



SAPPORO HOLDINGS LTD.

Sapporo Holdings Limited

Medium-Term Management Plan (2023-2026)

and Q3 Financial Results Briefing for the Fiscal Year Ending December 2022

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Event Summary

[Company Name]	Sapporo Holdings Limited	
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[Event Name]	Medium-Term Management Plan (2023-2026) and Q3 Financial Results Briefing for the Fiscal Year Ending December 2022	
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[Number of Speakers]	6	
	Masaki Oga	President and Representative Director
	Yoshitada Matsude	Managing Director
	Rieko Shofu	Director
	Tetsuya Shoji	Outside Director
	Shuji Fukuda	Outside Director, Audit Committee Member
	Hiroyuki Nose	President and Representative Director, Sapporo Breweries Limited
[Analyst Names]	Hiroshi Saji	Mizuho Securities Co., Ltd.
	Manabu Sumoge	Okasan Securities Co., Ltd.
	Ami Yoshida	JPMorgan Securities Japan Co., Ltd.
	Satoshi Fujiwara	Nomura Securities Co., Ltd.
	Nobuyoshi Miura	Citigroup Global Markets Japan Inc.

Presentation

Moderator: Hello, investors. Thank you for joining us today for the presentation of the new medium-term management plan and financial results for Q3 of FY2022 of Sapporo Holdings Limited. The time has arrived, and we will now begin.

Today's briefing will consist of two parts. The first part of the meeting will be a presentation on the new medium-term management plan. After an hour including Q&A, the second part of the meeting will be a presentation of financial results for Q3 of FY2022. This session is scheduled for 30 minutes including Q&A.

Attending the first part of the meeting are Mr. Masaki Oga, President and Representative Director, Sapporo Holdings Limited; Mr. Yoshitada Matsude, Managing Director; Ms. Rieko Shofu, Director; Mr. Tetsuya Shoji, Outside Director; Mr. Shuji Fukuda, Outside Director, Audit Committee Member; and Mr. Hiroyuki Nose, President & Representative Director of Sapporo Breweries Limited.

Attending the second part of the meeting will be Mr. Oga, Mr. Matsude, Ms. Shofu, and Mr. Nose.

Please have on hand the summary of financial results, supplementary information to the financial results, PowerPoint presentation material of the financial results, and explanatory material of the new medium-term management plan.

Mr. Oga will begin with a summary of today's events, and then Ms. Shofu will give an overview of the new medium-term management plan based on a PowerPoint presentation. Please go ahead.

Oga: Before I give my summary, I would like to talk about the year 2020, when the current medium-term plan began.

The year 2020 coincides with the start of the pandemic. As you know, the year ended disastrously, with a loss. In light of the results, we had some thoughts that it would be difficult to continue the current medium-term management plan for a long time, but we have been working on it, giving priority to promoting structural reform of the Company first.

Regarding the results, or glimpses of the results, we would like to give a presentation of the financial results after this. We take the loss very seriously and recognize that it is the mission of our management team to improve our corporate value, and that we would like to make a strong effort to increase profits for our shareholders and other stakeholders.

Since that time, we have had lively discussions with the outside directors on how we can improve the value of the Company. The plan was developed through a process that included interviews with operating companies conducted solely by outside directors, meetings of the Outside Directors Committee, and the making of recommendations based on the results of these meetings.

We have been discussing this issue intensively this year, but it has taken us a total of three years. It is also very important to start the new year with a fresh start in January, so we believe that today's financial results presentation is the best time to announce this.

Also, since there has been a lot in the press, I would like to address some of your concerns here. There has been a lot in the press over the past day or two about 3D Investment Partners Pte, Ltd. They are a shareholder of the Company, and we have received a letter from them. And it is also true that we are engaged in dialogues.

However, we would like to ask for your understanding that we will not disclose our interactions with individual shareholders.

We have prepared our medium-term management plan in this manner, reflecting the opinions and suggestions we have received from various shareholders through IR and SR activities, and at the same time, taking them seriously.

In that sense, there have been some statements or reports in the press that the outside directors do not fully understand the opinions and requests of shareholders, or that they consistently reject requests, but we believe that such statements are not true. We intend to engage in even more constructive dialogues with our shareholders.

Summary



➤ FY2022 Q3 Results

- Increased revenue and profit achieved in Q3
- The initial annual plan is expected to be achieved.

➤ Medium-Term Management Plan (2023-2026)

- Basic policy : “Beyond150 - New Growth Through Business Structure Transformation -”
- Management with a strong awareness of capital efficiency : Achieve ROE of 8% in 2026
- A plan with high probability of achievement with various measures
- Transformation of real estate business : Improve profitability and asset efficiency by diversifying the earnings structure
- Sustainability management : Aiming to enhance corporate value by realizing economic value and social value

For details of the new medium-term management plan, please refer to the "[Medium-Term Management Plan PowerPoint](#)".

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I will now move on to the summary. Financial results will be explained later.

In that context, our strongest focus in our medium-term plan has been on improving capital efficiency. As a result, we have set a goal of achieving an ROE of 8% by 2026.

We have been building on efforts to increase the certainty of achieving our current medium-term plan.

The first major part of the efforts is that we have been thinking about and enhancing various measures in each of our businesses, including securing a manufacturing base such as Stone Brewing Co. in the US as well as in Japan.

Then we would like to clarify that we are once again committed to the real estate business as an important business. We hope to improve profitability and asset efficiency by diversifying our revenue structure.

The time frame for this real estate business is slightly different from other businesses, and we have to think over a long span of time. We would like to include not only rent centered on YGP, but also the development of larger projects. We are considering various measures, not everything on our own.

We have created this medium-term management plan with the belief that our community contributions and community development, including these three businesses, is what we are aiming for, and that it will lead to sustainable management.

We intend to enhance our corporate value by realizing both economic and social value.

That is all from me.

Moderator: Thank you for the explanation. Ms. Shofu will continue with an explanation. Please go ahead.

Shofu: I will now explain the medium-term management plan 2023 to 2026.

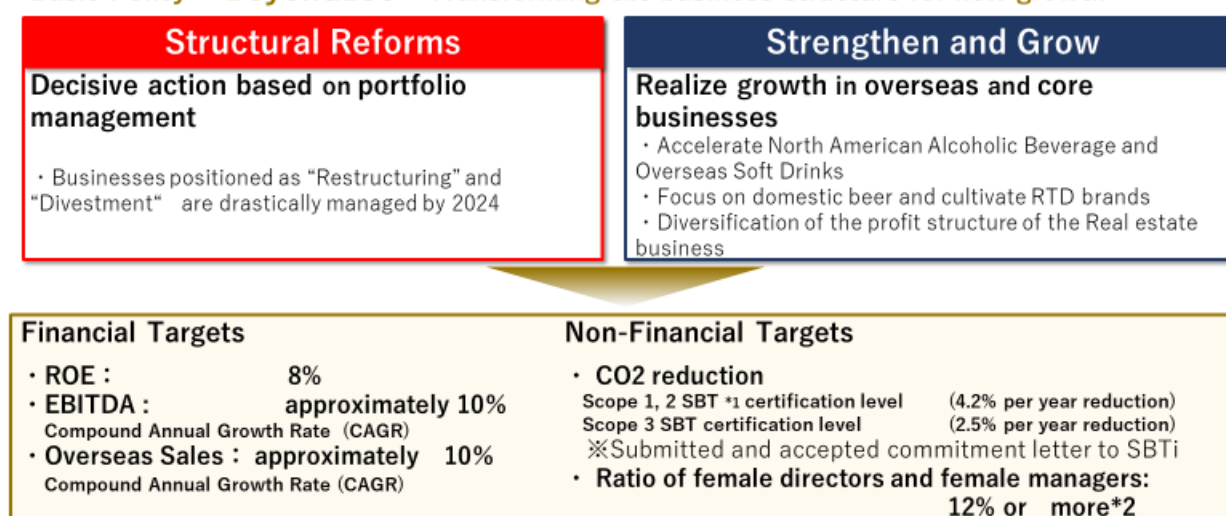
First, I would like to reiterate that the medium-term management plan that I am presenting today has been thoroughly discussed by internal and external directors, based on dialogues with investors and inputs from outside experts.

I will now proceed with the explanation according to the materials.

Essentials of Mid-Term Plan 2023-26



<Basic Policy> **Beyond150** ~Transforming the business structure for new growth~



*1 SBT(Science Based Targets) The greenhouse gas emission reduction target set by a company consistent with the level required by the Paris Agreement.
*2 22-year results: 8.3% for female executives and 5.4% for female managers

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Page four. The basic policy of this medium-term business plan is "Beyond 150: Transforming the business structure for new growth."

The Sapporo Group will celebrate its 150th anniversary in 2026. In this medium-term plan, we plan to build a foundation for growth in order to keep demonstrating its exclusive value to society beyond this 150th anniversary milestone.

To this end, we have examined our past management policies and reviewed our business portfolio from multiple perspectives to ensure clear positioning. We intend to manage in line with this portfolio to increase capital efficiency and enhance corporate value.

The first thing to be addressed is structural reform. Businesses categorized as businesses subject to restructuring and divestment in the portfolio will be fundamentally reviewed by 2024.

Next, in strengthening and growth, we will strengthen the profitability of our Japan alcoholic beverages and real estate businesses, and prioritize the allocation of resources to our overseas businesses to achieve growth. The entire group will be managed with greater awareness of capital efficiency than ever before.

As Mr. Oga mentioned earlier, our financial target is 8% ROE, and the current rate is 3.1%, so we plan to increase this by about 5 percentage points during the period of this medium-term plan.

In addition, to enhance cash generation, we have set the compound annual growth rate of EBITDA and overseas sales at approximately 10% each as a growth target.

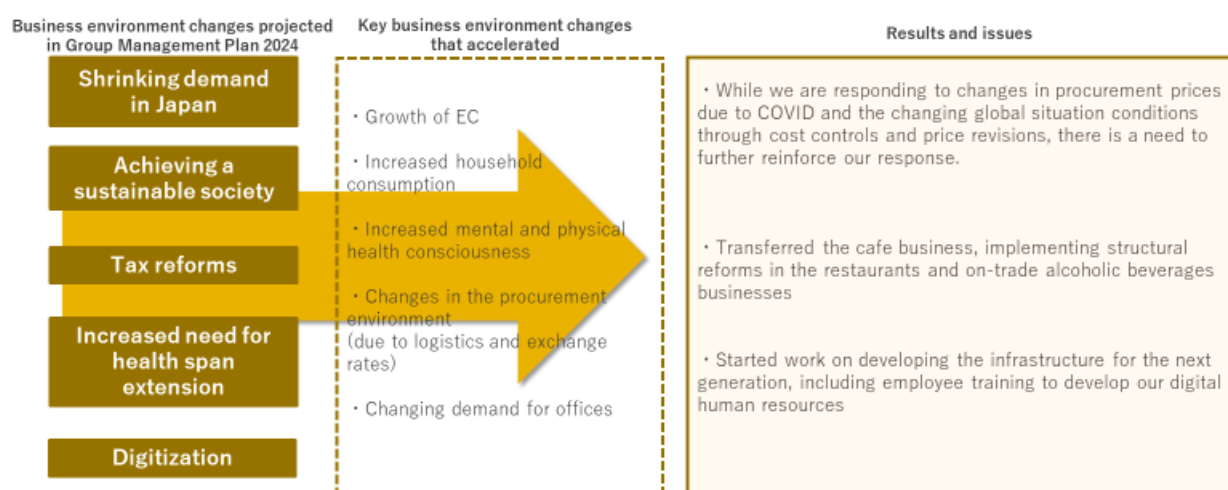
Main non-financial targets. We will reduce CO2 emissions in Scope 1, 2, and 3, respectively, to SBT certification levels. For your information, commitment letter was submitted to SBT initiative this quarter, and has already been accepted.

As part of our commitment to diversity and inclusion, we aim to achieve a ratio of female directors and managers of at least 12%.

Review of Business Environment Changes



At the time we were launching Group Management Plan 2024, the COVID-19 pandemic occurred, having a massive impact on our performance. In this business environment, we proceeded with the partial reorganization of unprofitable businesses and structural reforms.



Now, I would like to take a brief look back at the Group management plan to date.

In 2020, the pandemic began, and the impact on our performance was tremendous. Furthermore, changes in the environment have accelerated more than expected or even unexpected. E-commerce, in-home consumption, and consumer health awareness are on the rise more than ever.

In addition, also, as you all know, costs are rising due to various factors such as procurement costs for raw materials and energy. Exchange rate is also a big factor. In response to these changes, we have been selling off our café business or making structural changes in our restaurant and commercial-use alcoholic beverages business.

Efforts are also underway to respond to changes in the procurement environment. We believe that further strengthening is necessary.



We worked on structural reforms as well as global expansion, including the acquisition of a production base in the U.S. However, the issues of resource allocation and speed remain, particularly in the Food & Soft Drinks business (Japan).

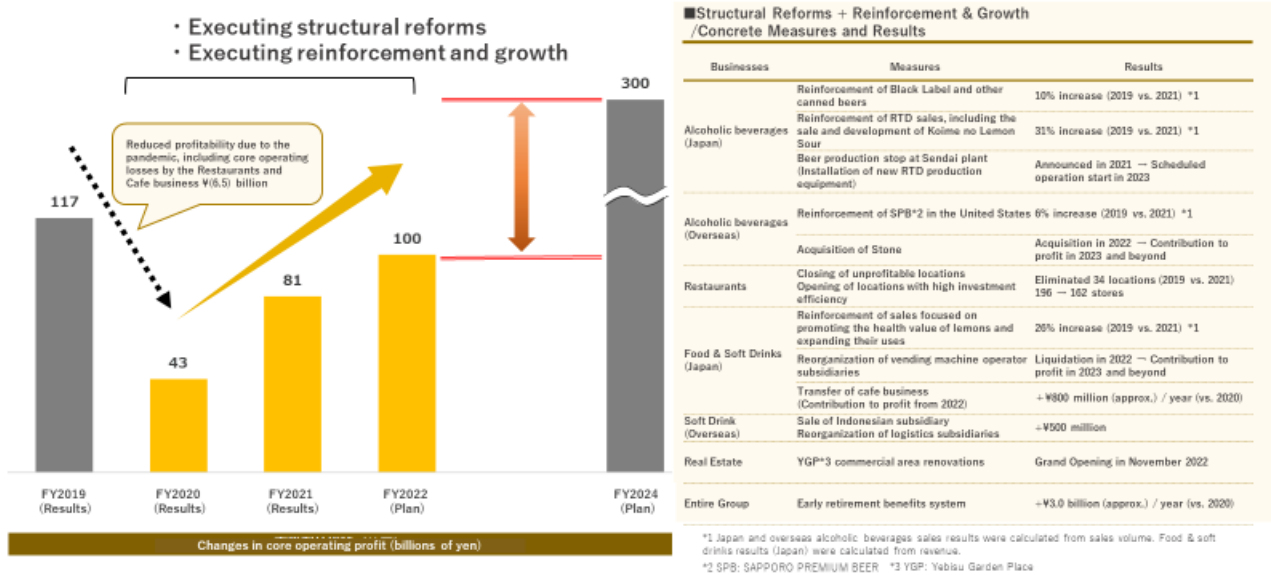
Basic Policy	Key Findings	Issues
<p>Concentration on and strengthening of core business</p>	<ul style="list-style-type: none"> Seven consecutive years of sales growth for Black Label cans Transfer of the Cafe business, partial reorganization of the Restaurants and Vending Machines businesses 	<ul style="list-style-type: none"> Acceleration of selection and concentration based on the reorganization of our business portfolio Resource allocation with clear priorities Concentration on and strengthening of core business
<p>Acceleration of global expansion</p>	<ul style="list-style-type: none"> Growth of overseas alcoholic beverages business Improved profitability of overseas Soft Drinks business 	<ul style="list-style-type: none"> Improving profitability of problem businesses Development of global management talent, continuous reinforcement of our brands
<p>Establishing a simple and compact corporate structure</p>	<ul style="list-style-type: none"> Clarifying the role of our holdings companies and transferring business promotion functions to our operating companies Starting work on development of DX talent 	<ul style="list-style-type: none"> Supporting business strategies, building a business foundation for the creation of new value
<p>Promoting sustainability management</p>	<ul style="list-style-type: none"> Steady progress is being made on priority issues of each business, such as breeding varieties of ingredients adapted to the changing climate 	<ul style="list-style-type: none"> Planning and execution that achieves both social and economic value and balances risk with opportunity from a long-term perspective

In addition, the Group Management Plan 2024 sets forth four basic policies. In this context, the growth of overseas businesses has been progressing with respect to the acceleration of global expansion.

To establish a simple and compact corporate structure, some functions of the holdings company were transferred to the operating company to clarify their roles.

However, regarding the concentration and strengthening of the core business mentioned at the top, it is true that there are still challenges in resource allocation and speed, especially in the Japan food & soft drinks business.

In addition, each of our businesses made progress in addressing key sustainability management issues. However, the social environment is constantly changing. In this context, we believe that even more vigorous planning and execution is needed.



Quantitatively, COVID-19 in 2020 had a negative impact of approximately JPY6.5 billion on core operating profit, particularly in the restaurant and café business. We recognize that there is still a large gap toward the targets we have set.

Under these circumstances, we have made progress in various reform and improvement initiatives in all segments and businesses, from Japan alcoholic beverages to real estate. These efforts are to bear fruit over the current and next fiscal years and beyond.

Management Philosophy and Value Provided

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

Utilizing the assets of "Highly Unique Brands" and "Engaging with customers and communities,"
We have created a unique brand experience in 2 domains : "time" and "space."
With the essence of "richness" that changes with the times,
We will contribute to the "richness" of nature, society, and the spirit that will lead to tomorrow.

【Our Value】

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



I would now like to explain our medium-term plan 2023 to 2026.

First, I would like to discuss our management philosophy and the value we provide.

The Sapporo Group's unchanging management philosophy is As an intrinsic part of people's lives, Sapporo will contribute to the evolution of creative, enriching and rewarding lifestyles. However, the concept of enrichment will change over time. We have defined the essence of enrichment as the enrichment of nature, society and mind.

The Group has three businesses of alcoholic beverages, food & soft drinks, and real estate, and a group of distinctive brands under each of these businesses. Our value is to contribute to the wellbeing of our customers through the time and space that they spend with us, and to the enrichment of nature, society and mind.

The "Well-being" Provided by the Sapporo Group



We contribute to the well-being of people and regional societies by realizing the "three riches" included in our management principles.



For example, the alcoholic beverages business's focus on manufacturing products from raw materials, the real estate business's use of group assets to revitalize local communities, the connections with people that enjoy beer, and the food & soft drinks business's promotion of the health value of lemons, these are efforts all unique to our company and will lead to the enrichment of nature, society, and mind.

Group synergy that promotes the realization of well-being

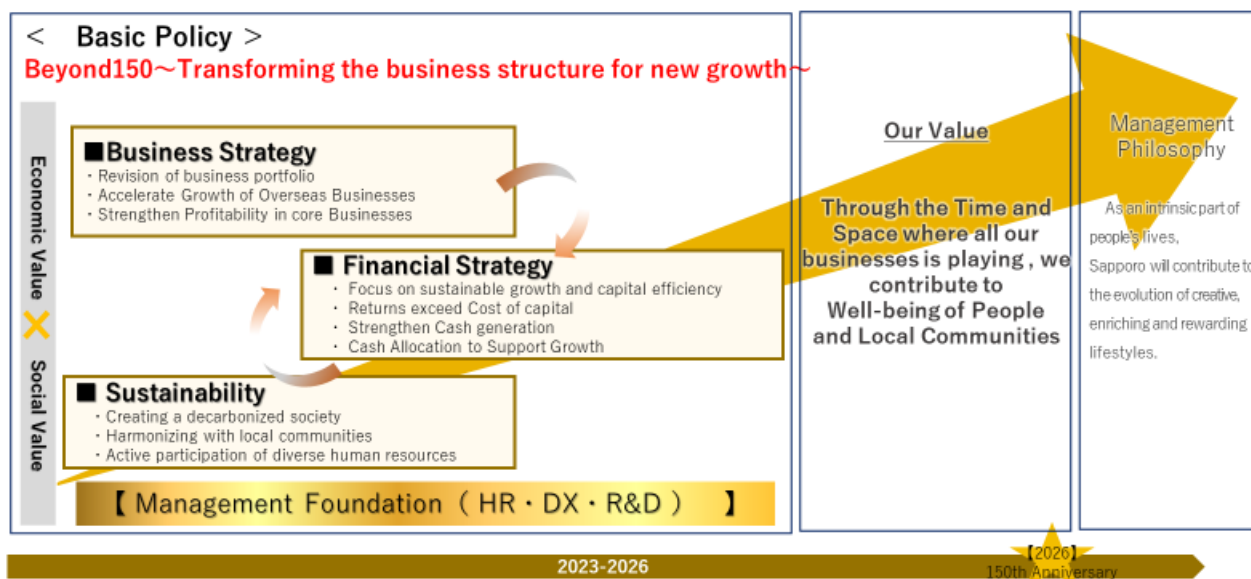


Centered around the Group's shared assets, namely our brands and our connection to customers and the regional communities, we will create synergy that deepens coordination between our businesses and contributes to well-being.



In addition, each business within the Group will collaborate in branding, marketing, customer contact and joint product development, with a focus on alcoholic beverages, to create synergies that lead to wellbeing.

Mid-Term Management Plan (2023~26)



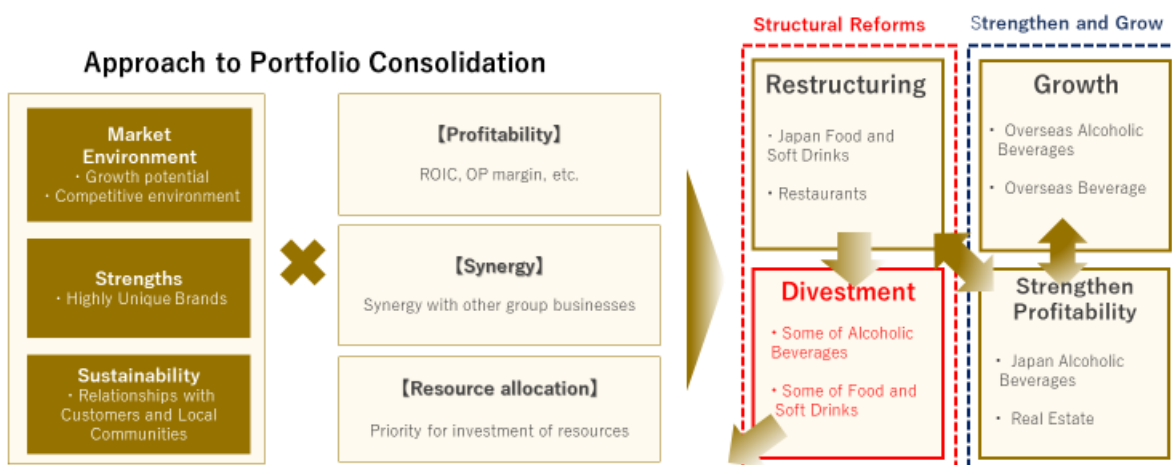
We will move on to page 13. The framework of the medium-term management plan is as shown here.

I will explain the specifics of our business strategy, followed by sustainability, financial strategy, and management foundation, in that order.

Business Portfolio Management



Businesses positioned as "Disinvestment" are promptly reorganized. In other businesses, the Company will assess the direction of ROIC and achievement of operating income each fiscal year as its main criteria.



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First is the business strategy.

We have positioned the businesses within the Group in four quadrants based on market environment, strengths, sustainability, profitability, synergy, and resource allocation.

The items we have placed in the businesses subject to divestment in the lower left-hand corner are some alcoholic beverages and some food & soft drinks. This will be promptly divested. Also, included in the restructuring are Japan food & soft drinks and restaurants. In the upper right-hand corner, we have placed overseas alcoholic beverages and overseas beverages in the growth area, and in the lower right-hand corner, Japan alcoholic beverages and real estate in the strengthen profitability area.

We will determine the direction of these businesses by using ROIC or the degree of profit attainment as the main criterion for each fiscal year.

We will decisively implement drastic structural reforms by 2024 to focus on the lemon business and break away from low profitability.

	FY2021 Results	FY2026 Plan
Core operating profit margin	-	3.8%

*Negative value, therefore "-"

Topic

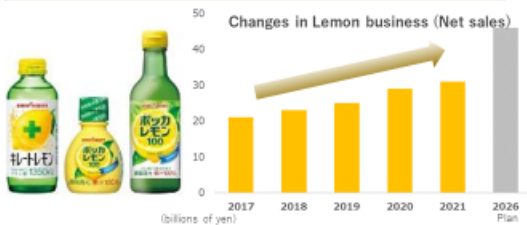
- 2021 saw major product brands Pokka Lemon 100 and Kireto Lemon hit new shipment records for the third year running.
- Structural reforms such as the reorganization of vending machine operator subsidiaries, transfer of the Cafe business

Major issues

- Decisive and drastic structural reforms of our low-profitability businesses other than the lemon business
- Concentrated investment of resources into the further expansion of the lemon business, which is expected to grow

Action plan

- Sale of / withdrawal from unprofitable businesses and non-core businesses
- Solving of structural issues through business partnerships
- Further structural reform of the Vending Machine business
- Significant reduction soft drinks, soups, and other SKUs
- Reorganization of multiple production centers
- Promotion of growth strategy by shifting resources to the lemon business



Resources shift

Beverages, soups, etc. → Lemon business (Food & Soft Drink), etc.

Let me start with the businesses we have placed in the restructuring.

First, domestic food & soft drinks.

A major challenge for Japan food & soft drinks business is the low profitability of businesses other than lemon. Although we have sold the café business and partially withdrawn from the vending machine business, we recognize the need for fundamental structural reforms to address the overall low profitability of the business.

Specifically, we will seek to resolve issues by selling or withdrawing from low-profit or non-core businesses, or by forming business alliances. In soft drinks, we will substantially reduce the number of SKUs and thereby improve efficiency. We will also reorganize several production bases through the above initiatives.

The lemon business, on the other hand, is a business that has been growing in revenue all along with the increasing health consciousness of consumers. We will concentrate our resources in lemon for further expansion.

Reorganization (Restaurants)

We will further strengthen the revenue base and focus on synergy with the Japan Alcoholic Beverages business to realize stable profit and increase brand communication. We will aim to achieve profitability in 2023 and increase the speed of the rehabilitation.

	FY2021 Results	FY2026 Plan
Core operating profit margin	-	5.0%

*Negative value, therefore "-"

Topic	
	- Execute structural reforms in response to declining demand for the restaurant market (Closing of unprofitable locations, opening of locations with high investment efficiency)



Major issues	
	<ul style="list-style-type: none"> - Building a robust management system with an eye on a post-COVID world - Creating synergy with the Japan Alcoholic Beverages business through shared brand contact points and sales channels

Action plan	
	<ul style="list-style-type: none"> - Further profitability improvements through a shift to key business categories - Development of "Medium, Small, and Suburban" business models - Strengthening coordination with Japan Alcoholic Beverages business as a hub for brand communication - Increased productivity through DX and work style reforms, further lowering of the break even point through management and indirect cost reductions - Increased profitability through reorganization of businesses in the Hokkaido area

Resources shift	
	Enhancing more  YEBISU BAR, GINZA LION

Next is the restaurant business.

While the impact of COVID-19 continues, we have been very aggressive in closing unprofitable stores. I will report the results for Q3 later, but we have returned to profitability from April to June and from July to September. Going forward, we will concentrate on medium-sized and small stores, and then on stores in the suburbs of cities.

In addition, we will continue to shift resources to YEBISU BAR and Ginza Lion businesses. We will speed up the revitalization process and transform the business into one that contributes to the Group.

In addition, we will further strengthen brand and sales synergies with our Japan alcoholic beverage business.

Growth of Overseas Business (Alcoholic Beverages)

We will aim for further growth of the Sapporo brand, especially SAPPORO PREMIUM BEER (SPB), in the United States, a growth driver, by creating synergy with Stone, which became a subsidiary in August.

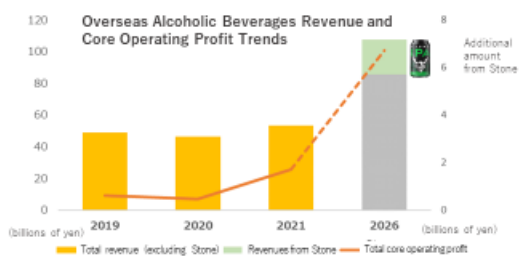
	FY2021 Results	FY2026 Plan
Core operating profit margin	3.2%	6.2%

Started exporting **1964**

No. of countries sold* **33**



*Countries where the Sapporo brand is sold



Topic

- Well received for its well-balanced taste and high Japanese quality, it has been the No. 1 selling Asian beer in the United States for 36 consecutive years.
- In 2021, we reinforced sales of canned products in the United States, where demand was on the rise, achieving best-ever sales of SPB.

Key Issues of the North American Alcoholic Beverages Business

- Further increasing of our American presence
- Insufficient production capacity, low-efficiency logistics network

Action plan

- Early realization of synergy with Stone
- Establishing an SPB production and logistics system leveraging Stone facilities
- Effective marketing • Building a sales system



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Next is the business we have placed in the growth category.

Overseas alcoholic beverages include the US and Canada in North America, and Vietnam, as well as export business, with the US being the growth driver for this business. SAPPORO PREMIUM BEER, which is sold overseas under the brand SPB, has been expanding its fan base based on the concept of East meets West. It has continued to grow steadily, and in North America, we are in the number one position for Asian beer sales .

However, until now, we have not had a manufacturing base in the US, and we have transported products from manufacturing bases in Vietnam and Canada. The acquisition of Stone Brewing Co this quarter addresses these supply chain challenges. We expect supply chain synergies with Stone Brewing Co , as well as synergies in terms of sales, which will result in a profit effect of approximately JPY4 billion.

Growth of overseas business (Soft drinks)

Reinforcement & Growth



We aim to turn our overseas businesses into a growth driver for the Group by expanding sales in countries and regions with growth potential, such as Malaysia and the Middle East, starting from Singapore.

	FY2021 Results	FY2026 Plan
Core operating profit margin	4.7%	5.0%

Founded	1977	
No. of countries sold	60 or more	

We completed structural reforms in 2018-2019 and returned to a growth trajectory thanks to contributions by our existing brand strength and various business initiatives.



*1 Pokka Pte. Ltd

*2 Scheduled completion in Q1 2024

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Topic	<ul style="list-style-type: none"> No. 1 share in tea beverages in Singapore Growing presence of the POKKA brand in Malaysia and other neighboring countries No. 1 share in energy drinks in the UAE
Major issues	<ul style="list-style-type: none"> Maintaining the high market share established in Singapore and expanding into the surrounding areas Reinforcing our sales system in Malaysia Marketing in the Middle East, where we have a strong presence in energy drinks Streamlining of operations by consolidating dispersed warehouses and offices
Action plan	<ul style="list-style-type: none"> ✓Singapore <ul style="list-style-type: none"> Stimulating demand through new value propositions centered on health and wellness ✓Malaysia <ul style="list-style-type: none"> Expanding brand recognition and distribution ✓Middle East, etc. <ul style="list-style-type: none"> Establishing a new marketing hub to expand exports ✓Footing <ul style="list-style-type: none"> Consolidation of logistics, office, and R&D functions through establishing a new Pokka Logistics Hub (Singapore)*2 

Next, overseas beverages.

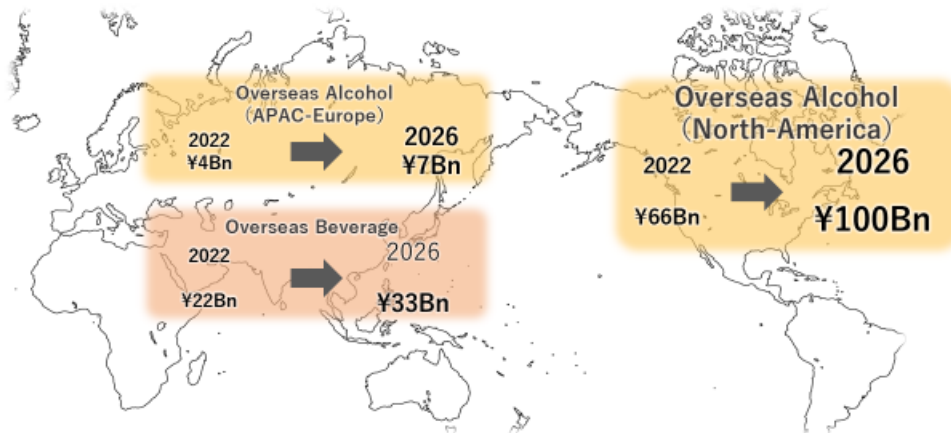
Overseas, we are developing our beverages under the brand POKKA, and we are in the unassailable number one position in tea beverages in Singapore. POKKA was quick to implement structural reforms and has continued to increase profits even during the pandemic. In the future, we will strengthen our sales structure in Malaysia and the Middle East, where there is room for growth, to expand revenues.

In Singapore, we are currently constructing a logistics base, which is expected to be completed in 2024, and we will consolidate our offices and R&D functions at this base to improve efficiency.

Revenue growth for Overseas Business



	2022	2026	CAGR Target
Overseas Alcohol	¥ 70 billion	¥107 billion	approximately 10%
Overseas beverage	¥22 billion	¥33 billion	



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With these initiatives, we expect a CAGR of approximately 10% growth in overseas businesses, with sales of approximately JPY100 billion in overseas alcoholic beverages in North America in 2026, JPY33 billion in overseas beverages in 2026, and JPY7 billion in other regions.

Reinforcing Profitability of Core Businesses (Japan Alcoholic Beverages ①)

Reinforcement & Growth

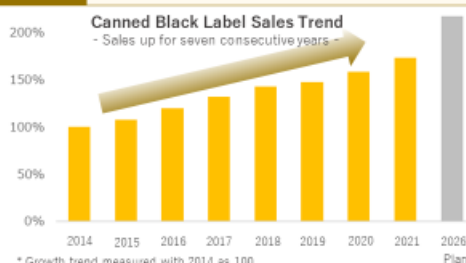


These four years will be a period in which we structurally shift away from low profitability by, among other things, reorganizing our product categories, and put the Company on a growth trajectory by continuing the strong trend in categories such as Beer and RTDs.

	FY2021 Results	FY2026 Plan
Core operating profit margin	3.5%	5.7%

Topic

- Seven consecutive years of sales growth for Black Label cans
- Establishing core brands such as Koime no Lemon Sour and Otoko Ume Sour in the RTD and RTS*1 business
- Beer production stop at Sendai plant, shifting to RTD production facility



Major issues

- Structural shift away from low profitability
- Focus on areas where we can leverage our strengths towards growth

Structural shift away from low profitability

Action plan

- ✓ Reorganization of product categories
 - Increase revenue by reinforcement of high-unit-price, high-profit products
 - Scaling back of happoshu and "new genre" beer-type beverages, domestic table wines
- ✓ Cost reductions and recomposition
 - Cost reductions through the expansion of RTD production center (Sendai plant) and construction of flexible production system
 - Review sales expenses and promote strategic resource allocation based on sales data (Brands, Channels, Areas)
 - Continuous reduction of fixed and variable costs, including a review of our personnel structure and facilities

*1 RTS: Ready to serve Liqueur that only needs to be mixed with ice, soda, etc. before serving.

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Next, let's look at the businesses placed in the strengthen profitability area.

First, Japan alcoholic beverages.

We will make structural transformation from low profitability and further select and concentrate on areas where we have strengths. The first point of structural transformation is to improve and reorganize the product

mix. We will strengthen high unit price products by downsizing domestic daily wines as well as happoshu and new genre beverages.

Next, we will change the cost structure. As we have already announced, we have decided to stop beer production at the Sendai plant. The plan is to convert this Sendai location into a manufacturing base for RTDs and capture the costs that had been outsourced. Conversion to RTD factory is targeted to be operational in H2 2023.

In addition, we will also organize our cost structure, including channels, areas and personnel structure, in order to break away from low profitability.

Reinforcing Profitability of Core Businesses (Japan Alcoholic Beverages ②)

Reinforcement
& Growth



We will turn our core businesses into the Group's growth drivers by improving revenue and creating a market through marketing levers our strengths to the maximum in clear areas of focus.

■ Focus on areas where we can leverage our strengths towards growth

Beer	<ul style="list-style-type: none"> ✓ We will further increase the appeal, premium status, and profitability of the Black Label and Yebisu brands, which we have been reinforcing ahead of the alcohol tax revisions. <ul style="list-style-type: none"> • Communications that facilitate the penetration of the Black Label world view we have spent so long fostering • Development of a unique Yebisu brand product line that colors the times customers spend enjoying beer ✓ Reinforcing our relationships with customers <ul style="list-style-type: none"> • Expanding customer contact points through the effective utilization of the real, e.g. restaurants, and the digital • Creating more fans of the Black Label brand by linking our on-trade and off-trade products
RTD	<ul style="list-style-type: none"> • Sale and concentrated marketing of the new market-creating products that will become mainstay brands • Reinforcement of Koime no Lemon Sour and Otoko Ume Sour
Creation of new value	<ul style="list-style-type: none"> • Accelerated development of appealing RTS products that broaden the scope of enjoyment • Proposal of diverse products and services to meet changing lifestyles



On the other hand, in the focus areas, the mainstay is beer. In anticipation of the revision of liquor tax, we have been strengthening our mainstay brands, Black Label and Yebisu. In fact, sales of Black Label cans have increased for seven consecutive years. Going forward, we intend to make these two brands even more attractive and increase their profit margins.

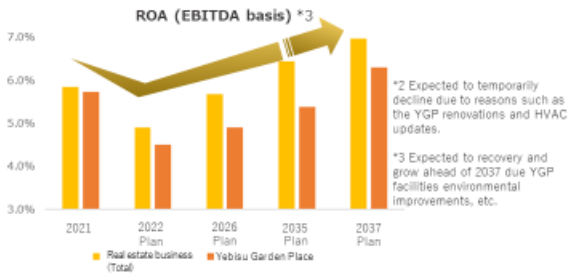
RTD is also one of the focus areas. In the RTD category, we plan to maintain and strengthen our current core brands of Koime no Lemon Sour and Otoko Ume Sour, while developing and launching new market-creating products that will become our third core brand.



We will improve profitability and asset efficiency over a long-term time horizon by transforming from a business entity focused on rentals to one that comprehensively enhances asset value.

	FY2021 Results	FY2022 Plan*2	FY2026 Plan
ROA*1	5.7%	4.9%	5.7%

*1 EBITDA basis



*2 Expected to temporarily decline due to reasons such as the YGP renovations and HVAC updates.

*3 Expected to recover and grow ahead of 2037 due to YGP facilities environmental improvements, etc.

Topic	Details
	<ul style="list-style-type: none"> Increasing the property value of Yebisu Garden Place (YGP) (Introduction of renewable energy, HVAC updates, etc.) Grand opening of YGP Center Plaza in November 2022 Expand efforts in asset turnover businesses

Major issues	Details
	<ul style="list-style-type: none"> Responding to changes in the revenue structure of the leasing business, especially YGP Further reinforcement of our relationship with the region through community building

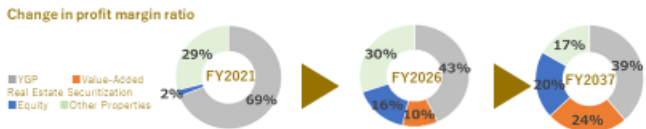
Action Plan For Beyond 2026 (2037)

Core property value enhancement and community building

- Enhancing our competitiveness by increasing the value of YGP and promoting community building
- Improving the value of Sapporo area assets ahead of the extension of the Hokkaido Shinkansen line to Sapporo

Building an asset turnover business model (Diversification of revenue structure and improvement of asset efficiency)

- Promote real estate equity investment and value-added real estate securitization businesses
 - *Investing with asset ratios of up to 30%
- Aim to build an asset turnover business model by establishing an investment boutique in 2023 and preparing to form private placement funds and/or private placement REITs by 2025
 - *Private placement funds and private placement REIT will cover properties other than YGP and other core properties.



Now, let's look at the other business that we have placed the profitability enhancement area, the real estate business.

We manage real estate from a long-term perspective due to its business characteristics. We recognize that 2026 is a passing point.

Until now, leasing has been the mainstay of this business, accounting for most of our revenues. As you all know, the earnings structure of Yebisu Garden Place, the mainstay of this leasing business, will change in the future due to renovations and the replacement of air conditioning and other equipment in the office building. In response to this, we have a plan to transform to the asset turnover business model by combining some of our assets with equity investments, VA securitization business, and private REITs formation. By doing so, we plan to improve overall asset value.



We will leverage our strengths as the owner of the historic brands and assets that bear the names of the cities of Sapporo and Ebisu to promote integrated community development through co-creation with local governments and partners to enhance value.

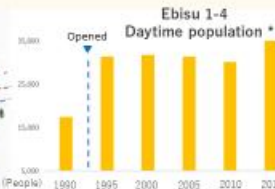
-Community Building With Beer and People- Ebisu, Sapporo



YEBISU BEER HOLIDAY Held in September 2022



We created a brand experience throughout the entire Ebisu area.



The opening of YGP increased the daytime population and contributed to the presence and value of Ebisu.



We will redevelop Sapporo Garden Park, the origin of the brand, to attract customers and reinforce our brand communication ability.



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*Source: "Daytime Population of Tokyo (by Workplace and Commuting Area) According to the Population Census." Tokyo Metropolitan Government, General Affairs Bureau, Statistics Department

In addition, among the assets we own, for our core properties in Ebisu and Sapporo, we will work together with local governments and partners to develop and enhance the community value by leveraging the unique strengths as the owner. These initiatives advance our sustainability agenda and improve our brand value, which is also linked to beer.

Just yesterday, the commercial building of Yebisu Garden Place was reopened and is attracting a lot of attention as an experience-type facility.

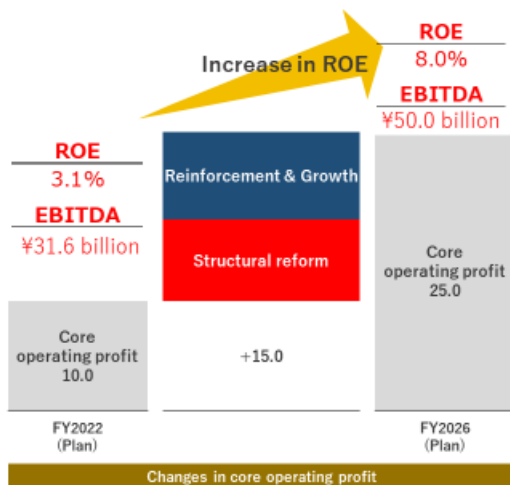
Summary of Business Strategies

Structural reform

Reinforcement & Growth



By making decisive structural reforms, we will accelerate growth, strengthen our profitability, and realize an ROE of 8%.



Businesses	Structural Reforms, Reinforcement & Growth / Specific Measures	Amount*
Alcoholic beverages (Japan)	Reinforcement of Beer / Improving Profitability of Beer-type Bev.	+5.0
	RTD Business Growth and Production Streamlining, Etc.	+4.0
Alcoholic beverages (Overseas)	Stone Acquisition Synergy / SPB Growth	+4.0
Food & Soft Drinks (Japan)	Cost Structure Reforms	+2.0
Businesses	Other Major Measures	+2.0
Real Estate	Revenue Structure Diversification	
Soft Drink (Overseas)	Expanding Sales and Increasing Logistics Efficiency	
Entire Group	Drastic Reorganization of Unprofitable Businesses, Etc.	

*Net amount reflecting the impact of cost increases, etc. shown

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Through these structural reforms and growth strategies, we will achieve ROE of 8%.

We have also included the profit impact related to our major initiatives. In Japan alcoholic beverages, strengthening of beer and improved beer profit margin will add JPY5 billion, and growth in RTD business will add JPY4 billion.

In overseas alcoholic beverages, synergies with Stone Brewing Co, as explained, will have a profit effect of JPY4 billion. In addition, in Japan food & soft drinks, a combination of cost structure reforms and other factors will amount to JPY2 billion.

In addition, other major business initiatives are expected to have a total benefit of about JPY2 billion, but I would like to add that these amounts are based on further expected increases in energy and raw material prices.

Sustainability Strategy (Key Issue)



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Next is sustainability.

In conjunction with the formulation of our medium-term management plan, we have completely revised our sustainability priorities. The issues reviewed in this process are organized within the framework of harmony with the environment, co-prosperity with society, and the success of human resources, and we have a total of seven priority issues under each framework.

Sustainability (most important issue)



Facilitate improvements in corporate value by addressing global and regional issues and working in collaboration with stakeholders.

Most important issue	Specific Initiatives	Major KPI
Realization of a decarbonized society	<ul style="list-style-type: none"> Reducing CO2 emissions in In-house bases, Supply Chains 	<ul style="list-style-type: none"> CO2 reduction Scope 1,2 SBT certification (4.2%/year reduction) Scope 3 SBT authorization-level (2.5%/year reduction) <small>※Submitted and accepted commitment letter to SBTi</small>
Mutual Prosperity with Local Communities	<ul style="list-style-type: none"> Enhancing Regional Value By utilizing our own resources Solving Regional Issues 	<ul style="list-style-type: none"> Enhancing the value of owned properties and creating livelihood Promoting Regional Revitalization Projects Supporting lemon production in Japan
Active participation of diverse human resources	<ul style="list-style-type: none"> Promoting D&I Improving productivity of Human capital investments 	<ul style="list-style-type: none"> Ratio of female executives and managers: 12% or more*1 Work engagement: Over 54*2 <small>※1 22-year results: Female officers 8.3%, Female managers 5.4% ※2 Employee Awareness through Advantage Risk Management Co., Ltd. Work Engagement Deviation Value of the Survey 22-year results... 53.6 Reference: Average of enterprises surveyed: 59.2</small>

Creating Economic Value

- Reduction in energy consumption by energy conservation, etc.
- Control of cost increases when carbon tax is introduced
- Enhancing area brand value and Robust profitability from owned property
- New Sales Opportunities by Regional Co-Creation initiatives
- Enhancing work engagement, Productivity improvement

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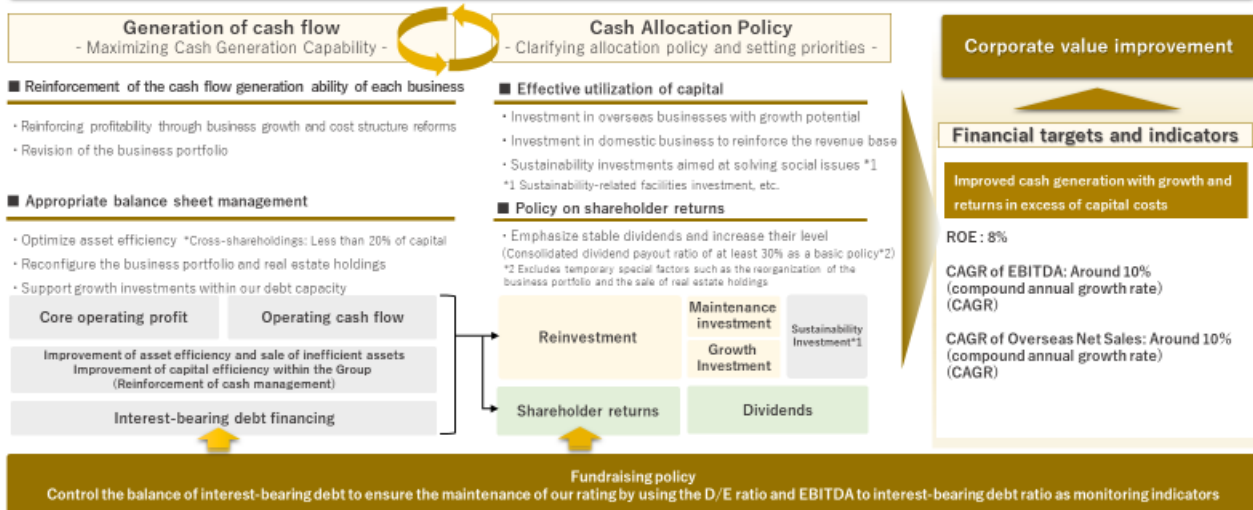
We have placed the realization of a decarbonized society, co-prosperity with the local community, and the success of diverse human resources as the most important issues, as they are strongly related to the Sapporo Group's business and have a high impact on society. We will set specific initiatives and KPIs for each, which will also lead to the creation of economic value.

Financial Strategies (Big Picture)



Financial Strategy Focused on Sustainable Growth and Capital Efficiency

- Strengthening cash generation capabilities and improving capital efficiency to ensure increased corporate value -



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Next is the financial strategy.

Our financial strategy is based on sustainable growth and an emphasis on capital efficiency. We will strengthen our ability to generate cash flow and allocate it based on a clear allocation policy.

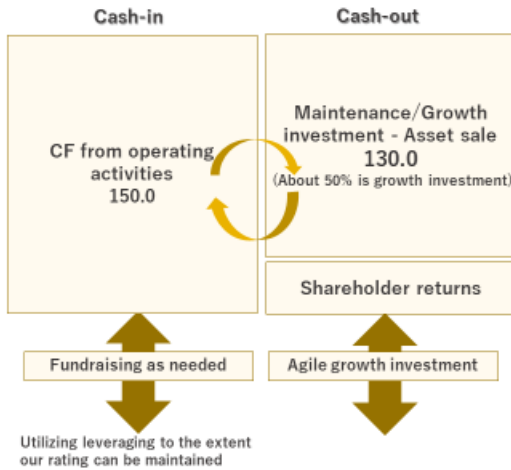
Financial Strategies (Cash Allocation Policy)



We will maintain financial soundness by balancing operating and investment cash flows.

We will respond flexibly to growth investment opportunities such as M&A by utilizing financial leveraging to the extent that our current rating can be maintained.

■ Cash allocation during the four-year period (2023-2026 plan)



Policy on investment

- Actively promote growth investment to accelerate the speed of business growth
- Priority targets for growth investments are the overseas Alcoholic Beverages and overseas Soft Drinks businesses
- Sustainability-related investment will be promoted while considering the return on investment from a long-term perspective
- Agile growth investment(e.g., M&A)
 - Respond flexibly to profitable growth investment opportunities

Asset reduction policy

- Real Estate
 - Promote securitization through the advancement of the Value-Added Real Estate Securitization business and reconfiguration of the property portfolio
- Cross-shareholdings
 - Achieve a ratio of less than 20% of capital to capital ratio and continuously improve the ratio

Policy on shareholder returns

- We will aim to increase the dividend level in line with profit growth over the medium to long term while maintaining stable dividend with the current dividend level as the lower limit.

(Consolidated dividend payout ratio of at least 30% as a basic policy*)

*Excludes temporary special factors such as the reorganization of the business portfolio and the sale of real estate holdings

I would like to explain the allocation a little specifically.

In terms of cash outflow, we plan to invest approximately JPY130 billion in maintenance and growth investments over the period of this medium-term management plan. We would like to allocate about 50% of this amount as growth investment, giving priority to overseas businesses.

In addition, about 60% of the total maintenance and growth investments will be allocated to the alcoholic beverage business. And, we then plan to allocate about 10% of the total to sustainability-related investments.

With regard to assets, we will take necessary reductions in terms of proper management of the balance sheet.

As for policy stockholdings, we intend to achieve less than 20% as a percentage of equity during this medium-term plan period.

Regarding shareholder returns, the Company will aim to increase the level of dividends with medium- to long-term profit growth, while maintaining stable dividends with the current dividend level as the lower limit. Our basic policy is to maintain a consolidated dividend payout ratio of 30% or more.

Initiatives for Management Platform



We will strengthen the management foundation that supports business and financial strategies and sustainability in order to achieve business structure transformation and new growth.
We will identify priority activities and allocate resources in the areas of Human Assets, DX, and R&D.

Important measures		Specific policies (~2026)	Target: Holdings Companies and Major Group Companies
Human assets	<ul style="list-style-type: none"> ① Aggressive investment for speedy growth ② Promoting diversity ③ Increasing engagement and promoting health ④ Development of management talent 	<ul style="list-style-type: none"> ① Active investment in development/securing of and strategic allocation of human resources based on a global human asset development system ② Creating an environment conducive to D&I, achieving a female executive/management ratio of at least 12%* ③ Improving work engagement by reinforcing supportive management skills and supporting mental toughness ④ Growth support and placement based on Group-wide Succession Plan 	* Results as of the end of September 2022: Female executives 8.3%, Female managers 5.4%
DX	<ul style="list-style-type: none"> ① Building a system for the promotion of DX/IT strategies ② Improvement of organizational and human asset management ③ Success of developed human assets, development/operation of environment 	<ul style="list-style-type: none"> ① Creation of multifaceted operational synergies through the organizational and functional integration of DX and IT ② Increasing the level of human resources of the entire Group through systematic development, hiring, and utilization ③ Facilitation of a new environment for creating business process reform and the development of new business realms 	

Goal Image		Important measures	
R&D	<ul style="list-style-type: none"> • Converting our strengths into value that the world demands and providing it on an ongoing basis 	Alcoholic Beverages	<ul style="list-style-type: none"> • Developing technologies for sustainable raw material procurement ... Climate change-ready barley and hops • Pursuit of the taste and function of alcoholic beverages ... Scientific clarification and business application of "Intoxication and Health" • Pursuit of new drinking experiences ... Fostering empathy through the use of the digital, providing entertainment, etc.
	<ul style="list-style-type: none"> • Creation of new categories and markets 	Food & Soft Drinks	<ul style="list-style-type: none"> • Research on the health functions and improving the quality of lemons ... Expanding the uses for lemon juice • Creating new value from untapped resources ... Utilization of whole lemons as ingredients

Finally, management platform and other initiatives.

Regarding human assets, based on business portfolio management, we will first invest in developing and securing global human resources, and then strategically allocate them.

The ratio of female directors and managers, etc. as part of D&I are as I mentioned at the beginning.

We are also reviewing our personnel system and will improve work engagement by strengthening supportive management or supporting mental toughness.

In terms of DX, we have already started a training program to develop all employees into DX human resources this fiscal year. We have about 4,000 employees in Japan, most of whom have already received basic training, and we are now focusing on the development of leaders.

Going forward, our transformation will focus on process reforms in the supply chain.

In R&D, we will focus on the sustainable procurement of raw materials and the experience of good taste, and in food & soft drinks, we will focus on the area of health functions.


We will aim to create value as an opportunity for new growth through efforts including collaboration with external parties.

Major Initiatives

Uchi-repi

(An app that allows intra-family communicate through cooking)

- Our goal is to provide consumers with a convenient and comfortable smart lifestyle by establishing an ecosystem for family meals that encompasses everything from shopping to cooking.
- We will build a cross-industry platform in collaboration with companies in different fields and monetize the platform through promotions such as sending customers to stores.




■ Future service developments

- ① Linkage of shopping information
- ② Linkage of purchase suggestions
- ③ Linkage of recipes
- ④ Linkage of refrigerator inventory data

Regional Development Projects


- We will create new value in the form of contributing to the resolution of ongoing local issues through a business that undertakes municipal proposals.

■ Examples



Our Community Building Efforts in Sapporo's Sosei East Area

- We have started a project to redevelop Sapporo Factory Parking Lot No. 4 into a new hub connecting the Sosei East Area*.
- Through co-creation with local governments and partners in the area, and with the collaboration with the Sapporo Factory and Sapporo Garden Park, we aim to create a creative community where the "work, live, and play" of the people who live there are all within walking distance.



■ Sapporo Factory Parking Lot No. 4 Redevelopment Project

* The Sosei East Area is attracting attention as an area with a concentration of cafes and restaurants that make use of historical buildings, theaters and galleries where the art scene gathers, and offices with a strong creative flavor.

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Finally, I would like to talk a little beyond the medium-term management plan period. Let me introduce some of our efforts toward the creation of new value.

Uchirepi on the left side is our in-house venture. It is a mobile application that includes functions such as shopping, cooking, refrigerator inventory utilization, and family communication.

The concept is to provide a smart life through food. We officially launched this summer, and it is already being used by many people and companies. We are still in the incubation phase, but we would like to commercialize and nurture this business over the long term.

Also on the right side, you will see our long-term commitment to the real estate business. The Shinkansen bullet train will extend to Sapporo in 2030, and we own several properties in the Sosei East area near the Sapporo Shinkansen station.

We have already begun redevelopment of some of the properties, and we plan to work with the local government and our partners to create an affluent community in the entire area that offers work, residence, and recreation in proximity, with the long-term goal of increasing asset value.

I have now explained the strategies and specific initiatives of our medium-term management plan.

As introduced at the beginning of this presentation, our outside directors also present today. Director Shoji will say a few words.

Shoji: I'm Shoji, Outside Director. On the announcement of this medium-term management plan, I would like to say a few words on behalf of the outside directors.

We, the outside directors, have listened sincerely and widely to the opinions of shareholders and stakeholders, and have led free and vigorous discussions at the Board of Directors meetings. We have actively considered the formulation of this medium-term management plan that has just been announced, and in particular, the reorganization and strengthening of our business portfolio, including structural reforms, as explained earlier by Director Shofu, through a series of discussions.

I am confident that the steady implementation of this new management plan will enhance the corporate value of the Company, and we, the outside directors, would like to support the executive side of the Company.

We are pleased to participate today as a valuable opportunity to hear the opinions of our analysts, and we look forward to your support.

Moderator: Thank you for the explanation.

Question and Answer

Moderator [M]: We will now begin the question-and-answer session. When it is your turn and the moderator calls your name, please ask your question after your company name and your name.

We will now begin the question-and-answer session. Please ask your questions in a question-and-answer format. In addition, to respond to the questions from many people, we will limit the number of questions to two per person.

First, Mr. Saji of Mizuho Securities.

Saji [Q]: I'm Saji from Mizuho Securities. Since this is a good opportunity, I would like to ask Outside Director Shoji about this medium-term business plan, which was discussed at the Board meeting. What is your awareness of the current business portfolio in terms of profitability and synergy, and what do you think is optimal?

You are proceeding with various structural reforms in each field, but as a general framework, you are maintaining the current Japan alcoholic beverages, food & soft drinks, overseas business, and real estate businesses as they are. As an outside director, what is the background of why you think this is the best, and are you aware of any issues in your business portfolio? This is the first question.

Shoji [A]: Thank you for your question. Today, President Nose, who is in charge of beer, is also here, so I hope he will reinforce my answer. In our medium-term management plan, we have just formulated a plan for the recovery of our core business as one of the main pillars.

We take seriously the fact that we do not have an advantage in the market, but when we think about how we can provide alcoholic beverages centered on this beer to a certain number of fans and those who love SAPPORO, there are areas where we can strengthen our current capabilities even further. Therefore, we are proposing to strengthen our beer and other alcoholic beverages business.

If we use the term "core business concentration," for example, sales of Black Label cans have been increasing for seven consecutive years. Therefore, of course we want to compete in the beer business, and the current plan is the result of various discussions held by President Nose and others on how to improve profitability in this context. So Mr. Nose, could you answer more specifically?

Nose [A]: Thank you for your question, Mr. Saji. In the next medium-term management plan, the alcoholic beverages business will be in the center of the plan, and we will grow the business firmly as a base line. Even regarding investments that can be generated from cash flow, I believe that it is also my responsibility to make sure that the business is doing well first.

As a company that sells alcohol, both domestically and internationally, from the perspective of which brands to focus on, which markets to compete in, and which markets to exert competitive advantage, we have been working for the past few years to grow and reform our beer sales in Japan, to reorganize our manufacturing bases to achieve that growth, as well as to reform our supply chain overseas. In Japan, we have been working to grow and reform our beer sales, and to reform our supply chain overseas. And as for the high costs, we have made the decision to raise our prices.

From this perspective, we intend to go to the phase of solid implementation in the next medium-term management plan, and then further enhance profitability.

Also, Ms. Shofu will explain from the perspective of retaining real estate and food & soft drinks.

Shofu [A]: I will explain again about food & soft drinks. While alcoholic beverages remain our core business, the real estate business is also definitely a core business in terms of stable earnings, utilization of group assets, improved asset value, and contribution to sustainability. We would like to strengthen the profitability of the alcoholic beverages and real estate businesses.

On the other hand, in the food & soft drinks business, we have placed our portfolio in two separate categories: overseas beverages and Japan food & soft drinks. We are entrusting our growth to overseas beverages, and although we have placed our Japan food & soft drinks under restructuring, as explained earlier, we have a very large task ahead of us. First, we have decided on this portfolio based on the basic policy that we will fundamentally review it by 2024.

Saji [Q]: Thank you very much. I would like to express my awareness of the issue. I understand the medium-term management plan from the standpoint of execution, but I think there is a growing interest in whether execution, supervision, and monitoring are properly separated as part of governance. In the future, I would appreciate it if you could disclose a little bit about the discussions that took place between the executive officers and the supervisors, and the process by which this was assembled.

I have just heard about the medium-term plan and will definitely continue to watch for it. Thank you very much.

Shoji [A]: If I may add something, we offer our opinions on how the Sapporo brand is perceived by consumers from the consumer's point of view. In a sense, we are in a side-support position, but we have been discussing how the SAPPORO brand can penetrate our core beer and other alcoholic beverages businesses.

It is President Nose, Ms. Shofu who execute it. You mentioned monitoring earlier, and I believe it is our responsibility to monitor the steady implementation of this plan that we have created.

Unfortunately, as you pointed out, the past strategies or plans are numerically unachieved, but the current plan is based on a thorough examination of that, and as the President mentioned earlier, we believe that the plan is highly feasible and viable. I believe that our role as outside directors is to manage this business on the executive side, not only through the Board of directors, but also through off-side information exchange and business observation, including the business inspection I mentioned earlier.

Mr. Fukuda is also here today as a member of the Audit Committee, and we are working together.

Fukuda [A]: I think it is very important for us to follow up with the executive side in detail. I believe that we have to follow up on these important management plans even more than before.

Therefore, as a Board member, I have a totally same ideas on these concepts, and I would like to work with them in that way.

Saji [M]: Thank you.

Moderator [M]: Thank you very much. We will move on to your next question. Mr. Sumoge of Okasan Securities.

Sumoge [Q]: I'm Sumoge of Okasan Securities. First of all, I would like to ask President Oga about the overall impression of the medium-term plan. While past medium-term plans have not been achieved for a long time, the current fiscal year will have a high target growth rate of about 25% in terms of core operating profit, and the next mid-term plan's target of 8.0% in terms of ROE. Looking at the numbers alone, I honestly get the impression that it will be a challenge.

However, listening to President Oga at the beginning of the presentation, I got the impression that you are very confident, so I would like to know what has changed in your company between the past and the next mid-term plan, in terms of the organization, management resources, etc., and what has increased the certainty of achievement? Could you tell us about overall, or about any individual project?

Oga [A]: I would like to answer your question. There are many reasons to support this, but first of all, the difference is that we have been able to build up in core alcoholic beverage business.

First, as mentioned earlier, in our fastest growing and still growing North American business, we were able to establish a manufacturing base with Stone Brewing Co, where we can create the most synergies. We are transporting from Canada and Vietnam, but in our estimates, we can certainly change this.

Then, we have been only trying to absorb the cost increase, but we were finally able to raise beer category price in Japan for the first time in 14 years.

In addition, we will close the Sendai plant as a beer business. We will further consolidate the beer business. We can also see significant progress in making our own RTDs there as well.

Moreover, as a beer business, there are two tax reforms, in 2023 and 2026. There is a definite beer shift taking place.

At such times, as I have told you before, beer is more profitable than new genres and happoshu. When we combine those things with product development, it is very important to have a solid core business.

When we add the contributions of food & soft drinks and real estate to it, we will be able to make an even significant difference in certainty, even though we had been doing so with a high degree of certainty.

Sumoge [Q]: I see. So, the reason for the confidence is the Company's increasing certainty to grow profits from Japan beer and overseas alcoholic beverages, including current initiatives, price increases, and acquisitions. It differs from the past medium-term plan. Right?

Oga [A]: Yes.

Sumoge [Q]: I understand. Next is a related question. At the beginning, the President said that the thing that he was most strongly aware of is to increase capital efficiency, and I think that will lead to higher ROE. Looking at the plan, if you get to the core operating profit target of JPY25 billion, I rather think you can achieve 8% ROE, and I am under the impression that the numerator, or profit is the driver of ROE. Is that correct in this calculation?

Oga [A]: We recognize that this 8% corresponds to about JPY25 billion in core operating profit.

Sumoge [Q]: I see. From this point of view, profits are subject to volatility due to changes in the external environment, so there is quite a bit of uncertainty. In terms of improving capital efficiency, I think it is very important to reduce assets in the denominator. To what extent are you considering initiatives to increase ROE?

What kind of drastic structural reforms are currently being considered to increase ROE, in the denominator or the assets, not in the numerator?

Matsude [A]: I'm Matsude. Thank you very much. In asset improvement, one of the growth strategies for the real estate business is to transform to the asset turnover business model, and among the real estate assets we currently hold, it is strange to call them non-core assets, but we plan to liquidate and sell off some assets of about JPY30 billion to JPY40 billion.

However, in terms of ROE, we do not adopt the concept of reducing equity. Therefore, I think it is best to understand that the driving force behind increasing ROE is only to increase returns. However, the asset review itself will also be done properly.

Sumoge [Q]: Thank you very much. I would like to add something at this point. In the cash flow section, I have the impression that the JPY130 billion investment is very large during the four years of this medium-term plan. 50% will be used for investment in growth, but frankly speaking, I wonder if this investment will really improve capital efficiency. If you invest in growth, it will take longer to earn a profit, and I am wondering if you can really achieve this goal with this medium-term plan, but do you imagine that you will invest to earn profits so quickly?

Matsude [A]: One of our growth investments is to increase the capacity of Stone Brewing Co, which we have just acquired. We believe this will lead to the creation of synergies.

Then, can a growth investment make a return over this period of time as it is? Structural reforms will also incorporate other measures such as a review of the business portfolio and various cost reductions.

There is a table of ROE, and in the table, there is a JPY5 billion improvement in reinforcement of beer and improving profitability of beer-type bev, which includes, , the price increase effect, and also the mix improvement effect. Furthermore, we are also to improve the efficiency of sales promotion expenses.

And JPY4 billion will be from the growth of RTD and production efficiency improvement, most of which will be covered and generated by the suspension of beer production at the Sendai plant and the reduction of outsourcing costs associated with the shift to RTD.

In addition, in Japan food & soft drinks business, we have narrowed down the number of SKUs, in other words, we are reducing costs without focusing on the top line.

Therefore, we believe that we can take the cost reductions we have been promoting to an even higher level.

We hope you understand that we are also considering major measures other than those, such as the drastic liquidation of unprofitable businesses.

Sumoge [M]: Understood. Thank you.

Moderator [M]: Thank you very much. We will now move on to your next question. Ms. Yoshida of JPMorgan Securities.

Yoshida [Q]: I'm Yoshida from JP Morgan Securities. First, regarding Japan food & softdrinks, I believe that half of the JPY15 billion increase in profit in the next medium-term plan will come from structural reforms and half from growth. I think one of the key points of this structural reform will probably be in Japan food & soft drinks, but I still wonder if you can really do it. In the previous medium-term plan, you mentioned that you would reform the vending machine business, but my impression is that it was on a smaller scale than I had expected. I would like to know more about the specifics of the action plan.

For example, I would like to know more about how many SKUs will be reduced in the future, and what you are thinking about the vending machine business.

Secondly, you mentioned earlier that you will sell about JPY30 billion to JPY40 billion of this real estate, but I think your company's real estate has about JPY180 billion to JPY200 billion in unrealized gains. Rather than unleashing this, are you really trying to liquidate only a portion of the real estate you currently own? Please.

Shofu [A]: I will answer first about food & soft drinks business. Regarding the main contents of the structural reform of the food & soft drinks business, soft drinks are divided into two main SKUs: lemon beverages and other beverages.

Lemon beverages are in the growth area, so we are already making significant reductions in beverages other than lemons. I can't give you a specific number right now, but I hope you will understand that it will be reduced considerably.

In addition, since we have counterparties, we cannot disclose them yet, but we are going to drastically review some businesses that have low profitability due to collaboration with other companies and so on.

As for the vending machines, as you mentioned, we withdrew some of them this fiscal year, but I do not think this alone will be enough. In the vending machine business, there may be a plan for further reform, specifically, collaboration of other company, and although we are proceeding with the dismantling of unprofitable vending machine internally, we are also planning to implement reforms that will take a more in-depth look at the progress of the vending machine subsidiary itself in this medium-term plan.

Matsude [A]: I will answer regarding liquidation of assets. As you say, the volume is about 10% of the overall volume. I would like to refrain from discussing the gain on the sale, but I hope you understand that it is not that large.

Yoshida [Q]: I understand. Thank you very much. Regarding this structural reform of Japan beverage, it is almost the end of 2022, but when will we see the effects, in 2023, 2024, 2025, 2026, or will they be the same scale each year? As for progress, when will you see the peak?

Shofu [A]: The milestone for progress is 2024, and we would like to proceed with a sense of speed to reach the goal of structural reform by this time.

Yoshida [Q]: Then, is it like finishing by 2024 and then jumping up in 2025 or 2026 in terms of profit?

Shofu [A]: We have a picture that by 2024, we will have reached a certain point in the structural reform part and will concentrate the resources generated there on the lemon-based products.

Yoshida [Q]: Okay. So you are saying that the real estate business is not actively selling anything.

Matsude [A]: That's right. In the real estate business, our stance is to develop and enhance the value of Yebisu Garden Place and other assets in Sapporo in cooperation with the community as the asset owner.

Yoshida [M]: I understand. Thank you.

Moderator [M]: Thank you very much. It is almost time, so next is the last question. Mr. Fujiwara of Nomura Securities.

Fujiwara [Q]: I'm Fujiwara of Nomura Securities. Just one question. I would like to ask you about Japan alcoholic beverages. I have always thought that the momentum of Black Label is great, but while the concentration on beer is a very reasonable strategy, the policy is to shrink the areas of happoshu and new genres. Beer is like an equipment industry, and when you think about distribution, it is like you need to take many sales areas. I think that in order to promote this strategy, you need to drastically review your production system more and more, for example.

Please share your thoughts around the supply chain, because the RTD part is shown a bit, but I think we need to go further.

Nose [A]: Nose will answer this. Thank you very much. The liquor tax revision I mentioned earlier has had a huge impact, and the volume of beer, especially in cans, has increased considerably over the past four to five years. In the competitive industry, there has been no growth in either bottles or cans over the past five to six years, but we have seen an increase in absolute volume by about 30% to 40%.

From that perspective, we see this volume growing even more when there will be two more tax cut in the future.

In addition, we are also considering the volume of RTDs that we make in Japan, some of which are currently being made outside the Company, to be brought into the Company. In terms of total production volume, if we add beer and RTDs together, the total will probably be larger than our current production volume, and this is factored into our plan.

So, we are not making the decision to go further in the production sector either in the next medium-term plan.

However, from the perspective of where and how to make which products, since the Sendai plant will be shut down, we intend to move forward with the allocation of production on a nationwide level.

Fujiwara [Q]: Thank you. So, I guess the idea is to allocate resources from happoshu and new genres to beer and branded RTDs.

Nose [A]: That's right, the price increase last year, the 2020 liquor tax hike have had a negative impact on new genres, and the price of beer and RTDs was raised in October. We are aware that customers' reaction to low-priced products is a little weak, and we expect their return to be slightly weak.

The price will change again in the future with the 4 year process. We have been able to accumulate a track record of expanding our RTDs while shifting our focus to beer. So we believe that it is more rational to choose that option, and we are aware that we can meet our customers' expectations in our field of expertise. We would like to proceed in that direction.

Fujiwara [M]: I understand. We have high expectations.

Moderator [M]: Thank you very much. This concludes the first part of the briefing on the new medium-term management plan.

Presentation

Moderator: We will continue with the second part of the presentation, the financial results for Q3 of FY2022. Mr. Matsude will give an explanation. Please go ahead.

Financial Highlights for Q3 in FY2022					
	(billions of yen)	2021 Q3 Result	2022 Q3 Result	YoY changes (amount)	YoY changes (%)
Revenue		309.1	345.8	36.8	11.9%
Revenue (Excluding liquor tax)		234.5	261.6	27.2	11.6%
Overseas revenue		54.7	72.5	17.9	32.7%
EBITDA		16.9	20.9	3.9	23.3%
Core operating profit		1.5	5.7	4.2	272.4%
Core operating profit margin		0.5%	1.7%	1.2%	—
Operating profit		23.9	7.5	(16.4)	(68.5%)
Profit attributable to owners of parent		15.7	5.3	(10.4)	(66.3%)
D/E ratio (times) ※Net		1.1	1.2	0.1	—

The balance of debt excludes the balance of lease obligations.

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Matsude [A]: I will now present the financial results for Q3.

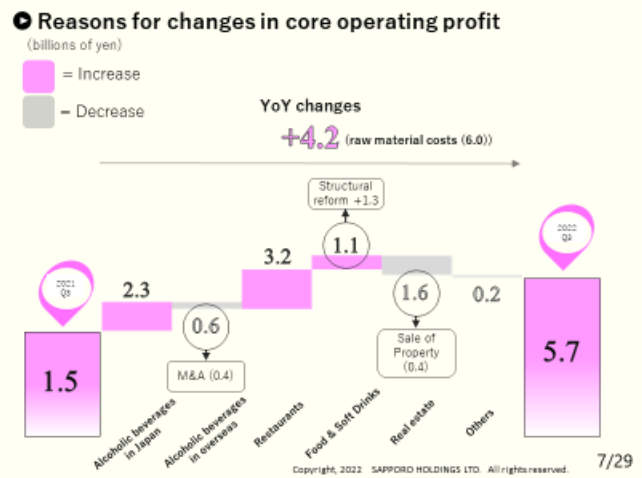
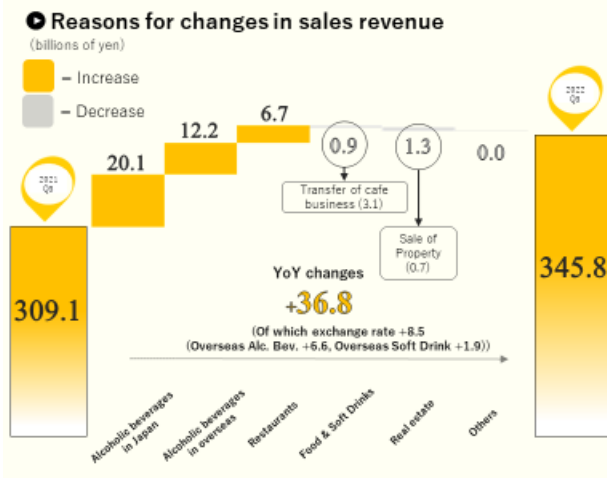
Please refer to page six of your handout, Financial Highlights.

First, revenue increased by JPY 36.8 billion to JPY345.8 billion YoY, up 12%. Core operating profit was JPY5.7 billion, an increase of JPY4.2 billion YoY.

Profit attributable to owners of parent was JPY5.3 billion, a decrease of 10.4 billion YoY. This is due to a JPY21.6 billion decrease in gains on sales of real estate compared to the previous year.

As for the comparison with the Company plan, revenue and core operating profit are in line with the plan. Operating profit and below are positive.

Continuous growth of overseas alcoholic beverages in North America, **increased revenue** due to the recovery in demand for the restaurant market. Despite the impact of rising input costs continue, **increased core operating profit** thanks to revenue increase and cost structure reforms in the restaurant business and in food and soft drinks.



I will now explain the main factors behind the increase in revenue and profit.

Revenue increased due to continued growth of overseas alcoholic beverages in North America and a recovery in restaurant demand.

Despite the continued impact of cost deterioration, core operating profit increased due to the effect of higher sales and the creation of the effect of structural reforms in the restaurants and food & soft drinks businesses.

Looking specifically at revenue, an increase in Japan alcoholic beverages contributed significantly to revenue, accounting for more than half of the total.

In the food & soft drinks business, which is undergoing structural reform, sales declined due to the impact of the transfer of the café business and other factors.

In the real estate business, revenues decreased due to the sale of properties last year and other factors.

The foreign exchange revenue increase effect of the weaker yen for the Group as a whole was JPY8.5 billion.

As for core operating profit, the impact of cost deterioration was JPY6 billion for the period from January to September. Profit increase was due to the effects of increased revenues and structural reforms.

As for the overseas alcoholic beverages business, we acquired Stone Brewing Co at the end of August, and its profit and loss were consolidated from September. Due in part to that impact, profit decreased.

Material, Transportation, and Energy Cost Increases



Forecast for FY2022


Costs are expected to increase 8.5 billion yen on an annual basis (1.5 billion yen higher than forecast in Q2).

Jan.-Sep. Results

- Rising raw material costs ¥(4.1) billion
- Other cost increases ¥(1.9) billion
(Domestic ¥(3.5) billion, overseas ¥(2.5) billion)

Oct.-Dec. Outlook

- Rising raw material costs ¥(1.8) billion
- Other cost increases ¥(0.7) billion
(Domestic ¥(1.4) billion, overseas ¥(1.1) billion)



Respond with price revisions, cost controls, etc.

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Next, I will explain the impact of cost deterioration.

The forecast is for a JPY1.5 billion deterioration from Q2, and an annual deterioration of JPY8.5 billion.

The total for January to September is to be JPY6 billion, JPY3.5 billion in Japan and JPY2.5 billion overseas. For Q4, we estimate JPY2.5 billion, JPY1.4 billion in Japan and JPY1.1 billion overseas.

We intend to respond to these effects by revising prices and controlling costs.

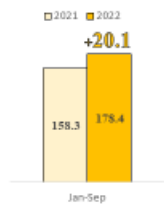
Although further cost increases are expected in the next fiscal year, we will basically cover such increases by revising prices.

Alcoholic beverages in Japan

Increase in revenue and profit attributed to the recovery in demand for restaurant business and transient demand ahead of price revisions despite upfront brand investment and more variable costs due to soaring raw material prices and fixed costs from Sendai Brewery depreciation, etc.



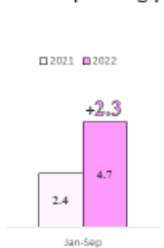
< Revenue > (billions of yen)



Primary change factors

- Beer and beer-type +¥14.9 billion
- RTD +¥0.5 billion, Japanese liquor, wine and spirits, etc. +¥3.3 billion
- Export +¥0.8 billion
- Other +¥0.6 billion

< Core operating profit > (billions of yen)



Primary change factors

- Beer and beer-type: Increase in volume +¥6.0 billion, container composition ¥(1.0) billion
- RTD, wine and spirits, etc., Japanese liquor: Increase in volume +¥0.9 billion
- Raw material costs ¥(1.8) billion
- Fixed costs ¥(2.8) billion
- (Of which advertising costs ¥(0.7) billion, accelerated depreciation ¥(0.8) billion)
- Other (rebate reduction, subsidiaries, etc.) +¥1.0 billion

Recovery from COVID-19

- change in commercial-use product sales (comparison to FY2019)



Growth strategy Continue to increase canned beer sales

- Beer sales increased by 20% in total
- Canned beer sales increased by 2% in total

Structural Reforms

Institute in-house production of RTD at Sendai Brewery and increase productivity at breweries

Preparation to start RTD manufacturing facility operation in 2023 is currently underway
From 2023: Improvement in productivity is expected to increase core operating profit of 1.0 billion yen
From 2024: In-house production could generate core operating profit of several hundred million yen

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Next, I will explain each segment.

The first is Japan alcoholic beverages business.

Japan alcoholic beverages sales and profit increased due to a recovery in restaurant demand and the impact of temporary demand prior to price revisions, despite soaring raw material prices and higher fixed costs such as brand investment.

As for revenue, of the JPY20.1 billion increase in revenue, beer sales increased by JPY14.9 billion. The impact of temporary demand before the price revision is estimated to be about one-third of the total.

In addition, the sales volume of beer for the period from January to September increased by 11% YoY. Beer saw a 20% increase even in the pandemic.

RTDs and other products increased by JPY3.7 billion, with Koime no Lemon Sour continuing to make a contribution to RTDs.

Next, regarding core operating profit, the cost deterioration had a negative impact of JPY1.8 billion, and there was an JPY800 million increase in depreciation associated with the conversion of the Sendai plant to RTD. These cost increases were offset by increased sales of beer and other products, resulting in a profit increase of JPY2.3 billion.

As for the status of recovery from the pandemic, the bar graph on the right shows the change in sales volume for commercial use, compared to 2019. In particular, it was updated after July, while the 7th wave affected the market in July and August, but this situation confirms that the 60% level compared to 2019 was the bottom because of the absence of action restrictions.

In terms of the progress of various growth strategies, we are making steady progress in our growth strategies, such as strengthening beer and growing RTDs. In addition, structural reforms, such as the conversion of the Sendai Plant to RTD, are progressing smoothly.

Alcoholic beverages in Japan - Future Strategy for the Yebisu Brand -



As the pioneer of the premium beer category, Yebisu has enhanced and expanded the appeal of beer. Starting in 2021, we launched the "Color Your Time!" campaign, which strengthens proposals that color customers' times.



We are strengthening actions that highlight our real and digital contact points with customers.

● New contact point for real experiences

Urban beer brewing in Ebisu (scheduled to open end of 2023)



YEBISU BREWERY TOKYO

New station shopping connects the station with the city



YEBISU BAR at YGP* entrance



● Digital platform

YEBISU BEER TOWN

This members-only online community is a city where Yebisu-lovers can connect. Interactive communication functions were implemented in September, and the site began full-scale operations.



● Launch of new high added-value products

Yebisu Hop Terroir
100% fine aroma hops from Žatec



* YGP: Yebisu Garden Place

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Next, I would like to explain a little about the future strategy of the Yebisu brand.

Since last year, we have been strengthening our proposals to add color to our customers' time under the theme "Color Your Time!" Looking ahead, we intend to further strengthen actions to highlight customer contact points, both real and digital.

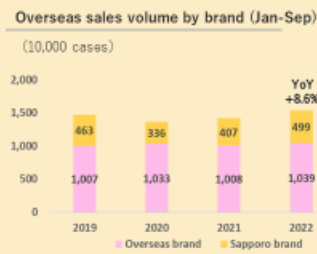
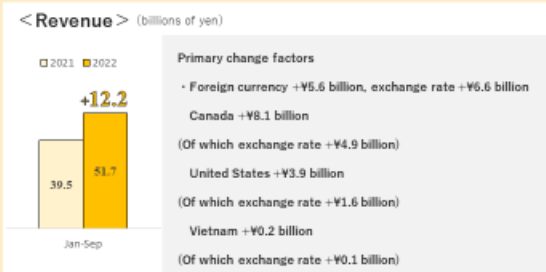
As a point of contact for real-life experiences, we would like to provide information to many people through Yebisu Station, which was named after the brand name, the town of Yebisu, our assets Yebisu Garden Place, and our restaurant business YEBISU BAR, all of which are connected to the Yebisu brand.

Alcoholic beverages in overseas



*SPB: SAPPORO PREMIUM BEER

The demand recovery for restaurant business and steady sales with the expansion of SPB* home-use products led to an increase in revenue. Due to rising raw material costs, transportation costs, and cost for acquiring of Stone Brewing Co. LLC, core operating profit remained declined



Growth strategy

Canada: Promote premium beers and strengthen RTD business

- Compared to the previous fiscal year, promotion for the premium beers has increased and more growth in RTD business
- While total demand was down 4%, our performance was up 1%

Growth strategy

United States: Strengthening SAPPORO brand

- Driving sales of SAPPORO brand significantly higher year-over-year (recovery of commercial-use products and expansion of retail stores for home-use products)
 - While total demand was down 2%, the SAPPORO brand was up a massive 18%
 - Early creation of synergy with Stone
- 【Stone】** A business loss is expected in FY2022. We will achieve an early return to profitability through the creation of synergies through M&A.



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Next is the overseas alcoholic beverages business.

Sales increased due to a recovery in restaurants demand as well as the strengthening of SAPPORO PREMIUM BEER for home use in the US.

On the other hand, profit decreased due to the impact of one-time costs associated with the acquisition of Stone Brewing Co, in addition to the rising costs of raw materials and transportation.

Revenue increased by JPY12.2 billion, mainly due to increased volume in North America. The impact of exchange rates was JPY6.6 billion, or slightly more than half of the total. Of the increase in sales in the US, the new consolidation of Stone Brewing Co had the effect of increasing sales by JPY1.3 billion.

Then I would like to add a few words about the sales of beer in Canada and the US.

First, in Canada, total demand was down about 4% YoY. Against this backdrop, the Company performed well, increasing by 1%.

In the US, total demand was down 2% YoY, but we were able to significantly outperform the market with an 18% increase.

Next, core operating profit was JPY2.3 billion, due to the impact of soaring costs and transportation costs. In addition to this, our M&A impact was JPY0.7 billion this fiscal year, resulting in a decrease in profit.

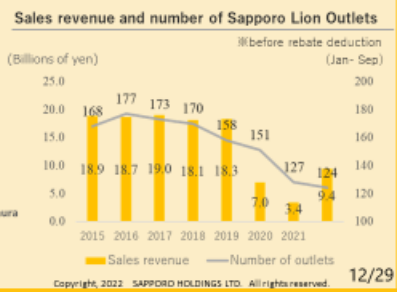
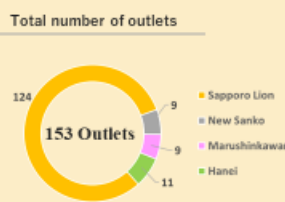
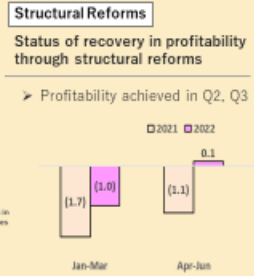
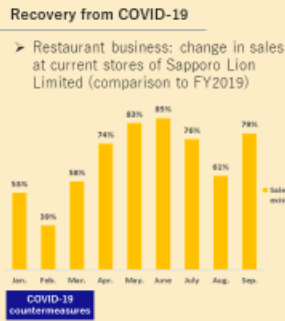
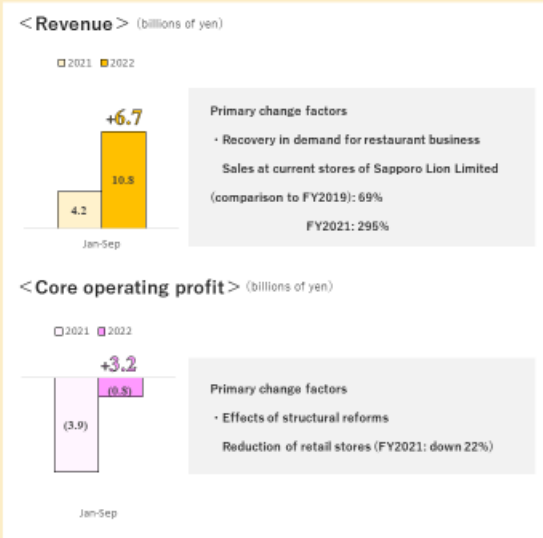
The impact of the consolidation of the Company was a positive JPY1.3 billion for revenue, a negative JPY0.3 billion for core operating profit as profitability, and a negative JPY0.4 billion due to the recording of M&A fees.

For the October to December period, we estimate that revenue will be about JPY5 billion, and core operating profit will be negative several hundred million yen.

Alcoholic beverages in restaurants



The demand recovery for restaurant business and decrease in fixed costs from structural reforms led to an increase in core operating profit.



Next is the restaurants business.

Revenue increased by JPY6.7 billion, 2.6 times that of the previous year, due to a recovery in restaurants demand as a result of deregulation.

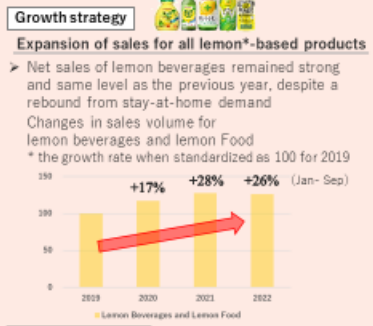
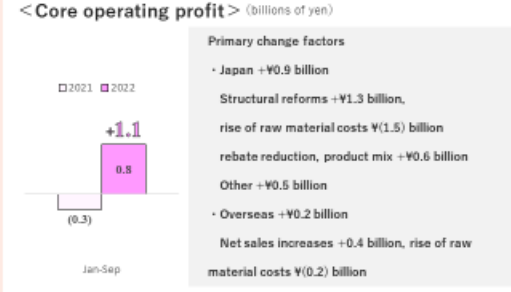
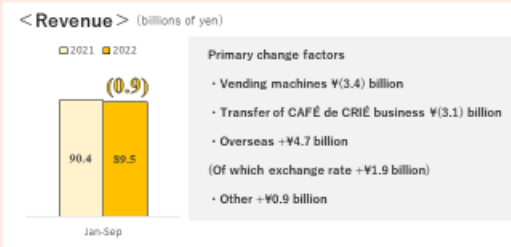
Core operating profit improved by JPY3.2 billion due to the effect of structural reforms, supported by increased revenue. As Ms. Shofu mentioned earlier, we continued to achieve profitability in the April to June period and then in the July to September period, which means that we are able to be profitable in the next fiscal year.

In terms of recovery from COVID-19, we have updated the existing store sales of Sapporo Lion since July, and I think you can see that the movement is almost the same as the sales volume for commercial use that I mentioned earlier.

Food & Soft Drinks



Revenue was down due to sale of café business and reorganization of vending machine operator subsidiaries while revenue increased the overseas
 Core operating profit increased thanks to contribution of structural reforms



Structural Reforms

Reorganization of vending machine operator subsidiaries

- Planning liquidation by 2022
- From 2023: Likely to generate operating profit of 700 million yen (comparison to FY2020)

Transfer of cafe business

- Business sold in April, 2022
- From 2022: Likely to generate core operating profit of 800 million yen (comparison to FY2020)

Reorganize business locations of Shinsyu-ichi Miso

- Production site sold in February, 2022
- From 2022: Likely to generate a core operating profit of 400 million yen (comparison to FY2020)



Next is the food & soft drinks business.

Overseas revenue increased, but revenue decreased due to the sale of the café business, reduction of unprofitable vending machines, and other factors.

Core operating profit increased because of structural reforms.

Sale of the café business had a negative impact of JPY3.1 billion in revenue. Excluding this impact, on a continuing operations basis, revenue increased by more than JPY2 billion.

The revenue decline of about JPY3.4 billion due to structural reforms in the vending machine business was offset by the growth of overseas business.

Regarding core operating profit, the impact of higher costs in Japan was JPY1.5 billion, but this was offset by the positive effect of structural reforms of JPY1.3 billion, other cost reductions, and increased profits from overseas businesses.

As for the progress of our strategy, we are making steady progress in strengthening lemon-based products in Japan, promoting structural reforms, and growing our overseas business.

Real Estate business



The sales of properties last year and decrease of rent over the renovation for YGP commercial complex* led to decrease in revenue and profit

< Revenue > (billions of yen)



< Core operating profit > (billions of yen)



Growth strategy

Strategic leasing through YGP* property value enhancement and rebranding

- Foodies Garden opens in April
- Grand opening of commercial area* in November
- Seismic damping work completed, making the building a state-of-the-art seismically-damped building for greater safety and peace of mind

YGP* grand opening

- All floors from B1 to 2F open November 8 (Tuesday)
- The building will have a total of 25 tenants, including new business models such as GOLDWIN and DCM. It will have the largest sales floor area in the Kanto area. The office area, which proposes a new way of working, will loosely gather tenants with a comfortable sense of distance.



Growth strategy

Grow profits of new businesses using equity investments, etc.

- One equity investment (Q1), two equity investments (Q2), one equity investment (Q3)

*YGP: Yebisu Garden Place, commercial complex: center plaza

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Next is the real estate business.

Both revenue and profit decreased due to the sale of properties last year. Revenue decreased by JPY1.3 billion and core operating profit decreased by JPY1.6 billion, both of which were affected by the sale of properties last year and the renovation of the commercial building at Yebisu Garden Place.

In terms of the future value enhancement of Yebisu Garden Place, we intend to increase its value by improving the specifications of the building, re-branding the entire town, and through strategic leasing.

Profit attributable to owners of parent



(billions of yen)	2021 Q3 Result	Details	2022 Q3 Result	Details
Core operating Profit	1.5		5.7	
Other operating income	25.5	Gain on sales of fixed assets, etc. ¥(23.2) billion	3.7	Gain on sales of fixed assets, etc. ¥(1.6) billion
Other operating expenses	3.1		1.9	
Operating Profit	23.9		7.5	
Profit before tax	23.9		9.0	
Income taxes	8.2		3.7	
Profit	15.7		5.3	
Profit (loss) attributable to non-controlling interest	(0.1)		0.0	
Profit attributable to owners of parent	15.7		5.3	

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The next is operating profit and profit attributable to owners of parent. This has already been explained in the highlights at the beginning, so I will skip it.

Sustainability Management Initiatives



Harmony with the environment

Biodegradable plant-derived bioplastic cups introduced at RISING SUN ROCK FESTIVAL 2022 in EZO

We developed bioplastic cups to provide a new opportunity to experience participating in environmental activities while enjoying draft beer.

As the first of these opportunities, we started a new initiative to use the cups at music festivals. This is the first example of bioplastic cups being used at a large music festival in Japan.

The used cups are biodegraded together with food scraps and other biomatter, generating compost that can improve the quality of soil in fields, realizing the recycling of resources.



Co-prosperity with society

Made donation to Hokkaido Marine Resource Restoration Project through shareholder benefit program and Supported Nature Conservation Activities in Hokkaido where the Company was founded

We donated 2,638,000 yen to a marine resource restoration project in Hokkaido on top of matching a donation of 1,319,000 yen by shareholders through the shareholder benefit program in FY2021.



Positive impact finance agreement signed

- (1) Signed an agreement with Sumitomo Mitsui Trust Bank, Limited on positive impact finance, a business financing scheme offered by SMTB that does not specify the uses of funds
- (2) Signed syndicated positive impact finance agreement with Mizuho Bank, Ltd. as the arranger

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Finally, our efforts in sustainability management.

First, in terms of harmony with the environment, we introduced bioplastic cups. In the section on co-prosperity with Society, we have listed our support for nature conservation activities in Hokkaido and our implementation of positive impact finance.

The rest of this presentation is for reference only. That is all I have to say.

Question & Answer

Moderator [M]: We will now begin the question-and-answer session.

Mr. Fujiwara of Nomura Securities.

Fujiwara [Q]: I'm Fujiwara of Nomura Securities. I would like to ask two questions. The first one is how you see the cost increase for the next fiscal year. The cost increase for the current fiscal year will be JPY8.5 billion, and it may be a little difficult to predict what the cost increase will be for the next fiscal year, but what is your image of the cost increase for the next fiscal year, assuming that the current external environment continues?

Second, the beer price has been raised since October. Could you share information on how the volume of beer has returned after this price increase, if there is any information that you can see.

Matsude [A]: Thank you very much. As you mentioned, there are still some uncertainties regarding the cost increase for the next fiscal year, but at least JPY8.5 billion of the deteriorating impact in the current fiscal year means that a commensurate cost increase is expected for the next fiscal year as well.

We believe that the alcoholic beverages business in particular will be greatly affected, with domestic alcohol beverages accounting for roughly 50%, overseas about 30%, and Japan food & soft drinks business the remainder.

I will explain the specific amounts again in the next fiscal year's plan, but one of the major factors is canned materials.

In addition, as is true in general, the cost of energy is expected to increase.

Nose [A]: Thank you. As for market conditions, my honest feeling is that it's a little hard to say yet. Prices have been raised firmly at each of the stores, especially for home use. So we had expected that the volume of household purchases in September would subside after a month, but it seems that it remained a little until early November. I can't show you the data today, but that's one thing.

Also, as you may be able to tell from another month of November, the trend in the return of beer for home use is that beer is returning relatively quickly and the third beer a little slower, as I see it right now.

However, December will be the peak season again, and we will try to stimulate demand at a certain level, so we would like to create an environment in which customers can purchase our products, even though price increase. That's what I feel now. sorry I can't tell you the details.

Fujiwara [Q]: Thank you very much. On the first point, I would like to ask for some additional information. Before this briefing by your company, there was a briefing by Kirin, and the cost increase for the next fiscal year will have a further impact of a slight increase over that for the current fiscal year.

For example, if your company's impact are negative JPY8.5 billion in the current fiscal year, I wonder if we can imagine a cost increase of JPY10 billion in the next fiscal year. Is it not too far off the mark?

Also, I think it is inevitable that the weight of Japan alcoholic beverages will increase, but let me confirm whether this can be offset by the effect of the price revision, or whether you will get a little extra change in the next fiscal year only.

Matsude [A]: Well, I will not deny.

Fujiwara [Q]: Something like that, okay. Just let me know if you can make up for it, in Japan.

Matsude [A]: We believe that the price revision will be sufficient to cover the impact of cost deterioration in the next fiscal year.

Fujiwara [M]: I understand. Thank you.

Moderator [M]: Thank you very much. Mr. Miura of Citigroup Global Markets.

Miura [Q]: Good evening, I'm Miura from Citigroup Global Markets. I have two questions. First, as President Nose and the management, including Mr. Oga, mentioned earlier, your company's volume will increase until 2027. I think that is true. Maybe 2% to 3%, maybe a little more.

The mix of beer will also improve, so why not make an appeal the long-term growth potential of these beers at some point?

There were questions earlier about governance and various other issues, but it's not about cost reduction or anything like that, and originally Sapporo Beer is a very tasty product, that's why it has been growing for seven years in a row.

Since your company is an honest company, I think it would be better for you to have an opportunity to present your potential in an honest manner. If we look at the next five to six years, your company will probably see the biggest increase in profits if things continue as they are.

When I think about that, it's kind of a waste. I would like to see you make a positive comment, not a negative one, on the next fiscal year's results.

Second, what kind of progress has been made in the cooperation with Yakult?

Nose [A]: For the first question, Mr. Miura, thank you for your powerful words. It may be that we are still not sending out enough information from time to time. Our strategy is to invest in customer contact, with a focus on beer, so we are preparing a lot of opportunities for customers to experience our taste. We believe that this is a very important aspect of beer marketing, and we would like to strengthen this unique approach that no other company has.

We will build a solid business strategy and would like to take advantage of such opportunities. If you have a chance, we hope you will try our products. Thank you very much.

Shofu [A]: I would like to answer about the cooperation with Yakult. Currently, we are discussing various topics around supply chain, sales, and product development. We would like to make an announcement as soon as possible when we are able to disclose something.

Miura [Q]: Thank you very much. I'm sorry, what kind of products do you mean by products, supply chain or sales? I would appreciate a few moderated comments that will excite us.

Shofu [A]: Please look forward to it. I hope you will forgive me for today.

Miura [M]: Okay. Thank you very much.

Moderator [M]: Thank you very much. It is almost time, so I will now conclude the Q&A session.

In closing, we would like to have a few words from Mr. Oga.

Oga [M]: Thank you very much for your time. As I mentioned at the beginning of this presentation, we are committed to achieving this year's financial results as well as our medium-term plan. We would like to receive your various comments and guidance.

Moderator [M]: That concludes the online meeting.

Thank you very much for your participation to the end of today's meeting. We appreciate your continued support.

[END]
