results Briefing for the Second Quarter of the Fiscal Year Ending December 2025

August 8, 2025

Event Summary

[Company Name]	Sapporo Holdings Limited	
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[Event Name]	Financial Results Briefing for the Second Quarter of the Fiscal Year Ending December 2025	
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[Venue]	Webcast	
[Number of Speakers]	2	
	Hiroshi Tokimatsu	President and Representative Director
	Yoshitada Matsude	Executive Managing Director

Presentation

2025Q2 Summary



» Revenue decreased while core operating profit increased. Progressing in line with the profit plan.

Q2 Financial Summary

(¥bn)	Consolidated (Result)			
	2024Q2	2025Q2	Change	YoY
Revenue	247.7	244.7	(3.0)	(1.2%)
Core operating profit (Revenue-Cost of sales-SG&A exp.)	3.5	7.0	+3.4	+96.2%
Operating profit	7.6	7.2	(0.5)	(6.1%)
Profit attributable to owners of parent	6.1	1.8	(4.3)	(70.6%)

» Revenue: Although Japan alcoholic beverages remained strong, revenue declined due to reduced overall demand for overseas alcoholic beverages, particularly in North America, and the impact of structural reforms in the food & soft drinks business.

» Core operating profit: Increased due to higher Japan alcoholic beverages sales and effective cost management.

» Operating profit: Decreased due to rebound from the prior year's asset sales.

» Net profit: Decreased due to foreign exchange losses caused by yen appreciation.

Main Topics

• Alcoholic beverages (Japan): Amid soft market conditions due to the reaction to price revisions and a sense of uncertainty about the outlook, our sales exceeded both the previous year and the overall market for beer and RTD products thanks to the strengthening of our core brands. We will continue to reinforce our mainstay beer and RTD brands while closely monitoring future market trends and consumer behavior.

• Alcoholic beverages (Overseas): Market conditions remained sluggish in North America due to persistent inflation and U.S. tariffs, creating a sense of uncertainty. As a result, our sales declined year-on-year, particularly for overseas brands. With regard to the U.S. business, structural reforms are progressing steadily. However, concerns remain over future market trends and the impact of tariffs, and we are currently considering additional, more in-depth structural reforms.

• Outlook for This Fiscal Year: By business segment, overseas operations remain weak, but domestic operations are solid. Progress is steady toward the Group's overall profit plan.

• Details of the Group Medium- to Long-Term Growth Strategy: We are developing a Medium- to Long-Term Growth Strategy, with FY2030 as a key milestone, centered on our Alcoholic beverages business. In conjunction with this, preparations are underway for the transition to a business holding company structure next July. The process of injection of external capital into Real Estate Business is also progressing smoothly, and we are on track to reach a conclusion within the year as initially planned.

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Tokimatsu:

Regarding the financial overview, revenue was JPY244.7 billion, a decrease of JPY3.0 billion compared to the previous year. Core operating profit increased by JPY3.4 billion to JPY7.0 billion. Operating profit decreased by JPY0.5 billion to JPY7.2 billion. Profit attributable to owners of the parent was JPY1.8 billion, a decrease of JPY4.3 billion compared to the previous period.

Regarding sales revenue, while domestic revenue remained steady, overseas alcoholic beverage sales decreased due to declining overall demand, particularly in North America. For the food and soft drinks business, revenue decreased as we continue to implement structural reforms. Core operating profit increased due to higher domestic sales and the effects of cost management. Operating profit decreased due to the absence of asset sale gains recorded in the previous year.

For domestic alcoholic beverages, market trends show impacts from concerns about the reaction to April's price revisions and effects from decreased real income. With economic outlook remaining uncertain, the overall market is challenging, but our company has focused on strengthening our flagship brands, Black Label and Yebisu, achieving performance that exceeds the overall beer market. While monitoring future market trends and consumer behavior, we will continue to strengthen our core beer products and RTD brands that we expect to grow.

For overseas alcoholic beverages, market trends require careful attention to economic conditions, especially in the United States, due to uncertainties arising from continued inflation and potential impacts of political changes. With increasing economic uncertainty, we perceive the North American market as experiencing an overall downturn. Consequently, our sales performance has seen a decline in overseas imported brands.

While we are implementing structural reforms in our US business and steadily achieving results, we have significant concerns about the future uncertainty of the North American beer market, particularly centered on the United States. We recognize the need to carefully monitor the situation and be prepared to undertake

more extensive reforms if our current restructuring efforts are deemed insufficient. We are committed to proactively evaluating and adapting our strategy to address the challenging market conditions.

Regarding future outlook, while our overseas business face challenges, domestic operations continue to perform steadily, and the Group's overall profit plan is progressing well. Concerning the Group's medium to long-term growth strategy announced in February this year, our greatest challenge going forward is to develop specific implementation plans.

We are currently working on concrete strategies toward achieving medium to long-term growth centered on the alcoholic beverage business, with 2030 as a milestone. We plan to clearly visualize and execute these strategies within our new medium-term management plan starting in 2027.

Additionally, we are preparing for the transition to a business holding company in July 2026, following the injection of external capital into our real estate business. Regarding the injection of external capital into the real estate business, as we have previously announced, we aim to reach a conclusion by the end of this year, and we recognize that the process is currently progressing smoothly.

2025Q2 Financial Highlights (Consolidated)



➤ Although net profit declined due to factors such as the rebound from the previous year's asset sales and foreign exchange losses from yen appreciation, core operating profit—reflecting the underlying earning power of the business—continued to improve steadily.

(Ybn)	2024Q2	2025Q2	Change	YoY	(Ref) FY2025 Plan	Change	YoY
Revenue	247.7	244.7	(3.0)	(1.2%)	532.0	+1.2	+0.2%
Revenue (excluding liquor tax)	193.4	191.1	(2.3)	(1.2%)	415.8	+2.8	+0.7%
Overseas revenue	61.4	58.5	(2.9)	(4.7%)	130.3	+1.8	+1.4%
EBITDA	14.0	17.8	+3.8	+27.3%	46.7	+2.6	+6.0%
Core operating profit (Revenue-Cost of sales-SG&A exp.)	3.5	7.0	+3.4	+96.2%	24.5	+2.5	+11.2%
(Core operating profit margin)	1.4%	2.8%	-	-	4.6%	-	-
Other operating income (exp.)	4.1	0.2	(3.9)	(94.7%)	(4.5)	+7.1	-
Operating profit	7.6	7.2	(0.5)	(6.1%)	20.0	+9.6	+92.0%
Financial income (exp.)/ Equity in net income of affiliates	1.4	(2.8)	(4.2)	-	(2.4)	(3.6)	-
Profit before tax	9.1	4.4	(4.7)	(51.5%)	17.6	+6.0	+52.1%
Profit attributable to owners of parent	6.1	1.8	(4.3)	(70.6%)	11.0	+3.3	+42.6%

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Matsude:

Regarding the factors behind the decrease in operating profit, other operating income was JPY4.1 billion in the previous year compared to JPY0.2 billion this year, resulting in a negative difference of JPY3.9 billion. This is due to the absence of approximately JPY4.0 billion in asset sale gains recorded in the previous year. For profit for the period, financial income and expenses showed JPY1.4 billion in income last year versus JPY2.8 billion in expenses this year, creating a difference of JPY4.2 billion. This is primarily due to foreign exchange factors - while we recorded foreign exchange gains of approximately JPY2.0 billion last year, this year we incurred foreign exchange losses of JPY1.6 billion, resulting in a significant impact of JPY3.6 billion from currency fluctuations.

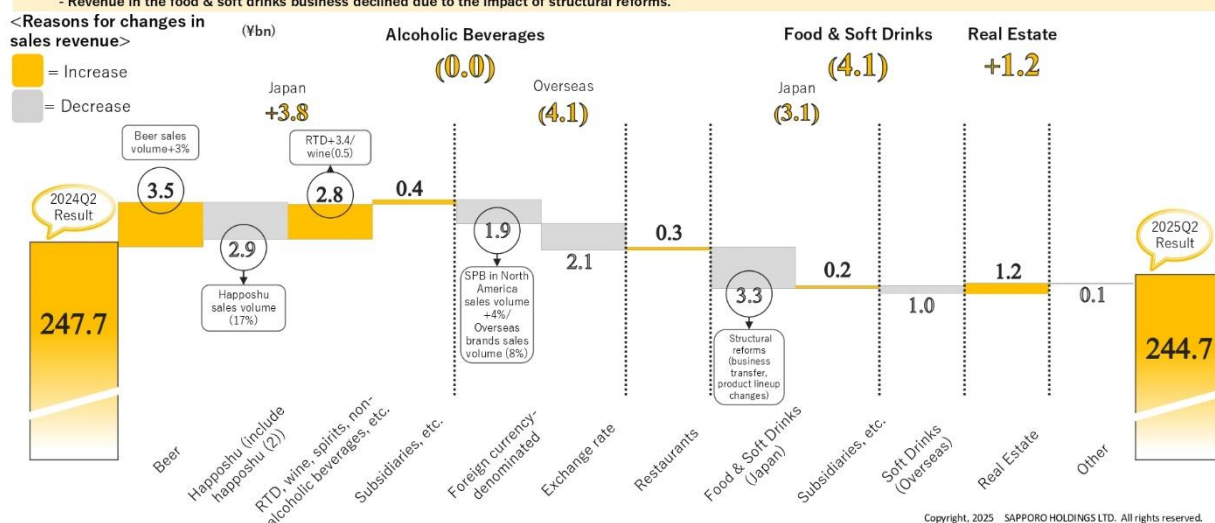
Regarding sales revenue, since we experienced a decrease in the first half, the outlook for the full year is also challenging. For core operating profit, we have achieved an increase of JPY3.4 billion in the first half against our full-year plan of JPY2.5 billion increase, indicating steady progress. Operating profit and subsequent profit items are expected to increase compared to the previous year, partly due to the absence of the JPY13.9 billion

impairment loss recorded in the US last year. Overall, we are progressing steadily against our medium-term management plan.

2025Q2 Financial Highlights (Revenue)



» Although Japan alcoholic beverages remained strong, overall revenue declined by ¥3.0 billion (1.2%) due to lower revenue in overseas alcoholic beverages and the food & soft drinks business.
 - Japan alcoholic beverages saw revenue growth despite a decline in happoshu, supported by increased volume and price revisions for beer and RTD products.
 - Although SPB performed well in North America, revenue in overseas alcoholic beverages declined due to reduced sales volume of overseas brands and the impact of foreign exchange rates.
 - Revenue in the food & soft drinks business declined due to the impact of structural reforms.



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Domestic alcoholic beverages and real estate saw increased revenues.

Domestic alcoholic beverages increased by JPY3.8 billion, with beer sales increasing by JPY3.5 billion offsetting the JPY2.9 billion decline in happoshu. Additionally, RTD contributed an increase of JPY3.4 billion through volume growth.

Overseas alcoholic beverages decreased by JPY4.1 billion, with approximately half of this decline attributed to foreign exchange factors. While SPB showed a strong 4% increase, overseas brands declined by 8%.

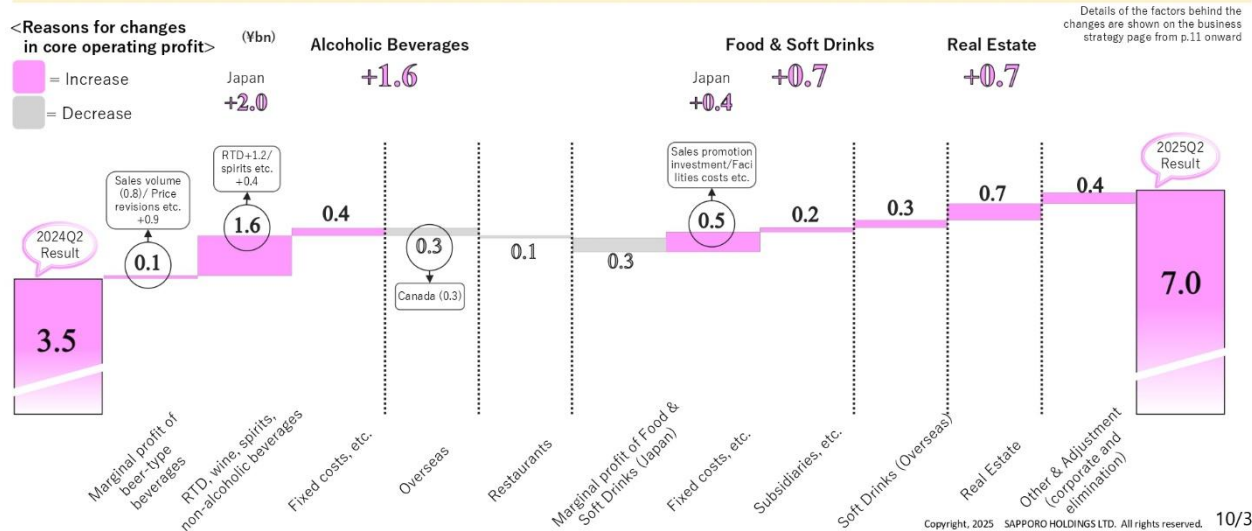
Food and soft drinks' revenues decreased by JPY4.1 billion, primarily due to a JPY3.1 billion reduction from business transfers and structural reforms in the domestic food and soft drinks business.

The real estate business increased revenues by JPY1.2 billion, driven by the steady occupancy rate of YGP offices and contributions from hotels in the Sapporo area and newly operational properties.

2025Q2 Financial Highlights (Core Operating Profit)



- » All business segments—alcoholic beverages, food & soft drinks, and real estate—recorded profit growth (YoY+¥3.4 billion).
 - Profit in Japan alcoholic beverages increased due to revenue growth and effective cost management.
 - Although revenue in the food & soft drinks business declined due to the impact of structural reforms, profit increased thanks to price revisions and effective cost management.



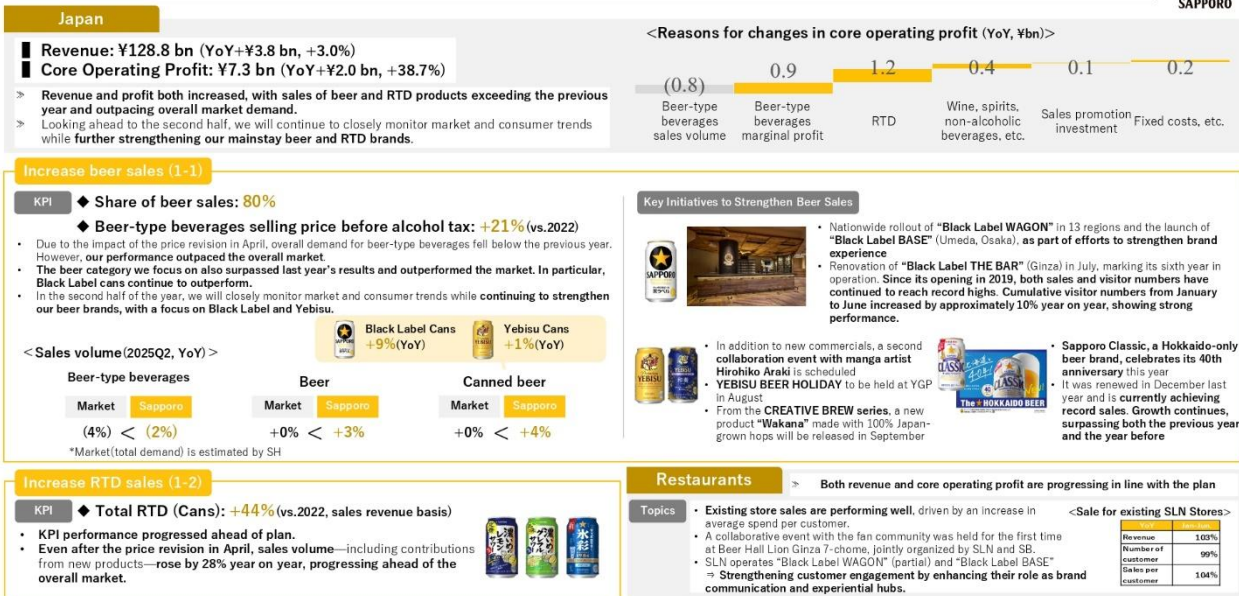
Core operating profit increased across all segments: alcoholic beverages, food and soft drinks, and real estate. Domestic alcoholic beverages drove the increase in the alcoholic beverage business.

Domestic alcoholic beverages saw a JPY2.0 billion profit increase, resulting from price revisions, improved product mix due to beer brand strengthening, RTD volume growth, and the effects of cost management in equipment and other expenses.

The food and soft drinks business increased core operating profit by JPY0.7 billion, offsetting volume declines through cost structure reform effects and price revisions in the domestic food and soft drinks business.

The real estate business achieved a JPY0.7 billion core operating profit increase due to revenue growth effects.

Business Strategies: Alcoholic Beverages (Japan/Restaurants)



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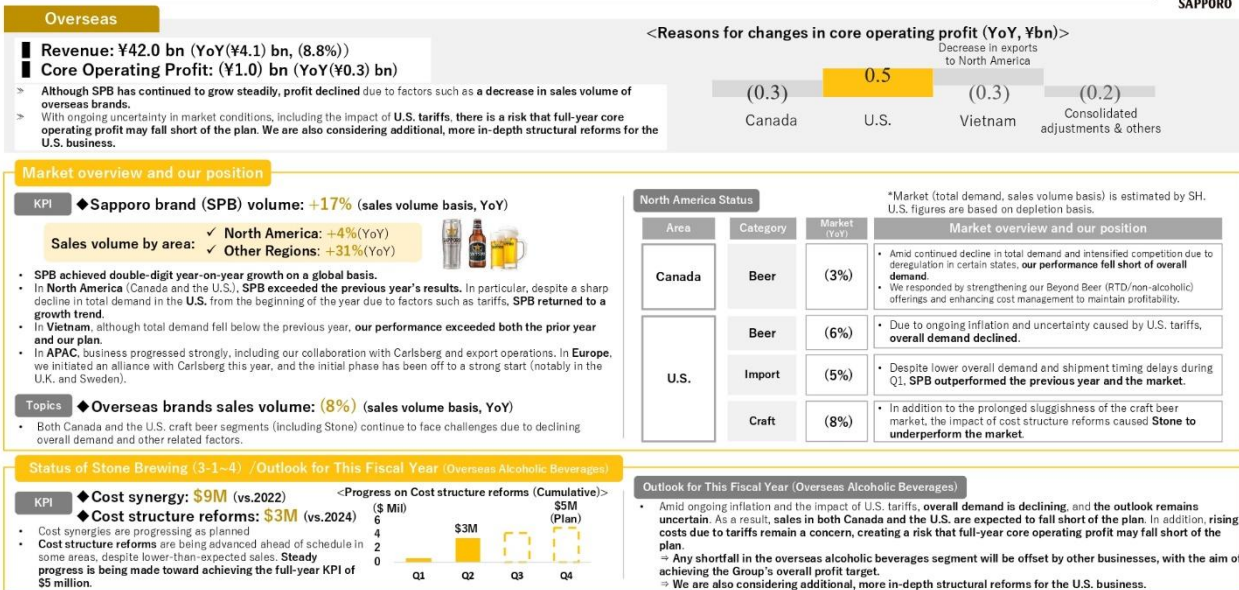
A key strategic theme for domestic alcoholic beverages is beer strengthening. In the first half, overall beer market sales volume decreased by 4% compared to the previous period, likely influenced by declining consumer sentiment since April. In this context, our company saw a 2% decrease. We will continue to monitor market trends in the second half due to some fluctuating factors.

Within beer categories, beer sales volume increased by 3% compared to the previous period, outperforming both last year and the market. Canned beer was particularly strong, with our company seeing a 4% increase. Specifically, Black Label canned beer continued its strong performance with a 9% increase. The beer proportion within beer categories increased by 2 percentage points to 80% in the first half. We aim to raise this to 83% this year, compared to the current market average of approximately 55%.

For beer strengthening, we will continue to focus on existing beer brands. Specifically, we will expand customer touchpoints and grow our fan base by enhancing brand experiences centered on Black Label and Yebisu.

Regarding RTD, we successfully increased sales volume by 28% even after price revisions. We will continue to establish our brands and new products in the market.

Business Strategies: Alcoholic Beverages (Overseas)



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The key strategic themes for overseas alcoholic beverages are SPB growth and structural reforms. Global SPB sales volume increased by 17%. In the North American market, SPB grew by 4% while the beer market was declining. Outside North America, SPB saw a significant 31% increase.

The Canadian beer market declined by 3% as initially expected, with our performance slightly below that. The US beer market decreased by 6%, lower than our initial projection. SPB outperformed the previous year, while import brands declined by 5%. The craft market decreased by 8%, and Stone underperformed due to structural reform impacts.

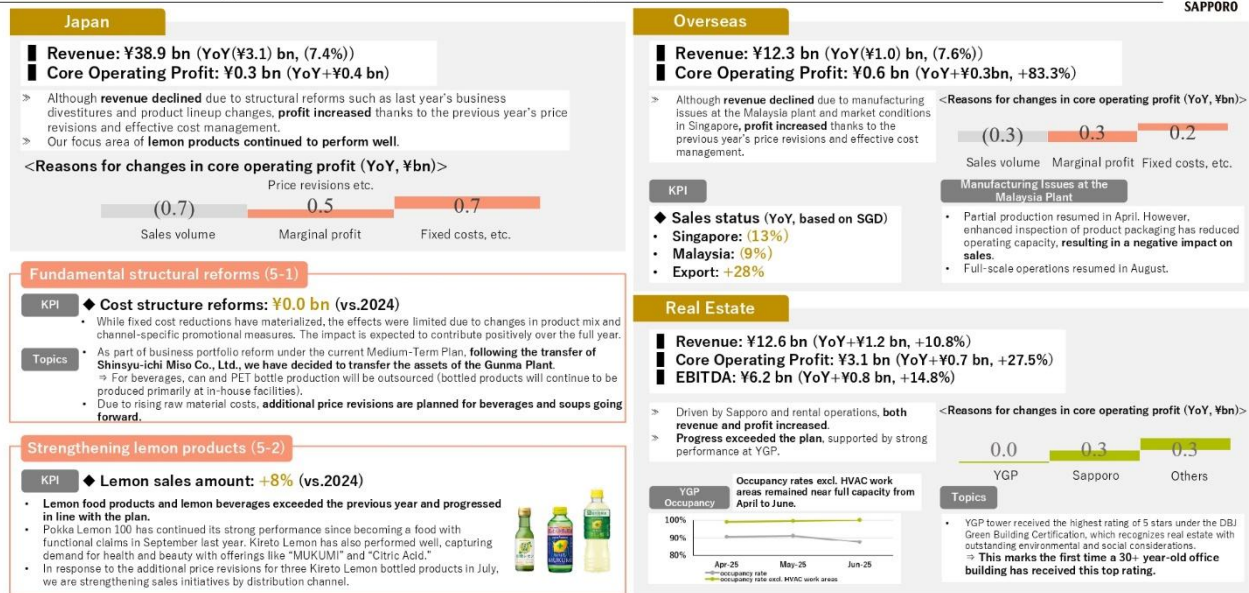
In Vietnam, despite a 1% decrease in total demand, our sales grew by 11%. In other Asian areas, we are expanding partnerships with Carlsberg in Hong Kong, Singapore, and Malaysia. Export businesses are also performing well, with Carlsberg collaboration expanding to Europe.

Stone brand sales have decreased, but cost structure reforms are progressing smoothly. We've generated cumulative synergy effects of \$9 million, a \$4 million increase from the previous year. Cost structure reforms have created \$3 million in effects, progressing towards our \$5 million target.

Overseas alcoholic beverage sales plans face downward pressure due to the uncertain North American beer market and exchange rate fluctuations. Annual core operating profit plans are at risk due to revenue decline and anticipated tariff-related cost increases. We are considering more extensive structural reforms for the US business.

However, the Group's overall profit plan remains achievable, supported by strong domestic business performance.

Business Strategies: Food & Soft Drinks (Japan/Overseas)/Real Estate Business



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Domestic food and soft drinks experienced reduced revenue due to previous year's structural reforms but achieved increased profits through price revisions and cost management. The cost structure reform effects were limited in the first half, but we anticipate a JPY0.6 billion impact for the full year.

Key second-quarter highlights include the divestment of Shinsyu-ichi Miso Co.,Ltd and the decision to sell the factory in Gunma. Additionally, we continue to focus on the lemon business, which has grown by 8% in sales and remains strong.

Regarding the real estate business, YGP office occupancy is at 90%, and excluding air conditioning construction areas, the spaces are essentially at full capacity. The business has achieved increased revenue and profits, driven by hotel renovations from the previous year and new property additions.

Question & Answer

<General>

Q1: My question is for the newly appointed President, Hiroshi Tokimatsu. Although you have touched on the topic in media interviews, could you explain the key areas of management strategy where you are thinking about taking risks and implementing M&A, particularly overseas?

A1: The potential for growth is greatest overseas. However, we need to consider M&A in accordance with the Company's management strategy, rather than simply prioritizing M&A. Consequently, our top priority is enhancing our M&A capabilities. This includes considering time horizons in addition to just considering amounts of money.

Q2: Some industry peers have pointed out that it is difficult to maintain production capacity utilization in the domestic alcoholic beverages business, partly due to the declining population. What are your views on industry-wide collaboration and reorganization of production systems?

A2: While no specific discussions are currently underway, we already engage in OEM arrangements. Over the medium to long term, consumption of alcoholic beverages is forecast to decline by half in 25 years' time. Our long-term goal is a 25% share of the narrowly defined beer market. However, current volume will not necessarily increase even if we achieve this goal. It is likely that companies have a shared sense of the challenges regarding the areas in which there should be coordination and competition. Such initiatives are inevitable, and it is time for us to consider them.

Q3: What is your vision and what do you consider to be the value you provide to society and your core competencies?

A3: Our strength is creating a world view and experience value through the act of drinking beer. Ten years ago, sales volume of Black Label Cans was half the current level, and sales volume of Sapporo Lager Beer (commonly called "Akaboshi") was also less than a third of the current level. We have grown significantly despite no new brands, and we have started to receive requests for bottled Akaboshi beer from restaurants. Our strength lies in building brands that are not only physical products but also incorporate the world view and values the products embody. Our goal is to create premium customer value, including experiences at YEBISU BREWERY TOKYO and Ginza Lion Beer Hall.

Q4: At present, you are implementing various alliances related to overseas expansion, such as the one with Carlsberg. What is the future direction for strategic alliances and how do you envisage the resulting growth scenario?

A4: We have expanded our partnership with Carlsberg, primarily in Asia, and we are also partnering with Coopers Brewery in Australia. It is important to secure alliances aimed at the growth of Sapporo Premium Beer (SPB). In North America, SPB has continued to grow and there is high market demand, so we will focus on this region as a major pillar of future growth. We have signed a memorandum of understanding with Carlsberg to explore collaborations in both manufacturing and sales areas in order to increase the speed of

growth in Vietnam as well. We will accelerate our global growth by combining this alliance strategy with our strengths.

Q5: Is it possible you will consider a profit growth strategy using an asset light model as a strategy for global expansion of the brand business? Could there be a shift toward a growth model focused more on capital efficiency rather than being driven by sales as in the past?

A5: We are not aiming to be asset-light or fabless company, but it is necessary to increase the efficiency of assets viewed from the perspective of improving ROE. However, at the same time, it is important to invest in experience opportunities in order to grow our brand. We recognize the need for investment in assets, including experience opportunities, in places around the world. It is important to create a premium rather than reducing prices to sell volume. Under the next Medium-Term Management Plan, we would like to be more explicit about our unique growth strategy and clarify our unique value creation.

Q6: What are your thoughts on cash allocation after injecting external capital to the real estate business?

A6: As the direction that external investment in the Real Estate business will take becomes clearer by the end of the year, we will prioritize intensive investment into the Alcoholic Beverages business while taking a balanced approach that includes repayment of borrowings related to the Real Estate business and shareholder return. We plan to indicate the direction of cash allocation when the direction the Real Estate business will take has been determined.

Q7: In terms of the use of cash, can domestic investment be accomplished through regular cash flow? Should we understand that the cash obtained from external capital injection in the real estate business will be primarily directed towards overseas investments?

A7: The Overseas Business has significant margin for growth, and we continue to position it as the priority area. At the same time, in Japan, updates are also needed in such areas as non-alcoholic beverages and ready-to-drink (RTD) products, as well as production systems. We are also considering investment that includes improving productivity at the main plants in Japan. We will proceed with balanced investment between Japan and overseas.

Q8: With regard to the review of the business portfolio, you have implemented reorganization in areas other than the Real Estate business, including the transfer of Shinsyu-ichi Miso Co., Ltd. Please explain how you would like to proceed going forward from a medium- to long-term perspective.

A8: In terms of the policy for our medium- to long-term strategy, the Alcoholic Beverages business is our core business, and we are reviewing related businesses on the basis of their contribution to growth in Alcoholic Beverages. The transfer of Shinsyu-ichi Miso Co., Ltd. and the transfer of the plant-based yogurt business last year are part of this strategy. In particular, in the operations of the Food & Soft Drinks business, we are shifting from the single business company of the past toward creating synergies with Alcoholic Beverages. We are focusing on leveraging the strengths of the lemon business to create synergies to promote greater alignment between Alcoholic Beverages and Soft Drinks, primarily in R&D. Our products account for approximately 80% of the lemon juice flavoring market, and RTD products are also based on the lemon business. We believe that we now have a clear outlook in terms of the broad framework for our review of the business portfolio.