Sapporo Holdings Limited

Financial Results Briefing for the Fiscal Year Ended December 2023

February 15, 2024

Event Summary

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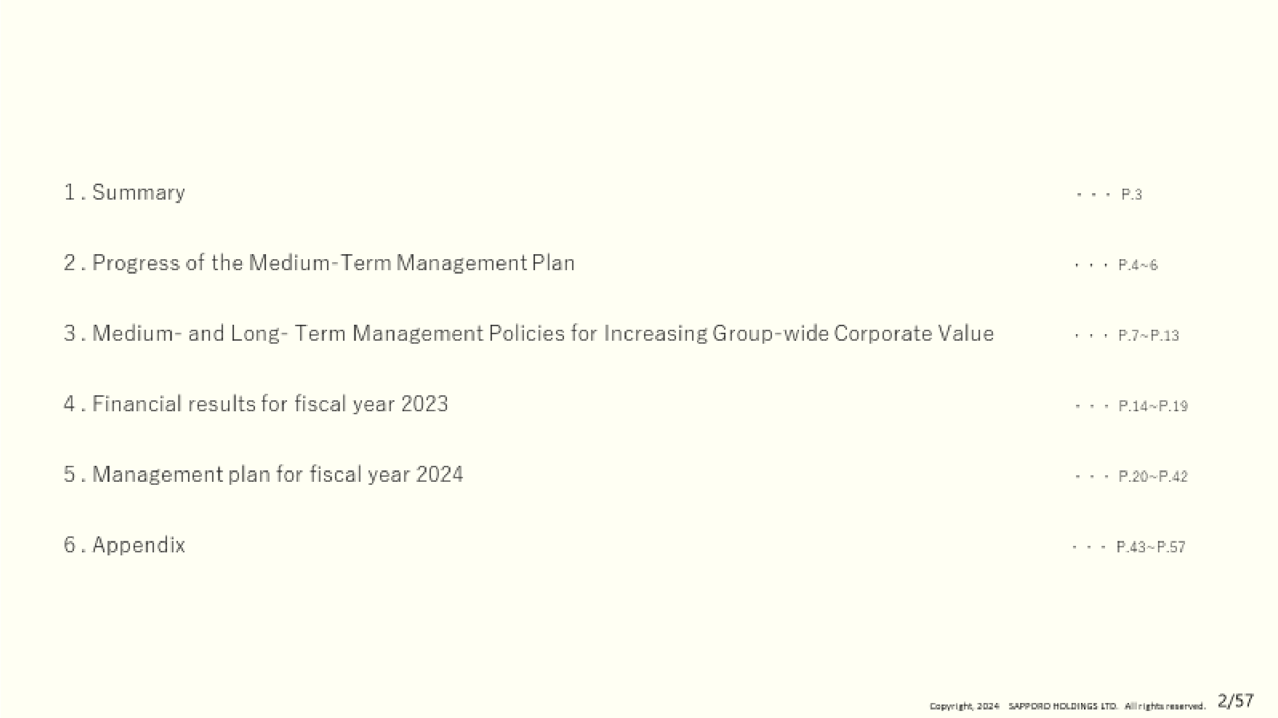
[Venue]	Webcast
[Number of Speakers]	4

Masaki Oga	President and Representative Director
Yoshitada Matsude	Managing Director
Rieko Shofu	Director
Hiroyuki Nose	President and Representative Director

Presentation

Moderator: Hello, investors. Thank you very much for joining us today for the financial results briefing for the fiscal year ending December 2023 for Sapporo Holdings Limited. We will start the meeting now.

Mr. Masaki Oga, President and Representative Director of Sapporo Holdings Limited; Mr. Yoshitada Matsude, Managing Director; Mrs. Rieko Shofu, Director; Mr. Hiroyuki Nose, President and Representative Director of Sapporo Breweries Limited, are present today.



Oga, Shofu, and Matsude will explain the financial results based on the presentation materials for approximately 50 minutes, followed by a question-and-answer session. The entire meeting will last approximately 1.5 hours.

Let me begin with a summary from Oga, and then Shofu will explain the details of our medium- to long-term management policy. Thank you.

Summary

2023 financial results: Off to a good start in the first year of the Medium-Term Management Plan

- Steady implementation of beer strengthening and structural reforms, increased revenue and profit, and achievement of the plan for the year
- With regard to capital efficiency, promotion of balance sheet reform, including the sale of assets held and cross-shareholdings
- Decision based on profit growth to increase dividend by 2 yen (from 45 yen to 47 yen) from the most recent dividend forecast

2024 plan: A year to set a structural reform goals and solidify the foundation

- Plan to increase sales and profit, while focusing on structural reforms and investing in brands and human resources for future growth
- Annual expected dividend is set at 52 yen, an increase of 5 yen and the second consecutive increase

Financial results for fiscal year 2023

(billions of yen)	2022 Result	2023 Result	YoY changes (amount)	YoY changes (%)
Revenue	478.4	518.6	40.2	8.4%
Core operating profit	9.3	15.6	6.3	67.9%
Operating profit	10.1	11.8	1.7	17.0%
Profit attributable to owners of parent	5.4	8.7	3.3	60.1%
ROE	3.3%	5.0%	-	-

Management plan for fiscal year 2024

(billions of yen)	2023 Result	2024 Plan	YoY changes (amount)	YoY changes (%)
Revenue	518.6	523.5	4.9	0.9%
Core operating profit	15.6	19.0	3.4	21.5%
Operating profit	11.8	17.6	5.8	48.9%
Profit attributable to owners of parent	8.7	10.0	1.3	14.6%
ROE	5.0%	5.5%	-	-

Formulation of medium- to long-term management policies

- Formulation of medium- to long-term management policies to enhance Group value based on discussions within the Group Strategy Review Committee and the Board of Directors

Oga: I will start with the summary on page three of the document.

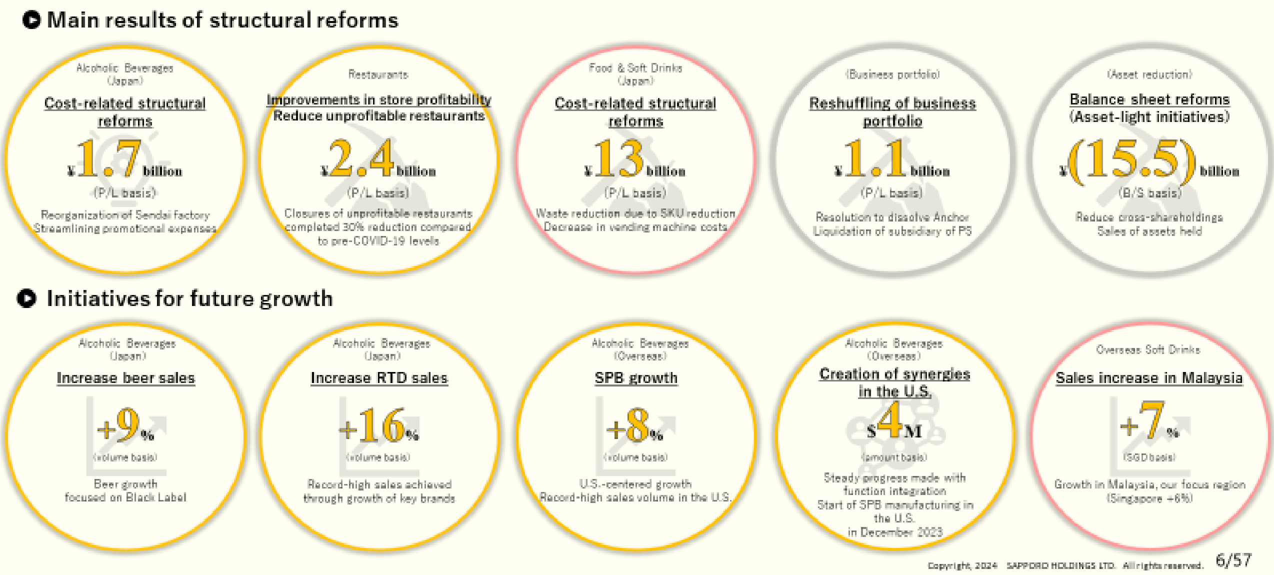
The 2023 financial year is off to a good start as the first year of the medium-term management plan.

Steady implementation of beer strengthening and structural reforms led to increased sales and profit. We were able to achieve our plan at the beginning of the year. In terms of capital efficiency, we have promoted balance sheet reforms, including the sale of assets and cross-shareholdings, and based on profit growth, we have decided to raise the dividend by JPY2 from the most recent forecast to JPY47.

The financial results are written below, and the ROE was 5%.

Progress of the Medium-Term Management Plan -2023 Results-

In 2023, we worked toward future growth while steadily implementing initiatives for structural reforms

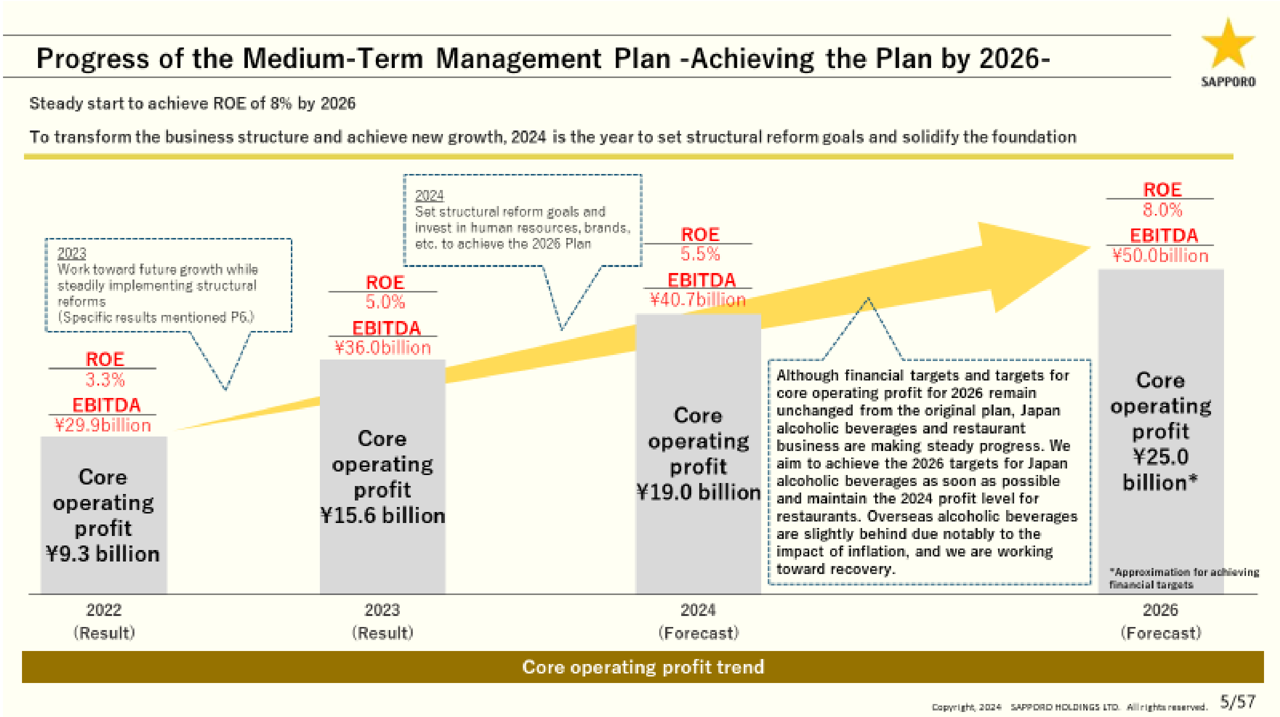


On page six, results for 2023, major results of structural reforms and initiatives for future growth, the results section are described in detail.

From the left, cost structure reforms, such as the reorganization of the Sendai Plant, streamlining of sales promotion expenses, and the completion of the closure of unprofitable restaurants in the Restaurants business, can be cited as the results of structural reforms. Then, the initiatives for future growth are listed, with 9% growth in beer volume and 16% growth in RTDs.

Return to page three. Considering these circumstances, our plan for 2024 is positioned as a year in which we will set a goal for structural reform and solidify our foundation.

With plans to increase sales and profits, we will focus on structural reforms while executing brand and human resource investments for future growth. The annual dividend is expected to be JPY52, anticipating a further increase of JPY5. This is the second consecutive year of dividend increase, and the ROE plan for 2024 is 5.5%.

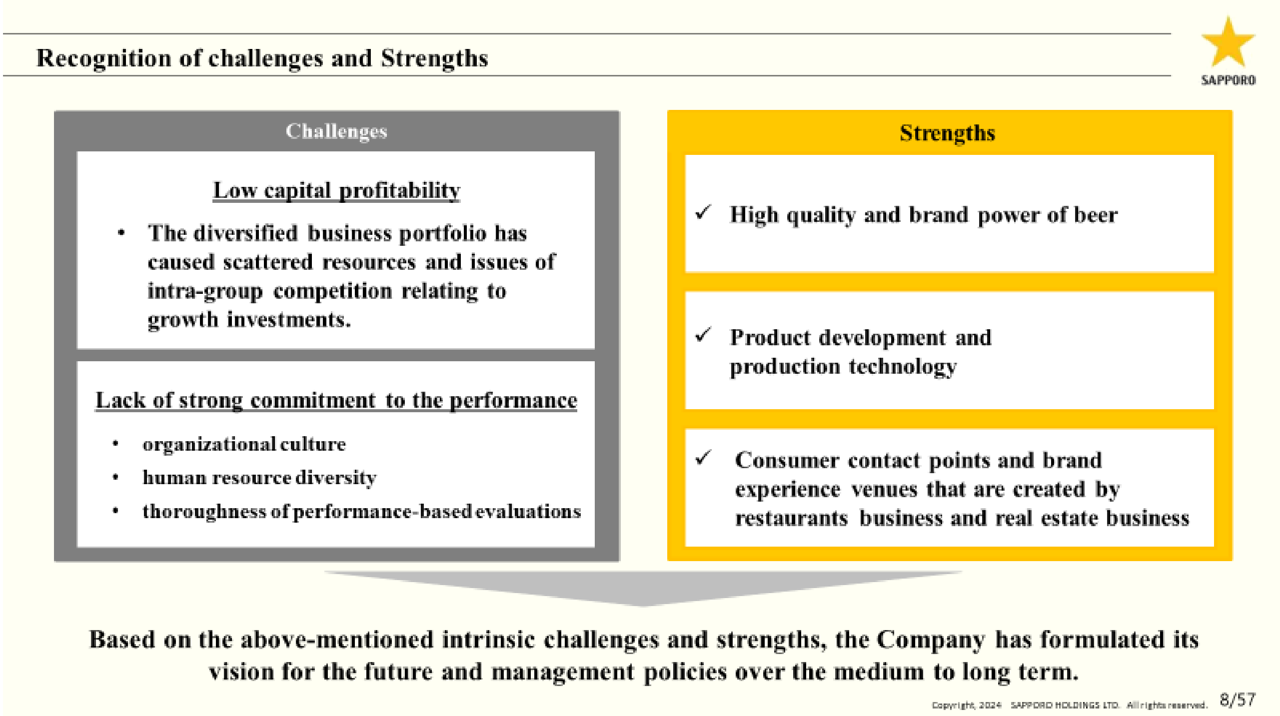


On page five, you will see our medium- and long-term management policies, which I will explain later, and our current medium-term management plan remains unchanged until 2026.

We have made a good start toward achieving 8% ROE by 2026, and we are on track for structural reforms in 2023 and 2024. We will certainly finish implementing them this year.

We also aim to achieve ROE of 8% and EBITDA of JPY50 billion as early as possible toward our 2026 plan, which we have left unchanged for now.

Based on the discussions at the Group Strategy Review Committee and the Board of Directors meetings held since last fall, we have formulated a management policy to enhance the value of the Group over the medium to long term and after the mid-term plan.



Shofu: Now, let me explain as I go along on the screen.

We recognize that the current mid-term plan, as we have just reported, is off to a good start. Since last year, the Group Strategy Review Committee and the Board of Directors have been holding discussions and deliberations with the aim of further enhancing corporate value. In this study, we have taken in a wide range of opinions from within the Company and also listened to those outside the Company, such as our business partners and investors.

In such an environment, we recognize that two major issues need to be addressed in order to improve our corporate value in the future. One is on the left side of the screen: low return on capital. The other is a weak commitment to performance.

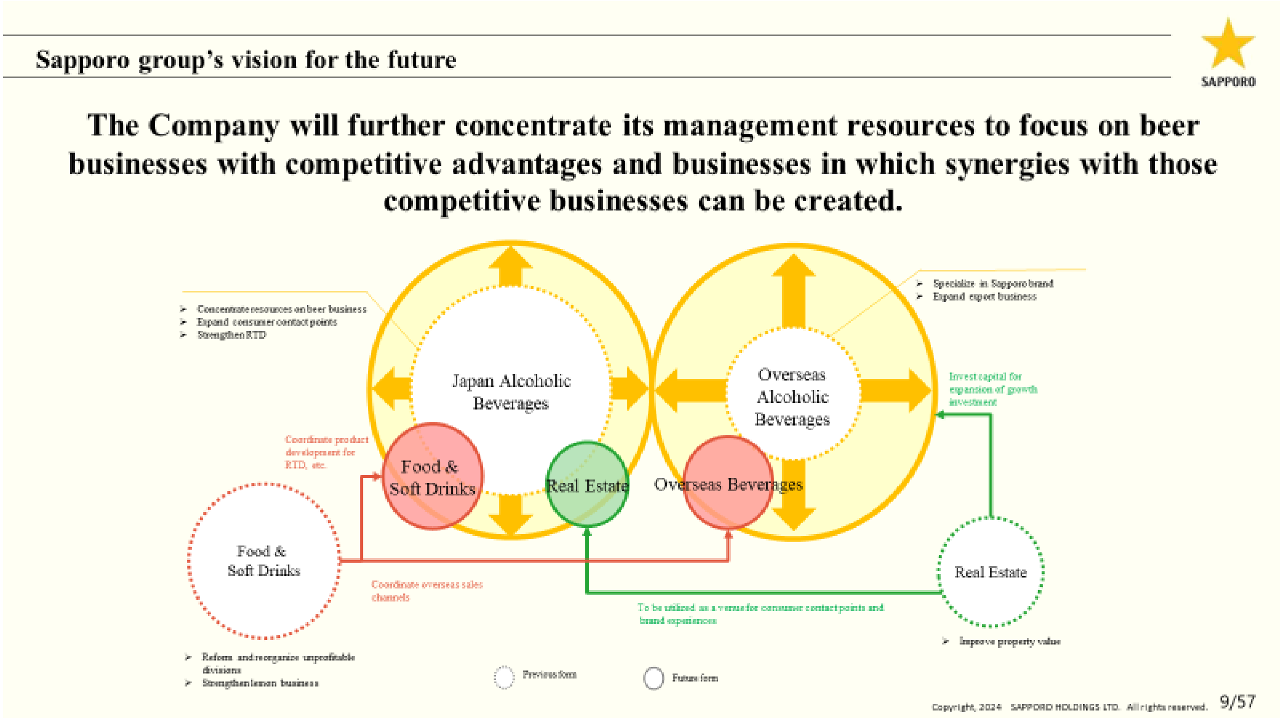
The low profitability is considered to be a major issue in the current mid-term plan, and we are promoting improvement by concentrating on and selecting each business. However, when looking at the overall structure of the Group, we realized that having a business portfolio that includes alcoholic beverages, food and soft drinks, and real estate businesses at the same time would lead to a dispersion of management resources or competition within the Group for resources to invest in growth. We believe that a major review of this point is necessary if we are to look at further increasing corporate value.

Weakness in commitment to performance, which has been reflected in the low level of achievement in the past management plan, is due to factors such as organizational culture, diversity of human resources, and the degree to which results-oriented management is thoroughly implemented.

On the other hand, we have also been confirming our strengths, which include the solid quality and brand power of our beer, our product development and production technology, and our unique points of contact with customers in the restaurant business, real estate, and brand experience. These have been highly evaluated both internally and externally, and we have confirmed that they will continue to be our unique strengths in the future.

These challenges, as well as the opportunities they present, have defined our medium- to long-term vision for the future. Simply put, we must concentrate on alcoholic beverages, where we have unique strengths. By concentrating on alcoholic beverages, we can increase capital profitability while leveraging our unique strengths to create rich beer experiences, customer experiences, and markets around the world. We hope to grow as such a company.

The source of our value is our human resources, and we intend to diversify our human resources further and invest in human capital in accordance with our corporate image. We will review our personnel system and the governance structure of the entire group to strengthen our commitment to performance and contribute to society as a unified group.



The diagram shown now conceptually illustrates the transition to a structure that will realize growth in the alcoholic beverages business. The dotted circles represent the current or past status, and the solid circles represent what we aim for in the medium to long term. I would like to add that this is a conceptual chart and not an organizational structure chart.

The message here is that we have been and are currently a conglomeration of three businesses—alcoholic beverages, food and soft drinks, and real estate—but in the medium to long term, we will sublimate the total power of the Group to increase value through growth in alcoholic beverages. The message is that we want to transform our business structure this way.

Our strength lies in our beer. There is also a trend toward a return to beer in Japan. With our track record of steadily growing the Sapporo brand overseas, we have three main ideas for the next stage of our alcoholic beverage efforts.

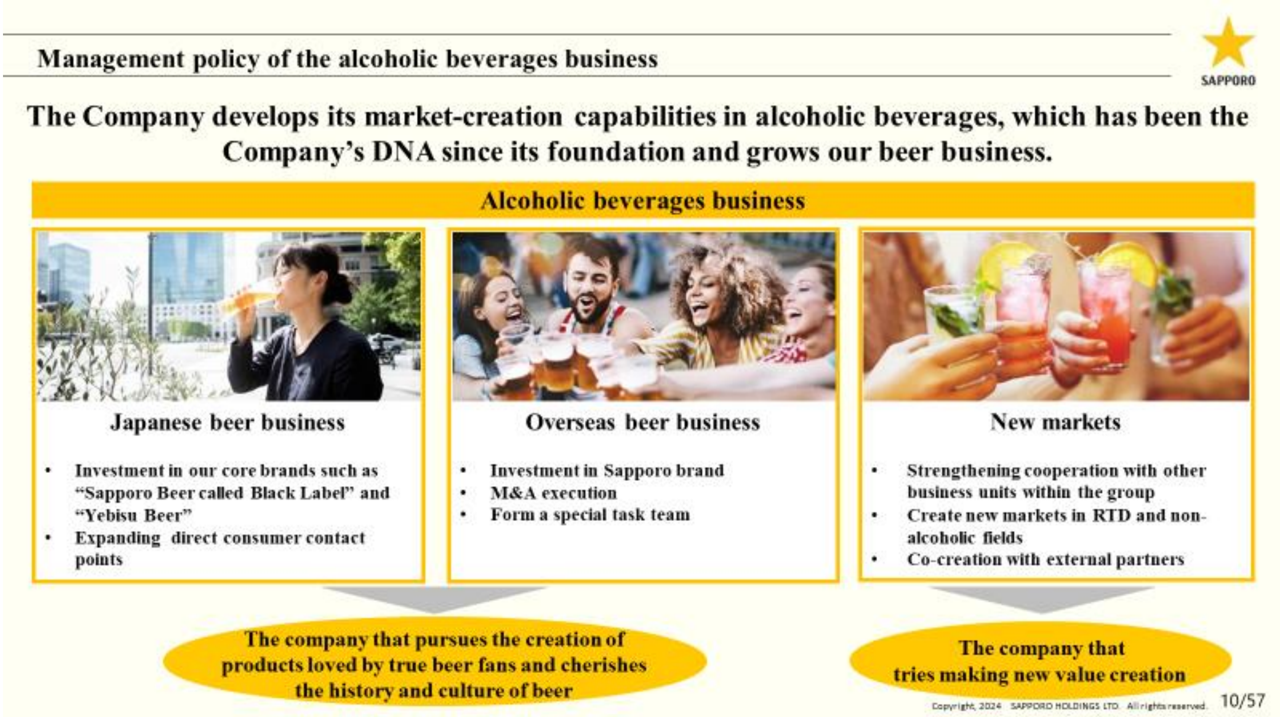
The first is the pursuit of manufacturing products that are loved by true beer fans, mainly in Japan. It is also about creating new fans while respecting the history and culture of beer. In fact, our flagship product, Black Label, has grown 1.7 times over the past 10 years. In addition, support from the younger generation, especially those in their 20s, is increasing. With these long-loved brands at the core, we will develop our own unique stories at customer contact points and brand experiences.

The second is overseas. Although the scale of our business is still small, Sapporo has continued to grow as a brand characterized by high quality, security, and uniqueness. In the future, we intend to strengthen our manufacturing and sales system and, in some regions, restructure our operations to increase brand recognition. By expanding and promoting M&A, we hope to grow our business to the same scale as our domestic business in the future. A specialized organization for this purpose will also be established within the Group.

Third, we will leverage our strengths in product development and production technology to create markets for RTD and non-alcoholic beverages. In this area, we will strengthen co-creation with external partners and promote the development of new businesses and services.

Next, in the food and soft drinks business, as shown in the chart, we would like to consider further synergies with alcoholic beverages, such as synergies in the RTD and non-alcoholic beverage areas, which we are still working on in part, as well as expanding sales synergies overseas in ASEAN countries. In the food and soft drinks category, we will fundamentally review the positioning of categories that cannot realize synergies with alcoholic beverages in the future.

Real estate is positioned as a place to provide brand and customer contact points for the alcoholic beverage business, and we intend to strengthen this initiative further. In order to increase the value of the alcoholic beverage business, we would like to flexibly respond to growth investments in the future, especially overseas. We intend to diversify our real estate holdings, including the introduction of capital from external strategic partners.



Organizational Management policy

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Redesign group's organizational structure and organizational operation to accelerate capability of transformation.

Organization	➢ The Company will consider the new organizational structure as a business group centered on alcoholic beverages business (i.e. a business holding company).

Human resources	➢ Review management requirements ➢ Supplement talents from outside ➢ Redesign our human resources development system	**Capital efficiency**	➢ The Company will thoroughly implement business management and financial management policies based on capital costs.

Financial Management policy

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The Sapporo Group recognizes increasing capital efficiency as one of our key challenge and aims to achieve an ROE of 10% or higher.

- ✓ The Company will also adopt ROIC as an internal indicator to thoroughly conduct strict criteria of business continuity based on business-specific WACC and business monitoring using an ROIC tree
- ✓ In addition, while elevating its financial stability by utilizing external equity, the Company will accelerate efforts to reduce cross-shareholdings to improve the flexibility of growth investments in the alcoholic beverages business.

Next, I would like to explain our organizational management policy.

First, let us discuss the Group's organizational structure. We intend to change the structure of the Group's total power with the aim of increasing value through alcoholic beverages growth. We will consider the ideal organizational form from the perspective of what governance structure is necessary to achieve this and how we can further enhance synergy creation. We also have the option of transitioning to an operating holding company.

Next, I would like to add a supplementary note on human resources. Management human resource requirements will also be reviewed in line with the medium- and long-term policies presented today. In addition to supplementing our human resources with external human resources, including diversity, we will also redesign our internal human resources development system in line with the revised management human resources requirements.

Financial policy. In the mid-to long-term, we aim to achieve an ROE of 10% or more. In the current medium-term management plan, ROIC has been set as one of the internal management indices with an awareness of capital efficiency, and we will continue to monitor our business using the ROIC tree thoroughly and to tighten the criteria for business continuity decisions.

In addition, we intend to utilize capital from outside sources to reduce debt and increase financial stability to create a structure allowing us to make flexible investments for growth in the alcoholic beverages business.

(Reference)

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Points that remain unchanged	Points to be changed (ahead of the current Medium-Term Management Plan)
✓Creation of high-quality products that are loved by beer fans Strengthening of business foundation through product development and production technology ✓Investment in our core brands and structural reforms to strengthen profitability ✓Overseas business growth ✓Management with a sense of capital efficiency and capital costs	✓Change from the collection of alcoholic beverages / food & non-alcoholic beverages / real estate businesses to a corporate entity that realizes value enhancement through growth of the alcoholic beverage business, which is to be achieved by the total strength of the group ✓Introduction of external capital to real estate business and significant expansion of growth investment in beer business ✓Group's organizational structure and governance system ✓Management requirements in respect of senior management to realize improvement in capital profitability and overseas business growth, and formulation of personnel and other systems to increase commitment to performance

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Today, I have provided an overview of the policy.

We will proceed with planning regarding the various points presented here. We will report back and inform you of the specifics of our efforts at an appropriate time later.

This is the end of my brief explanation.

Moderator: Thank you for your explanation. Next, Matsude will give an overview of the financial results for FY2023 and the management plan for FY2024. Please.

Financial Highlights

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(billions of yen)	2022 Result	2023 Result	YoY changes (amount)	YoY changes (%)
Revenue	478.4	518.6	40.2	8.4%
Revenue (Excluding liquor tax)	364.2	400.8	36.5	10.0%
Overseas revenue	102.2	119.6	17.4	17.0%
EBITDA	29.9	36.0	6.1	20.6%
Core operating profit	9.3	15.6	6.3	67.9%
Core operating profit margin	1.9%	3.0%	-	-
Other operating income (expense)	0.8	(3.8)	(4.6)	-
Operating profit	10.1	11.8	1.7	17.0%
Profit attributable to owners of parent	5.4	8.7	3.3	60.1%
ROE	3.3%	5.0%	-	-

Matsude: Now, please open the document to page 15. These are the financial highlights.

Revenues were up 8%, operating income up 68%, operating income up 17%, and profit attributable to owners of the parent company up 60%.

I would like to add one point regarding other operating revenues and expenses. FY2023 saw a YoY decrease of JPY4.6 billion, while FY2022 saw a YoY increase of JPY0.8 billion due to gains on sales of fixed assets and other factors. On the other hand, in 2023, as informed, we recorded a loss of JPY6.9 billion due to the liquidation of Anchor Brewing Co. This one-time loss associated with the restructuring has caused other operating revenues and expenses to turn negative.

Financial Highlights

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(billions of yen)	2022 Result	2023 Result	YoY changes (amount)	YoY changes (%)
Revenue by Segment	**478.4**	**518.6**	**40.2**	**8.4%**
Alcoholic Beverages	334.6	376.9	42.2	12.6%
Japanese	245.4	268.3	22.9	9.3%
Overseas	74.0	88.6	14.6	19.8%
Restaurants	15.3	20.0	4.7	30.4%
Food & Soft Drinks	122.9	119.9	(3.0)	(2.4)%
Japanese	98.3	93.5	(4.8)	(4.9)%
Overseas	24.6	26.4	1.9	7.5%
Real Estate	20.7	21.7	1.0	4.7%
Other	0.1	0.1	0.0	4.3%

(billions of yen)	2022 Result	2023 Result	YoY changes (amount)	YoY changes (%)
Core Operating Profit by Segment	**9.3**	**15.6**	**6.3**	**67.9%**
Alcoholic Beverages	7.7	16.0	8.3	107.2%
Japanese	8.5	14.2	5.7	67.5%
Overseas	(0.3)	(0.3)	(0.0)	-
Restaurants	(0.5)	2.1	2.6	-
Food & Soft Drinks	1.8	1.6	(0.1)	(7.5)%
Japanese	0.8	2.2	1.4	174.3%
Overseas	0.9	(0.6)	(1.5)	-
Real Estate	6.5	5.8	(0.7)	(10.5)%
Other・General corporate and intercompany eliminations	(6.6)	(7.8)	(1.2)	-

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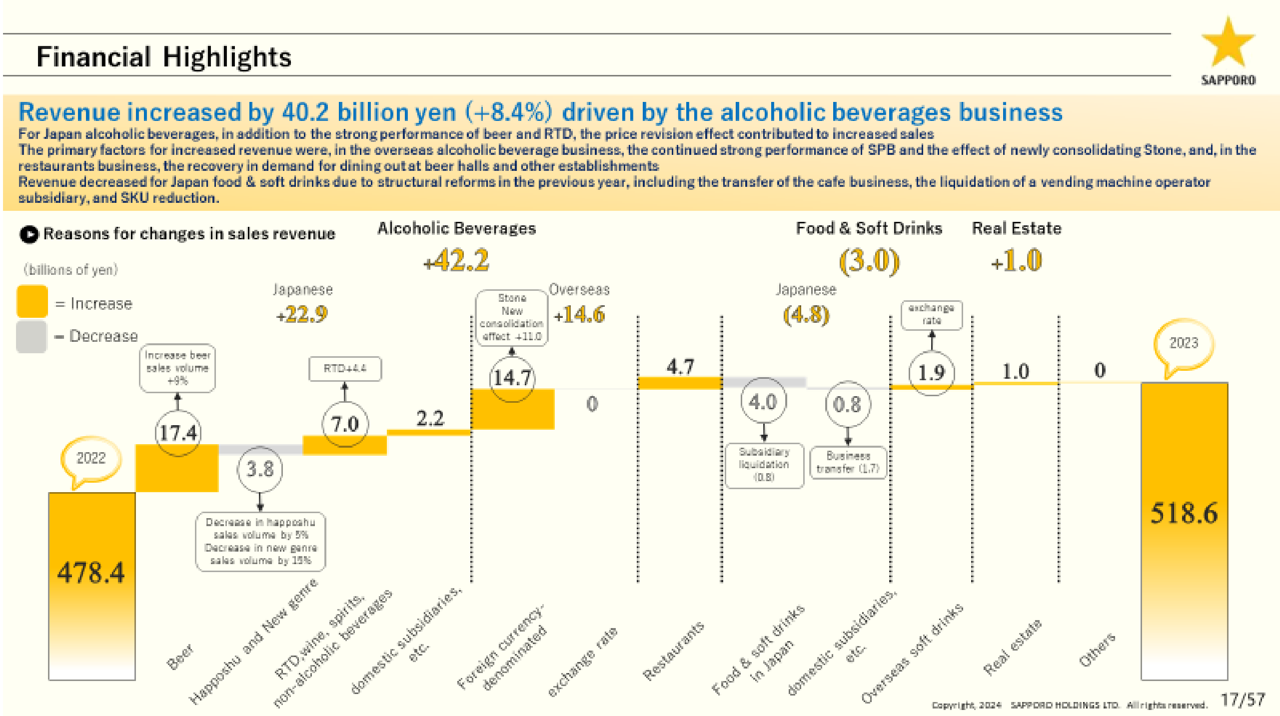
Next, I will explain the results by segment.

First, regarding revenue, the alcoholic beverages business was the driving force behind the increase in revenue. Sales of domestic alcoholic beverages, overseas alcoholic beverages, and restaurants all increased.

Regarding core operating profit, picture has changed slightly, the increase is due to the effect of increased sales of domestic alcoholic beverages and the effect of structural reforms in restaurants business and the domestic food and soft drinks business.



I will explain about the details. Let's start with the reasons for the increase/decrease in sales revenue.

First, sales and earnings benefited from an increase in the volume of beer and RTD in the domestic alcoholic beverages category, the effect of price revisions, the consolidation of Stone, an overseas brewery, and a recovery in the restaurants business.

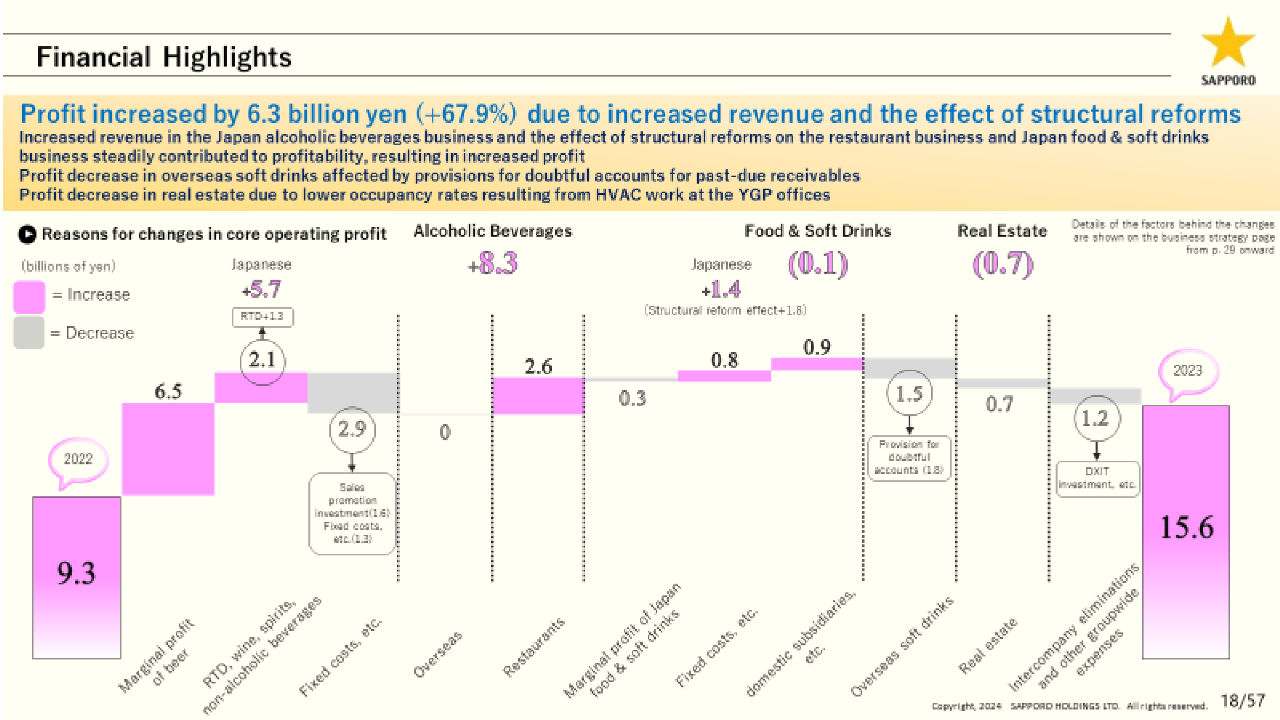
The first is the domestic alcoholic beverages business. This was an increase of JPY22.9 billion. Beer sales offset the decline in new genres, and total sales of beer, happoshu and new genre increased by JPY13.6 billion, or 8%. RTD sales also increased by nearly 20% to JPY4.4 billion.

For overseas alcoholic beverages, the effect of the new consolidation of Stone is for the period from January to August. This was a JPY11 billion effect. In addition to this, the volume growth of the Sapporo brand overseas also contributed to the increase.

In the restaurants business, sales at beer hall restaurants increased, resulting in a 30% increase in sales.

In the domestic food and soft drinks business, sales decreased due to the impact of structural reforms. In the lemon business, such as lemon beverages and lemon food products, which we are focusing on, sales increased by JPY300 million.

In the real estate business, the effect of the renewal of Center Plaza at Yebisu Garden Place contributed to this business.



Next, I will explain the factors behind the increase or decrease in core operating profit.

Core operating profit benefited from higher sales of domestic alcoholic beverages and the effects of structural reforms in restaurants business and domestic food and soft drinks. On the other hand, we were also greatly affected by the soaring cost of raw materials, which had an impact of JPY13 billion, and we responded by revising our prices.

First, domestic alcoholic beverages. The rising cost of raw materials was offset by the effect of price revisions, and volume increases in beer and RTD contributed to the increase.

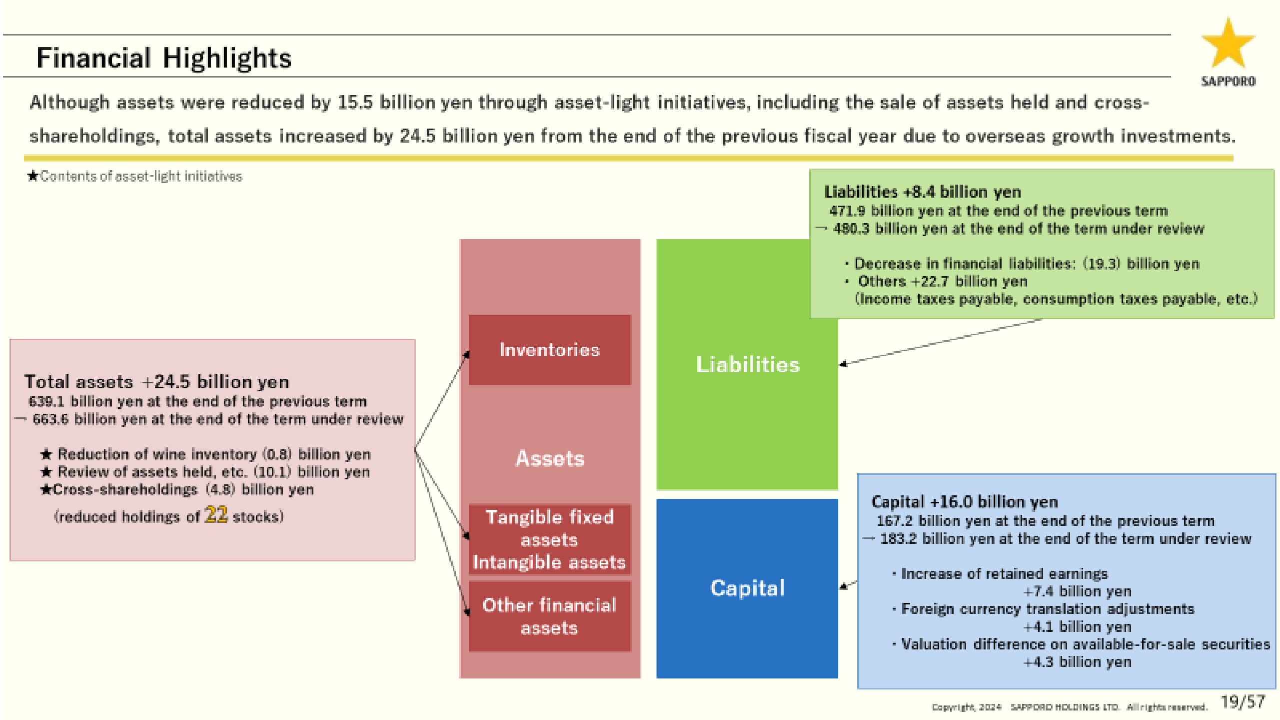
Next is the overseas alcoholic beverages business, which remained flat YoY. Synergies from the dissolution of Anchor contributed JPY600 million this year, and synergies with Stone contributed approximately JPY500 million, but these were offset by integration costs to create synergies with Stone.

The restaurants business recorded a large increase in profit due to the effects of structural reforms, supported by higher sales.

In the domestic food and soft drinks business, we made steady progress in improving profitability by improving the vending machine business and the effects of structural reforms of subsidiaries.

In overseas beverages, income decreased by JPY1.5 billion due to the impact of a provision for doubtful accounts in the export business to the Middle East.

In the real estate business, income decreased due to renovation work on the office air-conditioning system at Garden Place.



Next, I will explain the balance sheet.

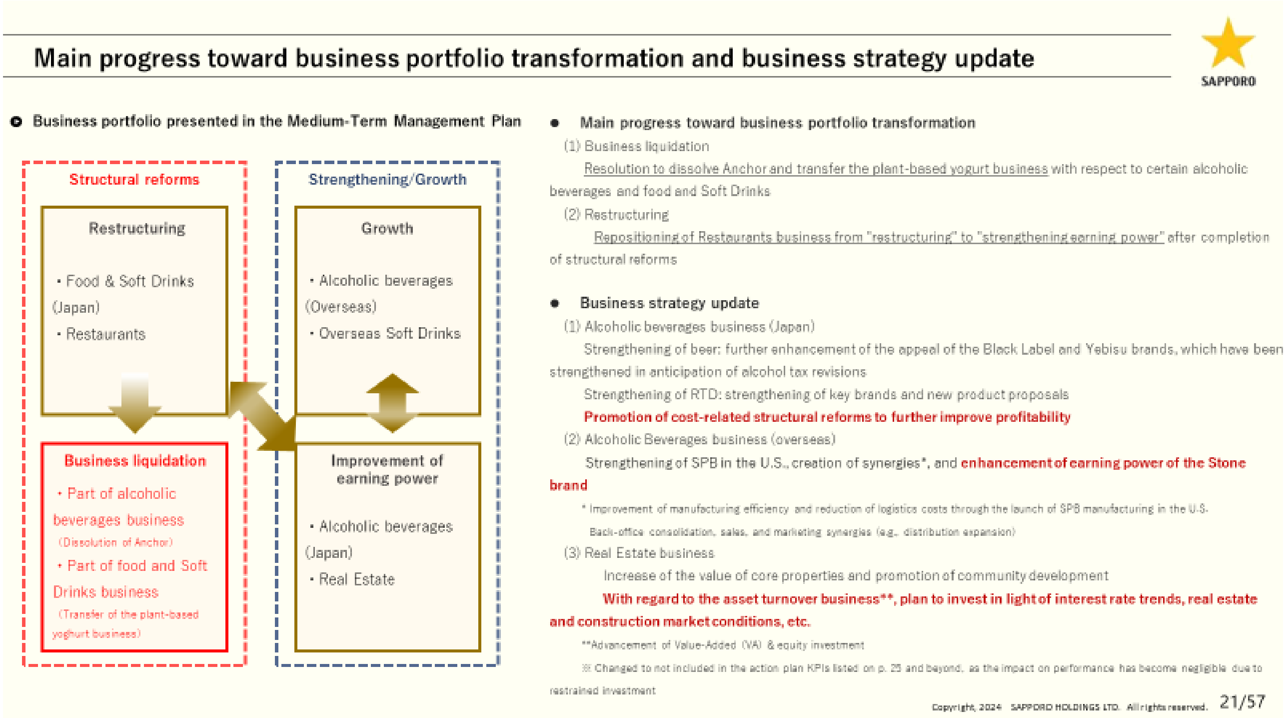
Total assets increased by JPY24.5 billion to JPY663.6 billion.

We have been engaged in asset-light initiatives, mainly in our domestic business, amounting to more than JPY15 billion. The majority of the inventory reductions and the review of assets held are sales of non-core real estate. We have also been working on the sale of cross-shareholdings.

The reason for the increase in assets is the growth investment in overseas business, and the other is the increase in overseas assets due to the depreciation of the yen.

In terms of liabilities, financial liabilities have steadily decreased, and capital has been enhanced through an increase in retained earnings and other means.

Above is the explanation of last year's financial results.



Next, I would like to explain our management plan for the current fiscal year. Please refer to page 21 of the material.

Regarding the progress of our business portfolio, we have decided to dissolve Anchor and transfer the vegetable yogurt business. Then we recognize that the restaurants business, which was positioned for restructuring, has completed its structural reform.

As an update to our business strategy, in the domestic alcoholic beverages business, we intend to continue strengthening our beer and RTD businesses, as well as promote further cost structure reforms.

In our overseas alcoholic beverages business, we will prioritize strengthening the Sapporo brand in the US and creating synergies, and we will also work to strengthen the profitability of the Stone brand.

In the real estate business, while continuing to enhance the value of our core properties, we have decided to curtail investment in the asset turnover investment business, which we have been pursuing to diversify our earnings structure and improve investment efficiency.

Figures based on the plan's assumptions

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- **Higher costs, such as surging raw material costs**

Costs are expected to increase by ¥6.5 billion vs. 2023, but price revisions implemented through last year will absorb this increase. Respond to the risk of additional cost increases by closely monitoring the situation

Domestic

Year-on-year comparison (billions of yen)

Overseas

Year-on-year comparison (billions of yen)

- **Market trend and plan**

Japan alcoholic beverages: Plan to outperform the market by continuing to strengthen mainstay beer brands and RTD amid an expected shift to beer ,RTD in light of the October 2023 alcohol tax revisions.

Overseas alcoholic beverages: Although gross demand in Canada is expected to be lower year-on-year due to inflation and other factors, and gross demand in the U.S. is expected to be at the same level as the previous year, the Sapporo brand's growth trend is expected to continue.

Food and beverages: Domestic sales of lemon products, the main focus, are expected to grow year-on-year, but sales of other food and beverage products are expected to fall below the previous year's level due to SKU reduction. Overseas sales, mainly in Malaysia, are expected to exceed the previous year's level.

※ (Only canned products. RTD 1 case = 250ml x 24 bottles)

Alcoholic Beverages Japanese (10,000case)	Sales plan	YoY	Total demand (YoY)
Beer, happoshu, and new genre	3,969	(1)%	(2)%
Beer	3,144	+8%	+4%
Happoshu (include New genre)	825	(24)%	(9)%
bottle	-	+1%	(2)%
can	-	(1)%	(3)%
keg	-	+0%	+0%
RTD※	1,564	+11%	+3%

Food & Soft Drinks Japanese (billions of yen)	当社計画	当社（前年比）
Soft Drinks	58.1	+2%
Food (Lemon・Soups)	28.9	(5)%

Alcoholic Beverages Japanese (10,000case)	当社計画	当社（前年比）
North America	2,038	+1%
Other areas	348	+23%
Total	2,386	+4%
Sapporo brand Total	809	+13%

Food & Soft Drinks Overseas (millions of SGD)	当社計画	当社（前年比）
Singapore	157	+2%
Malaysia	29	+17%
International	52	+7%

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Next, I would like to explain the figures on which the plan is based.

First is the impact of soaring raw material prices and other factors. This year, we will continue to be affected by the rising cost of raw materials.

We expect a cost increase of JPY6 billion this year. Basically, this will be absorbed by the price revision. Regarding raw materials, the main factor is the significant impact of foreign exchange rates. In addition, cans and other materials are also affected by processing costs, such as labor and energy costs.

Regarding logistics costs, which have been publicly discussed as a problem for 2024, we expect an increase of about JPY1.3 billion for domestic alcoholic beverages and food and soft drinks products.

In addition, the current exchange rate has risen to JPY150 to the dollar, but we have set our assumed exchange rate at JPY145 to the dollar. However, for the procurement of raw materials, the price is set at JPY150.

Then, there are market trends and plans. Regarding domestic alcoholic beverages, we plan a 1% YoY decrease in sales of beer, haapposhu and new genre . Beer sales are expected to increase by 8%, and RTD sales are expected to increase by 11%, both of which exceed total demand. In overseas alcoholic beverages, we plan to continue the growth trend of the Sapporo brand this year.

Group Management Plan 2024

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(billions of yen)	2023 Result	2023 Plan	YoY changes (amount)	YoY changes (%)
Revenue	518.6	523.5	4.9	0.9%
Revenue (Excluding liquor tax)	400.8	407.6	6.8	1.7%
Overseas revenue	119.6	124.4	4.8	4.0%
EBITDA	36.0	40.7	4.7	13.0%
Core operating profit	15.6	19.0	3.4	21.5%
Core operating profit margin	3.0%	3.6%	-	-
Other operating income (expense)	(3.8)	(1.4)	2.4	-
Operating profit	11.8	17.6	5.8	48.9%
Profit attributable to owners of parent	8.7	10.0	1.3	14.6%
ROE	5.0%	5.5%	-	-

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This is a financial plan.

We plan to continue strengthening our profitability this year, aiming to increase sales, profits, and dividends.

Revenues are expected to increase 1% YoY, core operating profit up 22% YoY, and profit attributable to owners of the parent company up 15% YoY. We have set up such a plan.

Group Management Plan 2024 ～Target for core operating profit～

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【Target for core operating profit】

Targets for 2026 have not been changed since the Medium-Term Business Plan was formulated

	2022 Result	2023 Result	2024 Plan	2026 Target
Alcoholic beverages in Japan	3.5%	5.3%	5.7%	5.7%
Alcoholic beverages in Overseas	(0.4)%	(0.3)%	1.1%	6.2%
Restaurants	(3.3)%	10.5%	8.8%	5.0% (Aim to maintain 2024 profit level)
Food & Soft Drinks In Japan	0.9%	2.3%	2.4%	3.8%
Food & Soft Drinks In Overseas	3.6%	(2.2)%	4.6%	5.0%
Real Estate ※	4.9%	4.7%	4.7%	5.7%

※ EBITDA-based ROA

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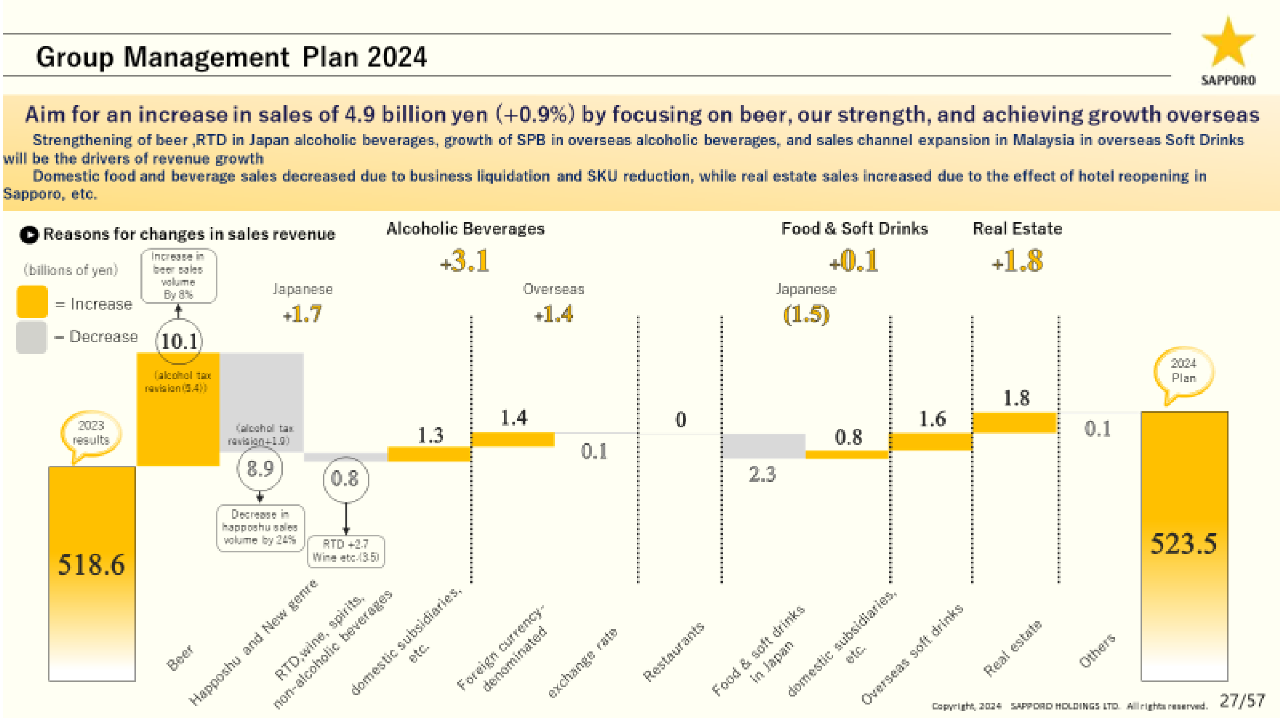
Next, in terms of changes in the financial targets set forth in the mid-term plan, page 26 shows the target of the core operating profit.

The domestic alcoholic beverages business is progressing as initially planned, with a core operating profit margin of 5.7% this year, which we expect to meet our medium-term management plan target. Although we have not changed our target for 2026, we will continue to strengthen our brand and reform our cost structure to achieve further improvement.

The restaurants business also cleared its mid-term management plan target last year. We are determined to maintain the same level of profitability as this year.

In other businesses, we intend to continue strengthening profitability.



Next, I will explain the factors behind the increase or decrease in sales revenue and core operating profit. First, let’s look at sales revenue.

Sales revenue is expected to decrease only for domestic food and soft drinks products, which are undergoing structural reforms, and we expect to increase slightly for all other products.

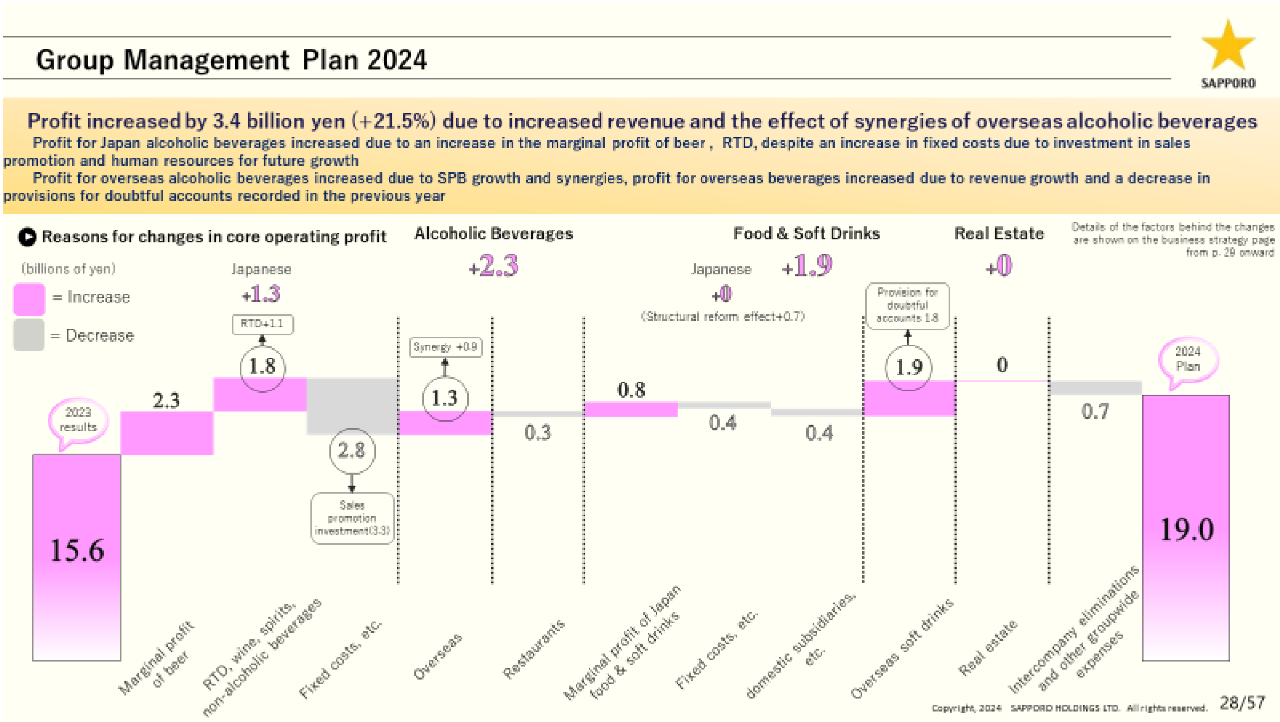
In the domestic alcoholic beverages business, the decrease in sales of happoshu and the impact of the alcohol tax revision will be offset by an increase in beer sales volume, resulting in a total sales of beer, happoshu and new genre increase of JPY1.2 billion. RTD sales also are expected to increase by JPY2.7 billion due to an increase in volume.

In our overseas alcoholic beverages business, we expect a 13% growth in sales volume of Sapporo brand products overseas.

In the domestic food and soft drinks business, we expect a decrease in sales due to business restructuring and SKU reduction.

In our overseas beverage business, we expect continued growth, including expansion of sales channels in Malaysia.

In the real estate business, we plan to increase revenues by anticipating the effect of the hotel reopening in Sapporo.



This is the reason for the change in core operating profit.

Domestic alcoholic beverages, overseas alcoholic beverages, and overseas beverages are expected to contribute to the increase in core operating profit. We plan to increase domestic alcoholic beverages profit by 9% due in part to a certain amount of investment for growth. In addition, the restaurants business and domestic food and soft drinks business, which have been the main drivers of profit growth, are expected to remain flat YoY.

This is the domestic alcoholic beverages business. The marginal profit of beer is expected to increase by JPY2.3 billion, mainly driven by beer due to the effect of an improved product mix. RTDs are also expected to increase in profit due to higher volumes. At the same time, we expect to make a certain amount of investment for future growth, including marketing investment in beer and RTDs, as well as investment in human resources.

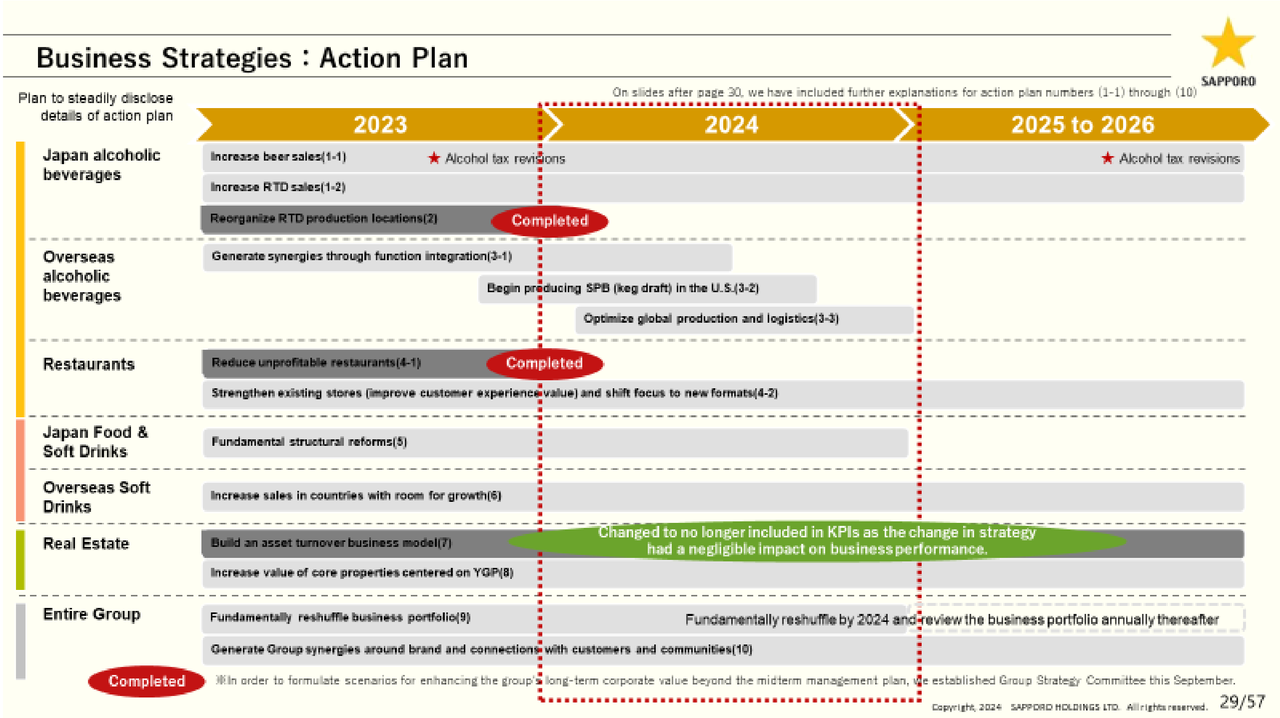
This is the overseas alcoholic beverages business. We expect an increase in income in overseas alcoholic beverages business due to synergies from the acquisition of Stone and the liquidation of Anchor.

The restaurants business plans a slight decrease in profit due to expected increases in fixed costs such as labor, energy, and rental costs.

In the domestic food and soft drinks business, the increase in fixed costs, such as brand investment and personnel expenses, will be offset by the effects of structural reforms.

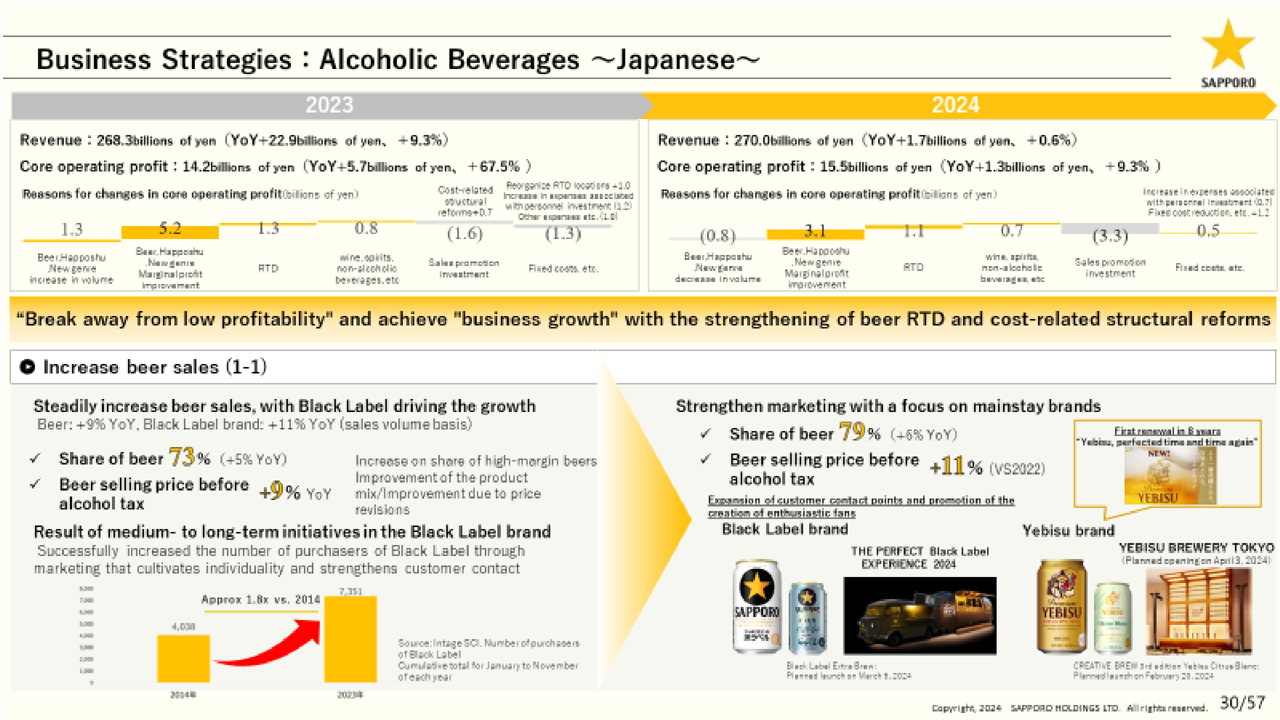
As for the overseas beverage business, we expect an increase in income due to higher sales and the absence of the bad debt allowance recorded in the previous year.

In the real estate business, we expect it to remain at the same level as the previous year, including hotel opening expenses.



Next, I would like to discuss the progress of the Action Plan.

Each of the key action plans by business segment represents a key point. I have attached explanatory materials from the next page onward and will explain each business accordingly.



We begin with domestic alcoholic beverages. Here is an explanation of strengthening of beer.

In the previous year, we strengthened our beer, particularly Black Label, resulting in a 9% increase in volume. We plan to increase beer sales by 8% this year.

We would like to strengthen our profitability by increasing the composition ratio of beer, which is highly profitable. Last year, the composition ratio of beer was 73%, and we hope to raise it to nearly 80% this year. We estimate that the composition ratio of beer in the market is about 50%.

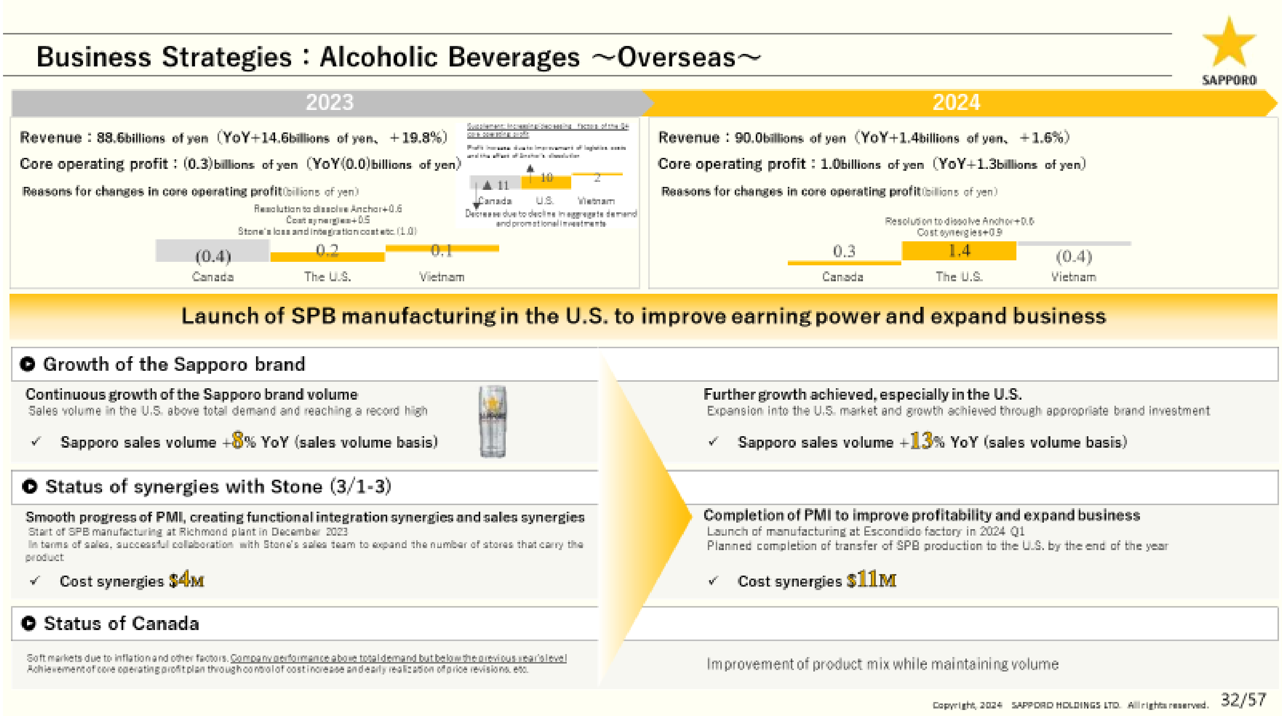
As for specific measures to strengthen our beer business, we would like to further expand our contact points with customers and strengthen information dissemination. We will continue to enhance our efforts to disseminate information about the Yebisu brand.

Next, let me explain our efforts to strengthen RTD and reform our cost structure.

First, I would like to discuss RTD. In the last fiscal year, we were able to grow by nearly 20% in terms of sales value. This year, we plan to continue to increase sales by about 10% from the previous year through our core brands and new product proposals, and we hope to expand sales by about 30% from 2022.

On the other hand, as for cost structure reforms, we intend to increase the effectiveness of in-house production of RTDs and further improve the cost structure by optimizing SKUs, increasing the efficiency of sales promotion expenses, and improving productivity.

As for cost reductions achieved in the previous year, we reduced costs by JPY700 million by streamlining sales promotion expenses, and by JPY1 billion by reorganizing RTD bases, for a total cost reduction of just under JPY2 billion. Further cost reductions are planned for this year, including the effect of in-house production of RTDs.

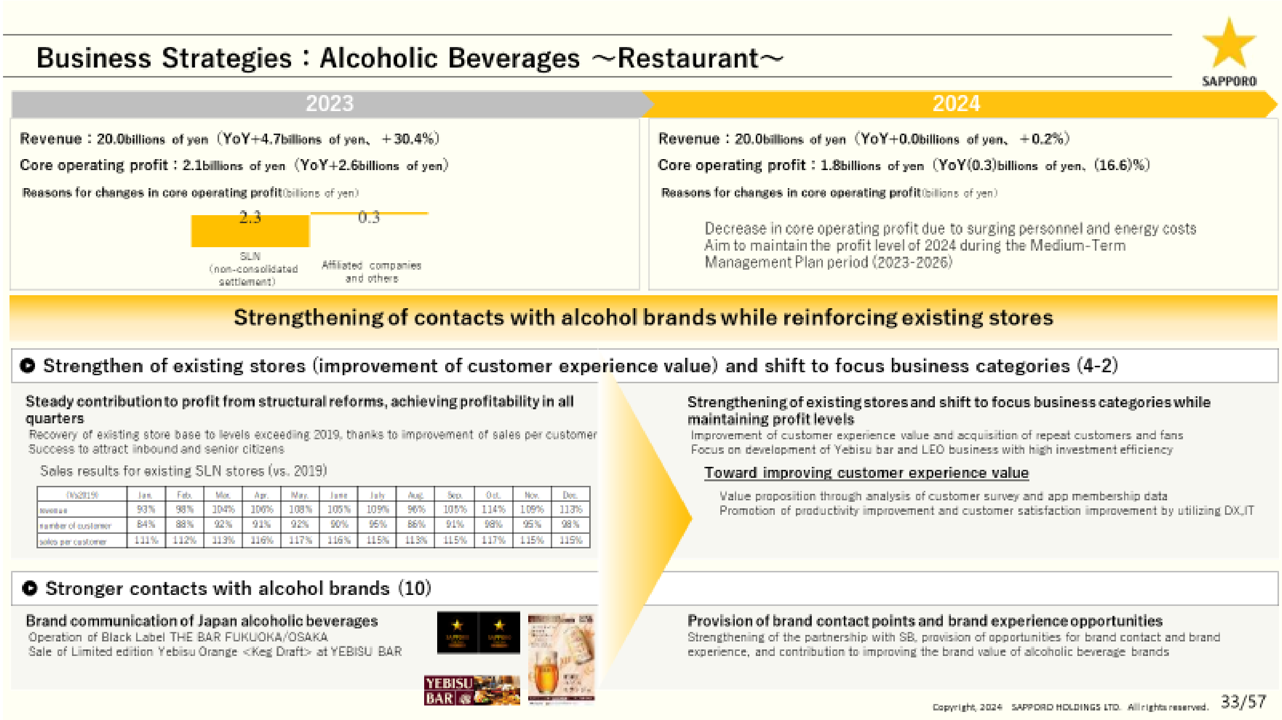


Next is overseas alcoholic beverages.

We plan to start full-scale production of Sapporo brand products in the US this year. We will therefore strive to achieve further growth of the Sapporo brand in the US, as well as cost reductions by improving our manufacturing and distribution systems.

As for sales growth, the sales volume of the Sapporo brand, which is growing mainly in the US, increased by 8% last year, and we plan to increase it by 13% this year by investing in sales promotions.

As for synergies with Stone, last year we achieved USD4 million in cost synergies through functional integration, and this year we are aiming for an additional USD7 million to USD11 million through full-scale manufacturing starting in 2H.

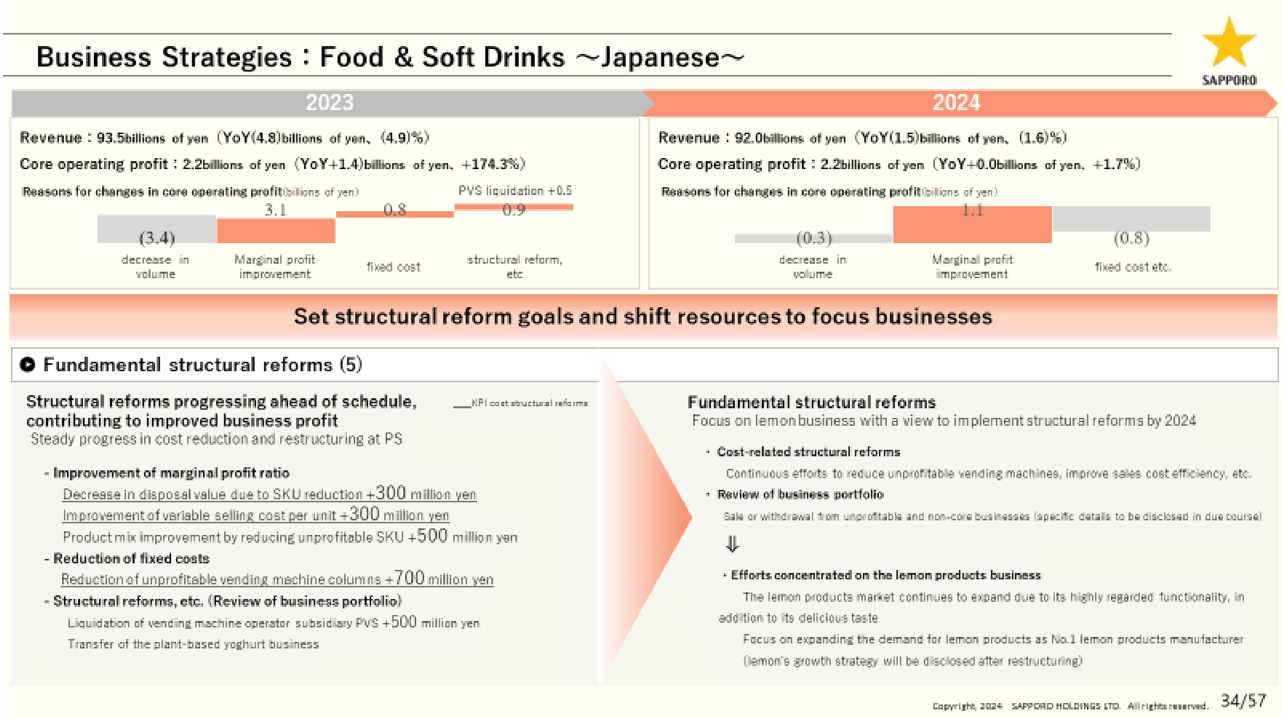


(Vs2019)	Jan.	Feb.	Mar.	Apr.	May.	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
revenue	93%	98%	104%	106%	108%	105%	109%	96%	105%	114%	109%	113%
number of customer	84%	88%	92%	91%	92%	90%	95%	86%	91%	98%	95%	98%
sales per customer	111%	112%	113%	116%	117%	116%	115%	113%	115%	117%	115%	115%

Next is the restaurants business.

This year, we expect sales to be at the same level as the previous year, and on the cost front, we expect a slight decrease in profits due to a certain level of increase in fixed costs such as labor, energy, and rent.

Looking ahead, we hope to maintain profitability on par with this year's level and keep the core operating profit margin at roughly 8%. At the same time, we intend to enhance the brand communication of our domestic alcoholic beverage business.



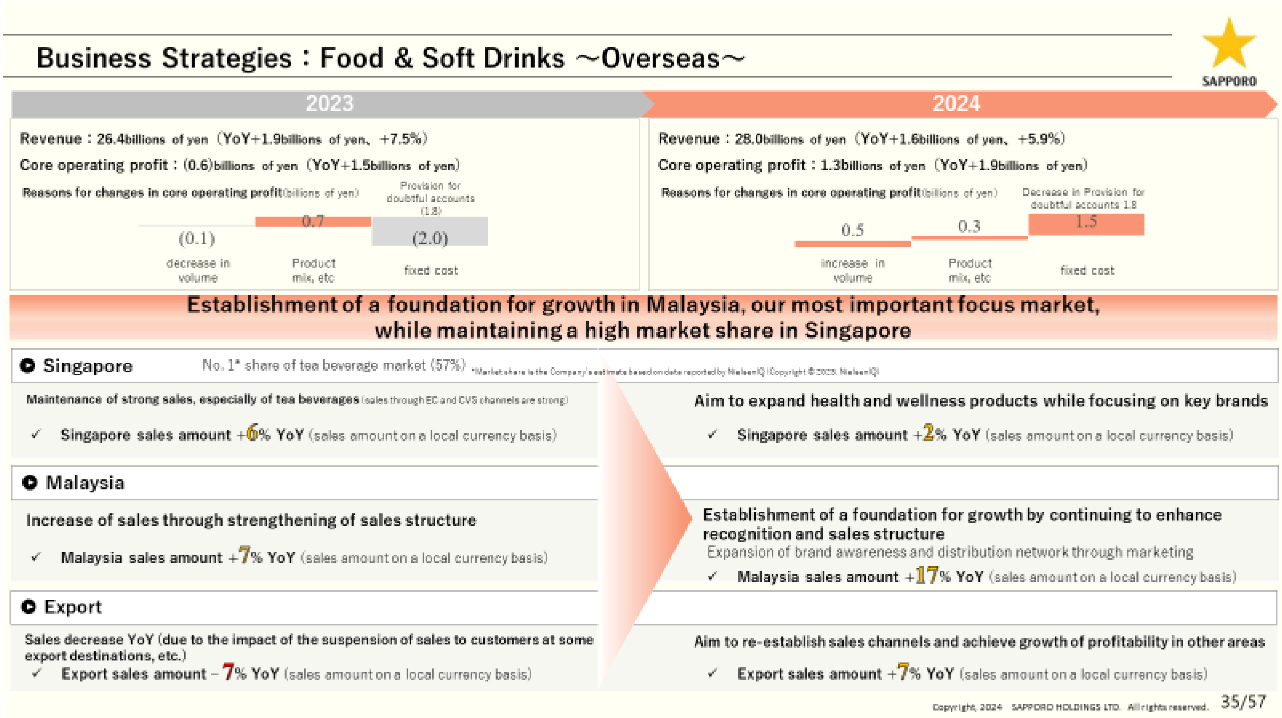
Next is the domestic food and soft drinks business.

We have been working on structural reforms, and we hope to have a certain level of fundamental structural reforms in place by the end of this year.

We will continue our efforts to reform our cost structure, but we also plan to pursue fundamental reforms such as selling or withdrawing from unprofitable and non-core businesses. Although we are unable to disclose specific details at this time, we will disclose them as soon as they are finalized.

As for the effects of structural reforms, we recognize that we generated JPY1.8 billion in the previous year, and we plan to generate an additional JPY700 million this year.

In addition, we are investing in sales promotions for the lemon business and in human resources. Our profit plan for this year is on par with the previous year's.

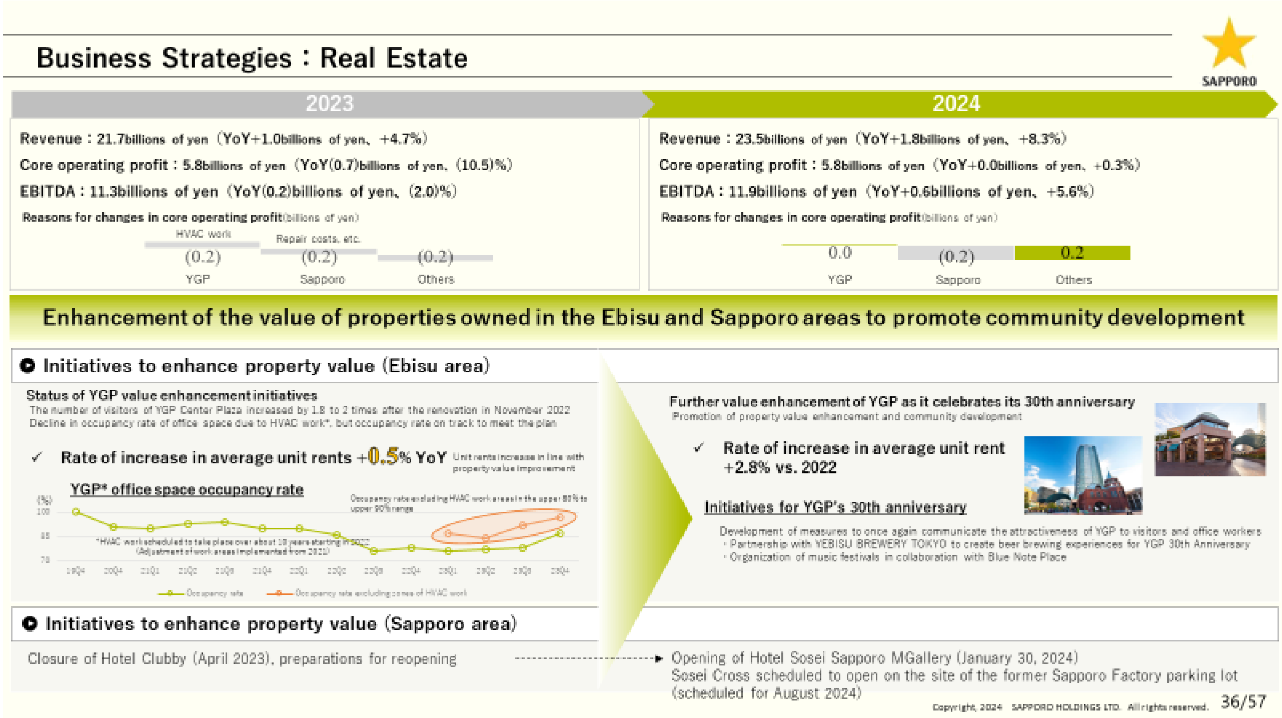


Next is the overseas beverage business.

We would like to establish a foundation for growth in Malaysia while maintaining a high market share in Singapore.

We have the number one share of the tea market in Singapore, and have maintained a high market share of just under 60%. We intend to maintain this level of market share and expand our sales network in Malaysia in order to strengthen the foundation for sales growth.

As for the export business, for which we recorded provision for doubtful accounts last year, we have established new sales channels to the Middle East and are working to resume the business as soon as possible. On the other hand, legal actions are ongoing to collect doubtful receivables.



Next is the real estate business. We will continue to enhance the value of our properties in the Ebisu and Sapporo areas.

In the Yebisu area, we intend to strengthen leasing after the air-conditioning renovation of Garden Place, as well as to enhance information dissemination, including the opening of YEBISU BREWERY TOKYO. The occupancy rate of the Garden Place Office was 79% last year and is expected to be 80% in the latter half of this year.

In the Sapporo area, the hotel renewal was completed and opened on January 30. We are also pleased to report that the development of office space on the former parking lot of the Sapporo Factory is scheduled to open in August, and both are progressing smoothly.

This year, we expect the impact of the hotel's opening expenses to be minimal, so we are forecasting profits to remain at about the same level as the previous fiscal year.

Action Plan KPI

※1 Forex assumption: ¥130
※2 Local currency basis (Singapore dollar)

		2022 results	2023 results	2024 Plan	medium-term plan Target
Japan alcoholic beverages	**Reinforcement of Beer / Improving Profitability of Beer-type Bev.**				
	Increase beer sales: share of beer sales (1-1)	68%	73%	79%	79%
	Improve profit margin: selling price excluding alcohol tax (1-1)	-	+9% (VS 2022)	+11% (VS 2022)	+11% (VS 2022)
	RTD Business Growth and Production Streamlining, Etc.				
	RTD growth: RTD sales amount (1-2)	-	+19% (VS 2022)	+31% (VS 2022)	+74% (VS 2022)
	Increase production efficiency: ratio of in-house production (2)	73%	63%	88%	88%
Overseas alcoholic beverages	**Stone Acquisition Synergy / SPB Growth**				
	Sapporo brand volume (3-1-3)	6.61million cases	7.16million cases	8.09million cases	10.0million cases
	Cost synergy (3-1-3) ※1	-	$4M	$11M	$23M
Japan food & soft drinks	Cost Structure Reforms (5)	-	1.3billion	2.0billion	2.0billion
Overseas soft drinks	Expanding Sales and Increasing Logistics Efficiency Overseas sales amount (6) ※2	-	+2.8% (VS 2022)	+7.6% (VS 2022)	+30% (VS 2022)
Real Estate	Increase value of YGP Rate of increase in average rental price (8)	-	+0.5% (VS 2022)	+2.8% (VS 2022)	+2.5% (VS 2022)
Entire Group	Fundamentally reshuffle business portfolio (9) PVS liquidation effect +500 million yen Anchor dissolution effect +600 million yen	1.0billion (VS 2021)	1.1billion (VS 2022)	-	-

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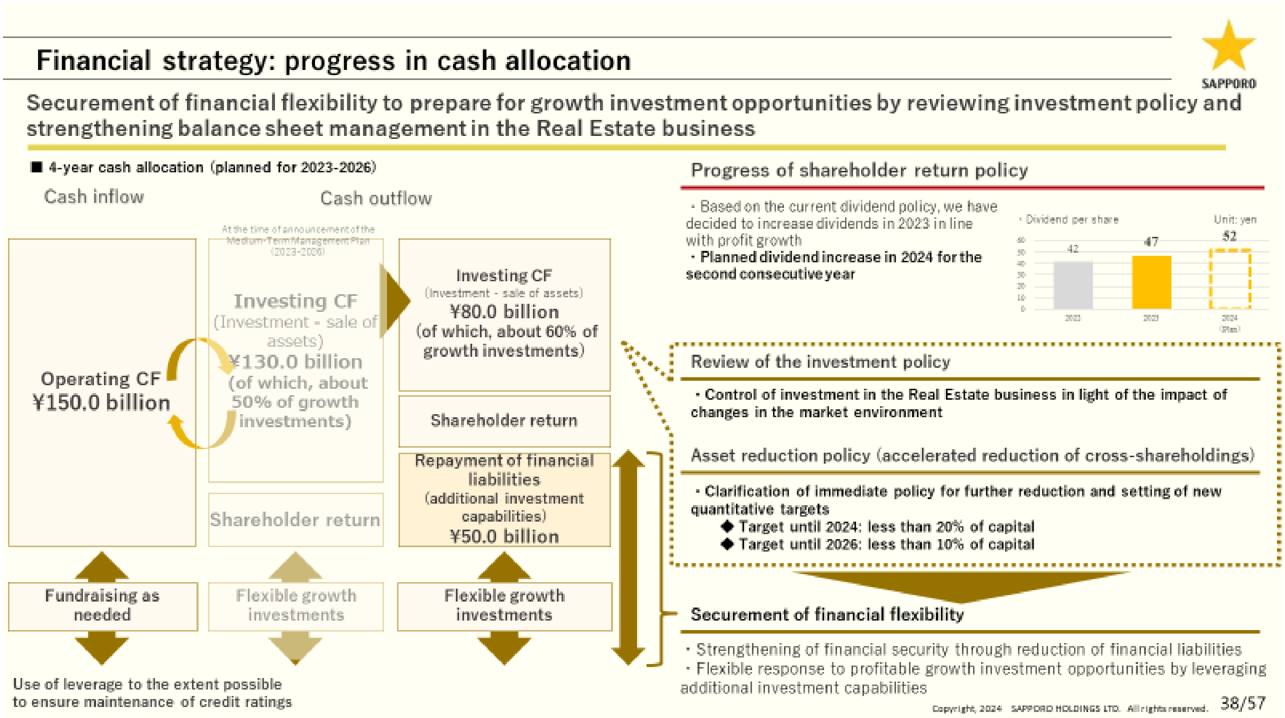
Next is the progress of the action plan and KPIs.

In 2023, we fell slightly short of the plan in our efforts to grow RTD and the Sapporo brand overseas, but I am pleased to report that we are on track to achieve the goals of our mid-term plan.

In response to this, we have set KPI figures for 2024 and will disclose them appropriately as we continue to monitor the situation.



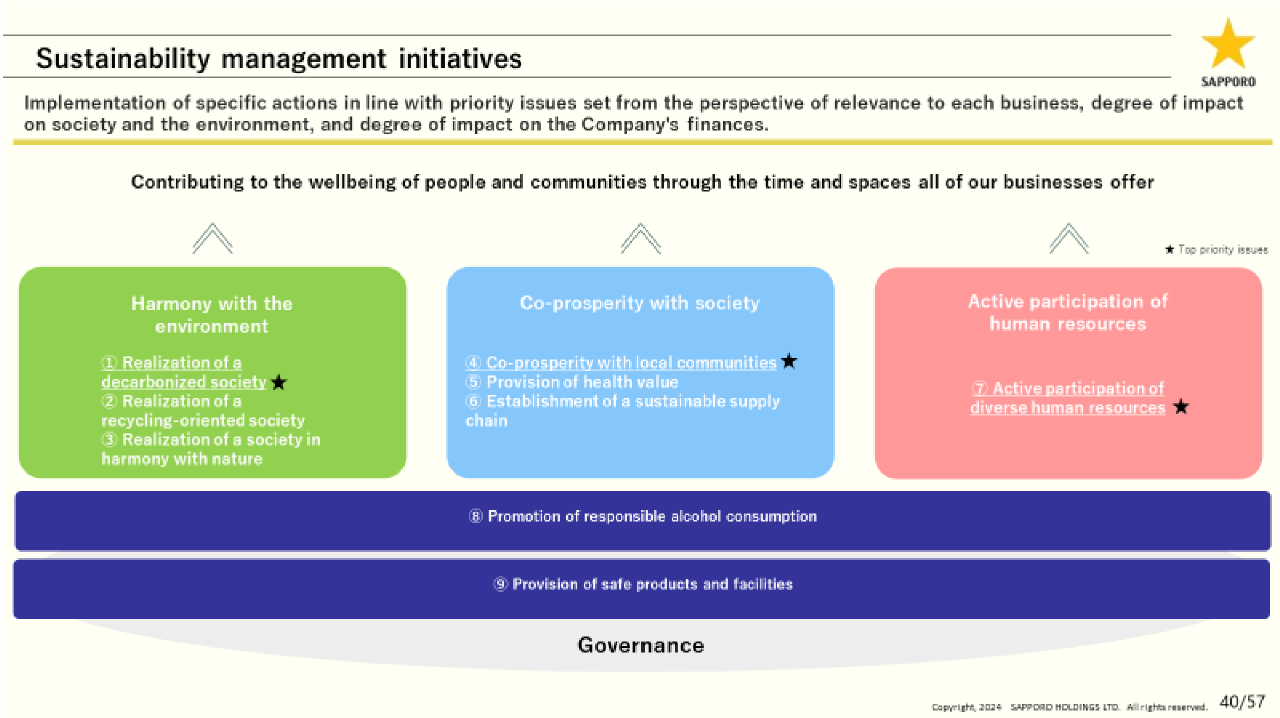
Next is the progress of cash allocation.

In the mid-term plan, as shown in the figure on the left, operating cash flow was JPY150 billion, and in the mid-term plan, investment cash flow was JPY130 billion. We had envisioned that the growth investment capacity would be covered primarily by debt capacity.

After a reassessment of our strategy, which includes additional sales of cross-shareholdings and curtailment of investments in asset turnover investment business, we expect to be able to generate approximately JPY50 billion in investment capacity.

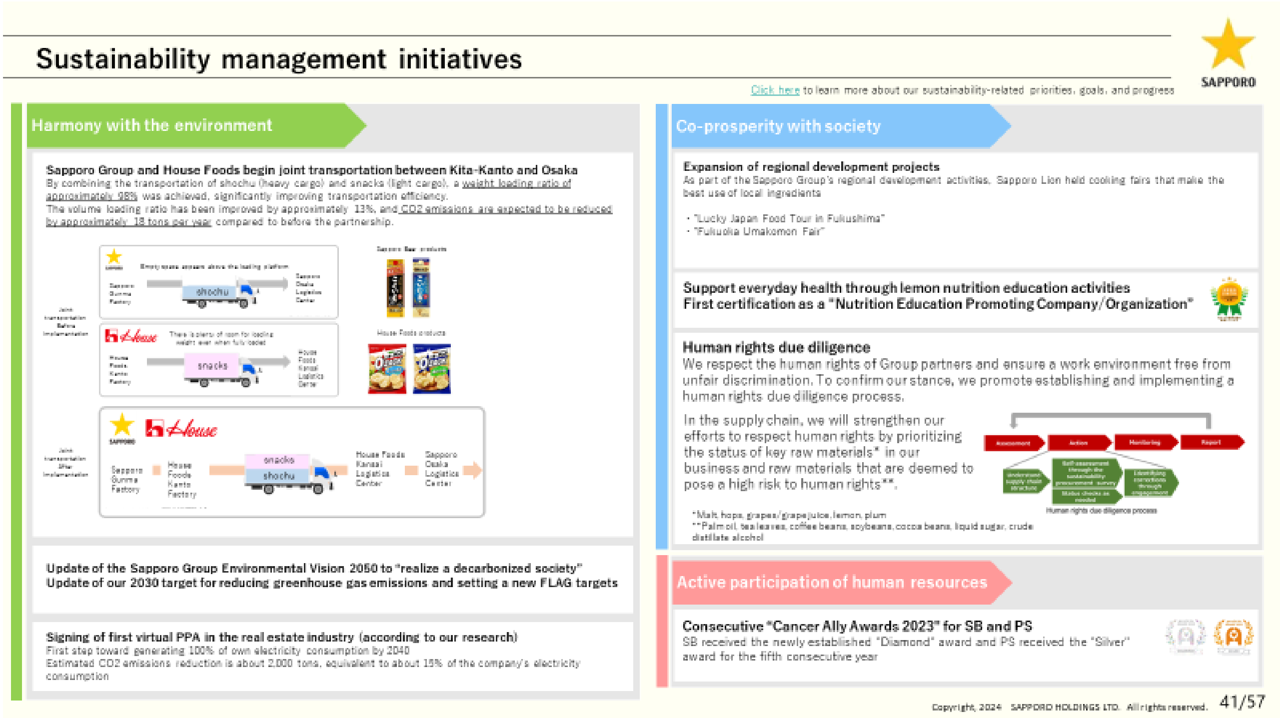
Regarding cross-shareholdings, we have accelerated our efforts to achieve our initial target of reducing our cross-shareholdings to less than 20% of capital by 2026. We plan to reduce it to less than 20% of capital by the end of this year and to less than 10% by 2026. At the end of last year, the percentage was 27%. We plan to sell a little over JPY10 billion of cross-shareholdings this year.

Regarding the progress of shareholder returns, we plan to increase dividends for the second year in a row by further enhancing profitability.

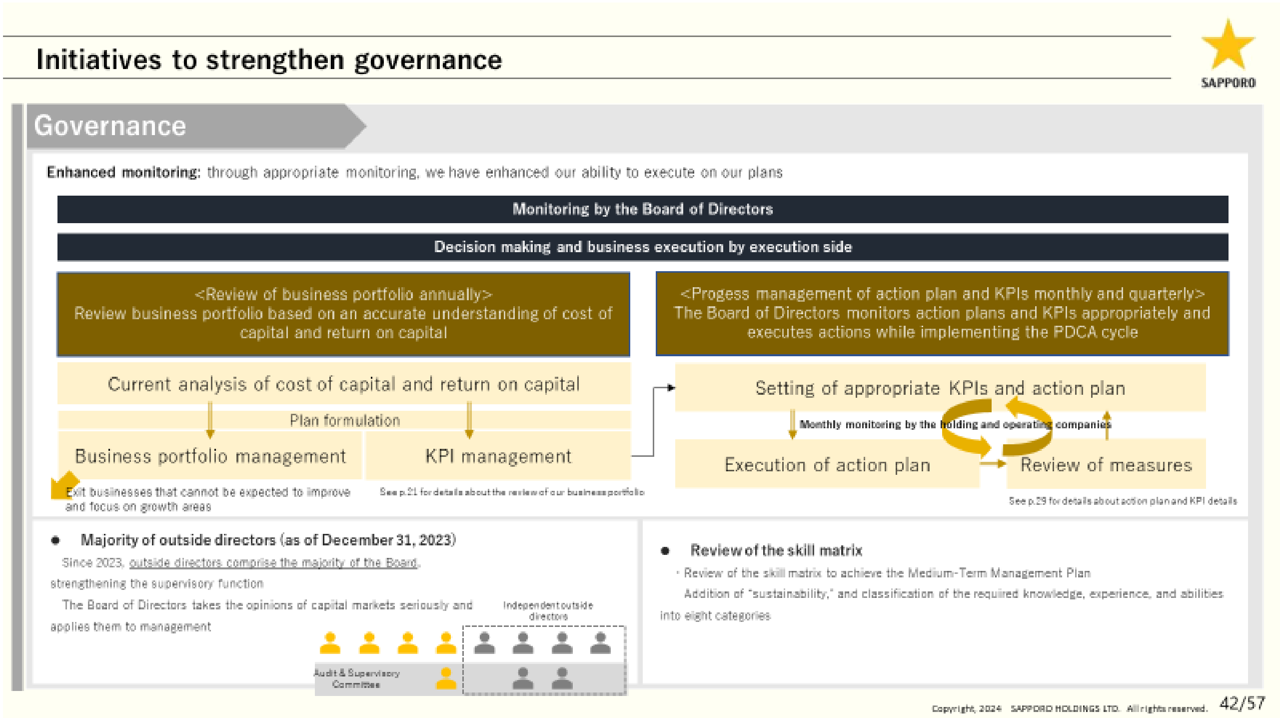


Next is our approach to sustainability management.

We are pleased to report that the initiative itself is progressing well, and the following pages introduce our most recent efforts.



We are further expanding our joint delivery initiatives to help realize a decarbonized society. In terms of co-prosperity with society, we have also introduced the development of community development projects and the strengthening of human rights due diligence.



Finally, I would like to mention our efforts to strengthen governance.

In order to strengthen the supervisory function of the Board of Directors, last year we increased the number of outside directors. This is the situation shown in the figure on the lower left.

We have also announced the personnel changes of the Board members and increased the number of outside directors to four inside directors and seven outside directors.

We intend to enhance corporate value further by utilizing the board of directors` broad knowledge and improving governance. We would like to continue to ask for your understanding.

This concludes my explanation. Thank you.

Main Questions & Answers

Q.1 The medium-term management plan states that you plan to enhance your earning power with the Real Estate business as a pillar. Although this is beyond the current medium-term management plan (from 2027 onward), it has only been one year since it was announced, and I got the impression that the positioning of real estate will change with, for example, considerations of introducing outside capital. I would like to know about the arguments and proposals made within the Group Strategy Review Committee and the Board of Directors. What were the differences with those you had when you formulated the medium-term management plan a year ago?

A.1 We started by looking back at the low capital profitability levels and the plan's achievement. Based on this review, we identified organizational areas for improvement and settled on a mid- to long-term outlook for the business portfolio. In this context, internal and external opinions were collected on the strengths that should be leveraged or utilized in the future. When looking to the future, we decided to transform the Company into a business entity centered on the Alcoholic Beverages business, believing that we should concentrate our resources on areas where we truly have strengths in order to increase our corporate value.

A year ago, we were aggressively implementing some structural reforms and rolling out initiatives to enhance earnings to improve capital profitability in real estate, alcoholic beverages, and food and beverages, and each of the three segments was showing improvements. The first year of the current medium-term management plan has gotten off to a very good start, with beer and domestic alcoholic beverages being the major drivers, reaffirming that the Alcoholic Beverages business is our strength. In order to strengthen the Alcoholic Beverage business, the Company intends to position real estate as a contact point for beer and incorporate some outside capital to achieve further growth in alcoholic beverages.

Q.2 Yesterday's release states that you will conduct M&A that will contribute to the growth of the Sapporo brand on an unprecedented scale and that you are considering initiatives, including capital tie-ups with strategic partners in some businesses. What do you mean by that?

A.2 Regarding the first point, M&A, the Company is basically aiming for further growth in alcoholic beverages overseas. Up until now, businesses in the portfolio have competed for resources to invest in growth. By changing this, we aim to increase our investment capacity and agility. Regarding the second point, external partners, one aspect is real estate, but nothing concrete has been decided yet. In addition to the Food & Soft Drinks business, where we recently announced a transfer to Yakult, we believe that there are areas where we can further improve capital and management efficiency by partnering with other companies. We cannot discuss specifics, but they include areas outside of real estate.

Q.3 You say that the medium- to long-term management policy comes beyond the medium-term management plan. Why don't you proceed with it now? There is a major policy change in real estate, and if it has already been decided, I think you should proceed immediately.

A.3 With respect to real estate, we are not looking to change the real estate policy first, but only to consider a direction that would bring in some outside capital to the assets we have for the growth of our Alcoholic Beverages business. Please understand that this policy is in line with the growth of alcoholic beverages.

In addition, some concrete measures have not yet been decided, making it difficult to move quickly. On the other hand, there may be occasions when the relationship with the medium-term management plan will be adjusted once specifics are determined, but at this point, the medium-term management plan will continue as it is. We will not start to implement everything after the end of 2026, but you can regard this period as a time of parallel preparations for that year.

Q.4 Regarding the Alcoholic beverages (Overseas) in the medium- to long-term management policy, I feel that there is a gap in growing it to the same scale as the domestic business. What preparations are you going to make?

A.4 Currently, the Company has offices in North America and Vietnam, and exports to various countries. In the U.S., one of our preparations is to strengthen the groundwork further for expanding the Sapporo brand as we advance the integration with Stone. To ensure the realization of growth in the U.S. and to further expand the scale of the business, M&A that is compatible with the business will continue to be explored in parallel. The North America and ASEAN regions have high priority, but we refrain from harboring any stubborn attachment. We would like to set up a specialized organization within the Group to proceed.

Q.5 You mentioned that you are focusing the releases on your strengths. Could you share what the strengths of the Alcoholic Beverages business are one more time? Also, are there any KPIs, such as market share, that you must target in Alcoholic beverages (Japan)?

A.5 We believe that our strength lies in the power of our brands, backed by a long history in the alcoholic beverages and beer businesses, and by customer contact. Our products bear the names of the regions of Sapporo and Ebisu, have a clear place of origin, and a story to tell. We believe that having domestic and international customers who feel sympathy is an advantage that our competitors do not have. Although in some aspects, we have not yet reached the point where we are fully recognized, we are steadily accumulating achievements one step at a time.

Although we cannot give specific KPIs, we have a competitive advantage because the proportion of the beer market will continue to expand. We are not satisfied with our current market share and will try to increase it even more.

Q.6 Regarding M&A, could you talk more specifically about your current issues and targets? In addition, you have stated that you will reach a goal for structural reform by 2024. I would like to confirm the general orientation with regard to expansion and contraction.

A.6 There are no confirmed targets at this time as M&A will be discussed further in the future. With regard to structural reforms, first of all, we hope to complete the initiatives under the current medium-term management plan by 2024. In terms of the shape of the business for the medium to long term, we should take a hard look at any remaining unprofitable areas, but our major policy is to create a structure that can realize synergies with the Alcoholic Beverages business, and we want to see if there is a possibility of achieving such synergies.

Q.7 Please explain how concentrating management resources on Alcoholic beverages (Japan) will drive growth. Are you aiming to form a highly profitable business entity, or are you striving to expand your business scale?

A.7 There is no denying that the market size for Alcoholic beverages (Japan) will decrease in the long run. The variety mix will improve as the volume of low-profit happoshu and new genres declines and the shift to beer continues. In addition, RTD is growing, we were able to grow it by about 20% last year, and we are aiming for growth of a little over 10% this year, so the condition of our products is not bad. In light of our current market share, we believe there is still room for growth in both beer and RTD. We would like to try while growing concentrating management resources there. We want to increase our profitability while expanding our market share in the beer market.

Q.8 With the reorganization of the balance sheet and the introduction of outside capital in real estate, it seems that the capacity for shareholder returns will increase in the future. Can you tell us about your policy on shareholder returns for 2026 and beyond?

A.8 We cannot give out the specifics of our policy as we plan to finalize them in the future, but we recognize that the current level of shareholder returns and the level envisioned in our medium-term management plan are not yet high enough to satisfy our shareholders, and we intend to improve. We have also changed our target for ROE from 8% to 10% or more, and we hope to live up to expectations.

However, we do not envision selling real estate for share buybacks but would like to envision the introduction of outside capital from real estate to match strategic investments in beer.

Q.9 What is your interpretation of corporate culture? And why did you make the decision to reform at this time?

A.9 The year 1994, precisely 30 years ago, was a turning point for the beer industry and for our Company. 1994 was the year when the total demand for beer was at its peak, the ban on smaller local breweries was lifted, and YGP was completed. There have been many changes in 30 years.

In our case, our real estate plan was scheduled during the bubble economy and opened just after the bubble burst. It was enjoyable but also painful. It was also the year happoshu launched, and the Company struggled extremely hard under the double hardship of decreasing overall demand and falling prices.

So we have endured a lot in these 30 years. While we have seriously resisted in some areas, we have not lost our rebellious spirit. However, we are nervous about the lack of profitability and understand that it has been created as a negative aspect to be content with the status quo.

We insist on beer concentration since around 2015, and the trend is really changing. We think this represents a huge opportunity.

But in terms of increase in domestic demand growth, beer itself will not grow. However, if we look at the total market, including not only beer but also RTD and non-alcoholic beverages, there is still room for growth. If we increase our presence in beer, there will definitely be a ripple effect on RTD. We believe we can accelerate this evolution. I believe now is the moment The plan is not simply to concentrate on beer, but to create an entire organization, including the development of overseas human resources in the case of overseas business.

On the other hand, we will hold on to the real estate that must be owned directly. This will not change. Real estate remains an important asset as a point of contact for our brands. However, we believe that major decisions should be made regarding real estate that doesn't fall in this category.