SAPPORO

Group Medium- to Long-Term Growth Strategy

Process for Realization of Mid-to-Long-Term Policies

- To enhance mid-to-long-term corporate value beyond the Medium-term Management Plan (2023-26), between September 2023 and January 2024, we established the Group Strategy Review Committee, which included external experts among its members.

- After thorough and objective discussions, the following issues were identified:

1. Lower than expected profitability
2. Diversified business portfolio
3. Necessity of a medium- to long-term goal

- In February 2024, we announced the Mid-to-Long-Term Policies, which set out our goals for the future:

Mid-to-Long-Term Policies

- We will focus on our Domestic and Overseas Alcoholic Beverages businesses as core businesses and concentrate management resources on growth areas.
- We will fundamentally reshape our organization, including its structure and operations, to enhance our ability to execute change.
- With a focus on improving capital efficiency, we aim to achieve a return on equity (ROE) of 10% or higher.

To achieve these Policies, we launched the Mid-to-Long-Term Strategy Project that ran from April to November 2024.

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Overview of Mid-to-Long-Term Strategy Project

1 Purpose

Based on the findings from the Group Strategy Review Committee meetings, our goal was to implement business strategies to enhance the mid-to-long-term value of the Sapporo Group.

2 Implementation framework

- **Working groups ("WGs") were formed, drawing from the corporate holding company and operating companies.**
- **WGs also had participation from multiple independent board directors.**
- **The Board of Directors monitored this work through monthly progress reports and discussions at meetings.**

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Mid-to-Long-Term Vision

Delivering quality products and experiences to customers around the world.

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Outline of Mid-to-Long-Term Strategy

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Outline of Mid-to-Long-Term Strategy

❶ Bonds with Community

Expand customer touchpoints and provide customers with fulfilling lifestyles

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Outline of Mid-to-Long-Term Strategy

❶ Bonds with Community

Double investment in Sapporo Draft Beer Black Label and YEBISU by 2030

Expand real customer touchpoints with brands

Provide fulfilling lifestyles through services that offer exciting experiences and new services centering on alcoholic beverages

Core operating profit margin 10%*

*Domestic Alcoholic Beverages business by 2030 (FY2024: 5.8%)

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Outline of Mid-to-Long-Term Strategy

❷ Healthier Choice

Offer a wide range of healthier choices

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Outline of Mid-to-Long-Term Strategy

❷ Healthier Choice

Domestic

Strengthen non-alcoholic beverage development

- Bolster our non-alcoholic beer development structure (through enhanced customer understanding, reorganization of development bases, increased staffing, and launching new projects)
- Scale up our key products to a level where they can make significant profit contributions

Overseas

Accelerate sales growth of non-alcoholic beverages

- Expand the availability of our non-alcoholic beers, including SAPPORO PREMIUM0.0 launched in Canada to the United States
- Consider M&A opportunities in the non-alcoholic beer sector

RTD/Beverages

Capture convergence of beverage categories

- Integrate Alcoholic Beverages and Soft Drinks businesses organizationally to capitalize on growing beverage opportunities
- Leverage the health functional value of lemons across a wide range of categories

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❸ Efficient Foundation

Transition to a business holding company structure
Enhance governance and management efficiency and speed

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Outline of Mid-to-Long-Term Strategy

❸ Efficient Foundation

Transition to a business holding company structure

Continuous investment in human capital

Domestic Increase individual employee productivity

Overseas Strengthen our teams to drive business growth

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Outline of Mid-to-Long-Term Strategy

❹ Strategic Alliance

Accelerate sustainable growth and business expansion through strategic alliances

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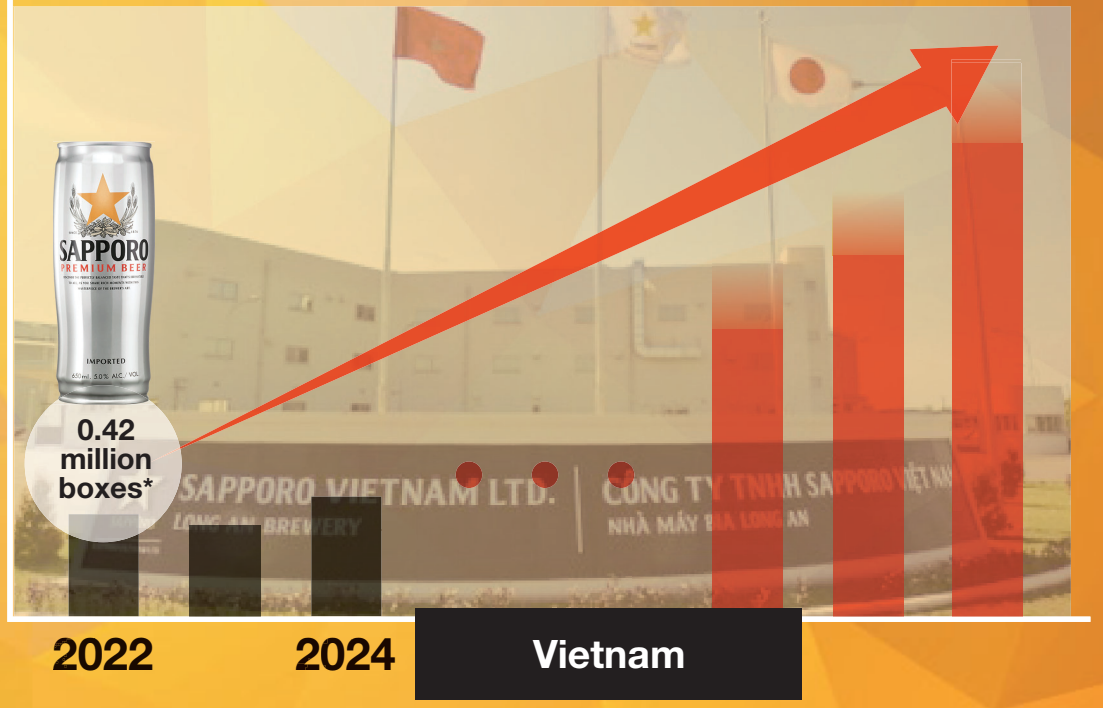
Outline of Mid-to-Long-Term Strategy

❹ Strategic Alliance

Ensure the continued growth of the Sapporo brand and complement our production capabilities

Signed a memorandum of understanding with Carlsbegr to explore collaborations in both commercial and operational areas for business expansion



*Sales volume of Sapporo brand (12.66L equivalent)

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Outline of Mid-to-Long-Term Strategy

❺ Inorganic Growth

Facilitate substantial investment in the Alcoholic Beverages business
Consider various strategic opportunities, including M&A

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Outline of Mid-to-Long-Term Strategy

❺ Inorganic Growth

Domestic

Consider investments
in the RTD business and SCM area

Overseas

Consider M&A with other market participants
to strengthen the Alcoholic Beverages business,
as well as M&A in the non-alcoholic beverages sector
to cater to growing health consciousness.

Utilize funds expected to be raised through the injection of external capital into the Real Estate business

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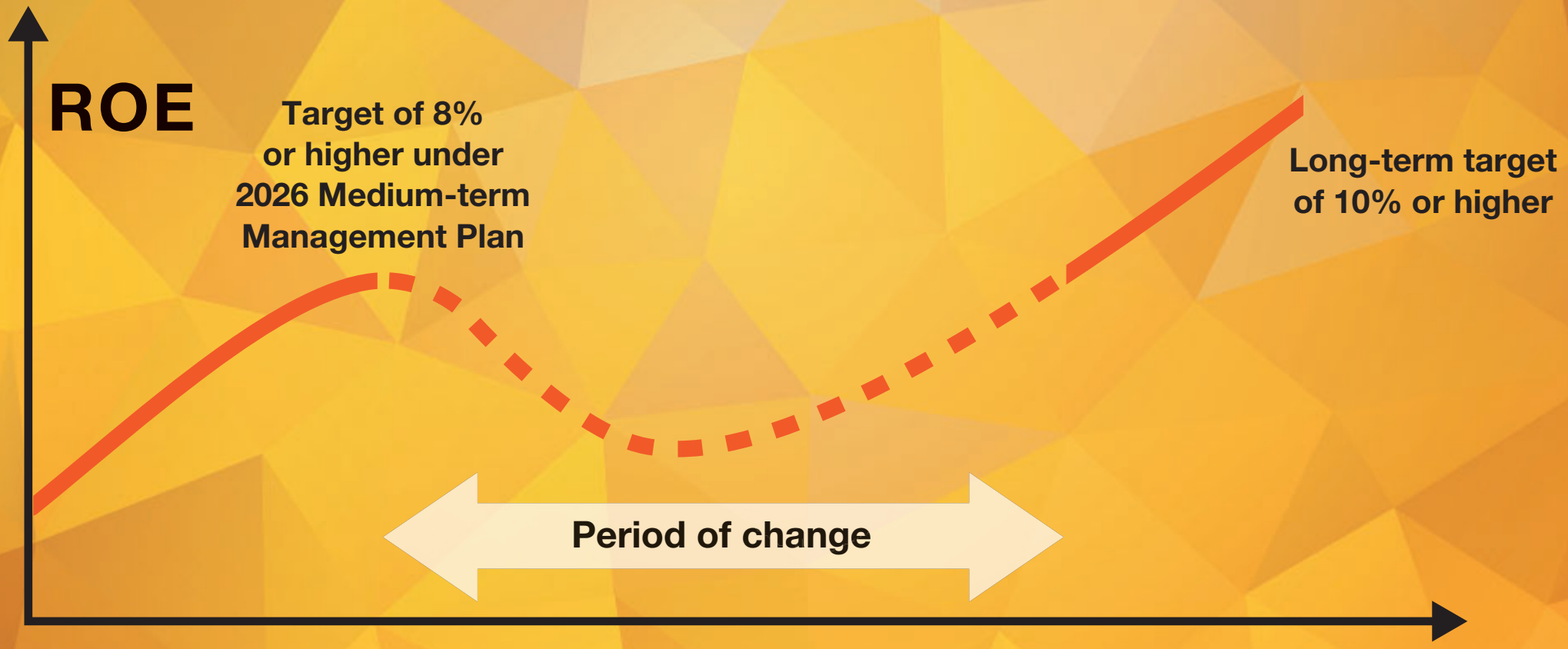
Financial Targets

We will accelerate long-term profit growth by re-investing in the Alcoholic Beverages business, recognizing potential short-term fluctuations due to the injection of external capital into the Real Estate business.



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Injection of External Capital into Real Estate business

Off-balance sheet financing for the Sapporo Group

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Injection of External Capital into Real Estate business

1 Purpose

Sapporo Group

1. Concentrate management resources on the Alcoholic Beverages business
2. Utilize funds expected to be raised through the injection of external capital for growth investments in the Alcoholic Beverages business

→ **Enhance capital efficiency and increase Group-wide corporate value**

Sapporo Real Estate Development Co., Ltd. (SRE) → **Infuse capital from strategic partners, and increase corporate value by enhancing the value of properties held by the Company**

2 Status of process

- Since our disclosure on September 19, 2024, we have received proposals from over ten corporations or funds, both domestic and international, regarding the injection of external capital into the Real Estate business.
- We are continuing to explore various options to achieve the objectives of this initiative, including the potential sale of shares in SRE, which holds Yebisu Garden Place, and determine the optimal course of action and timeline.
- Expecting to reach a conclusion on these considerations by the end of 2025.

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Appendix

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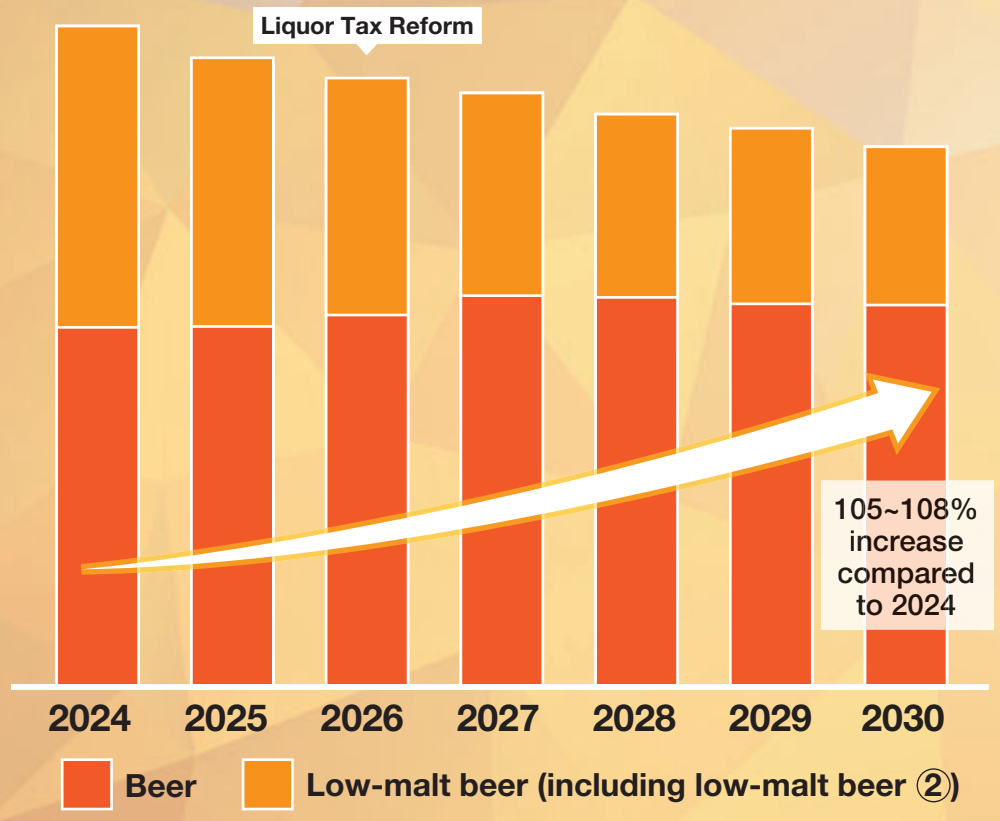
Our Business Environment (Japan)

Aggregate Demand Forecast



Source: Estimates by Sapporo Breweries as of January 2025

Share of beer market (2024)

Source: Estimates by Sapporo Breweries as of January 2025

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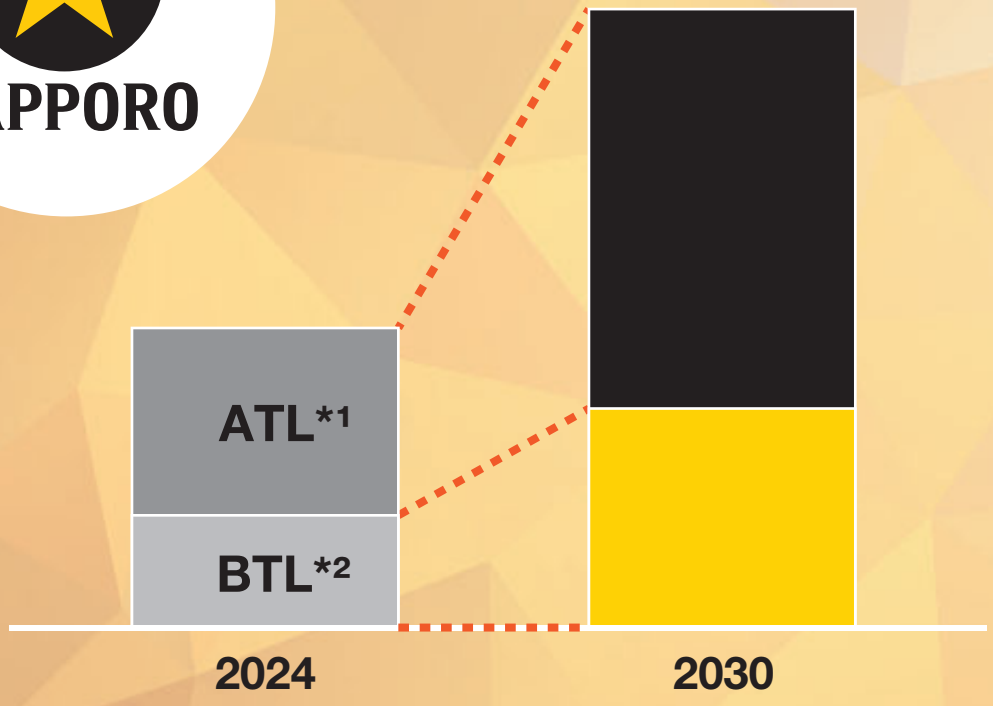
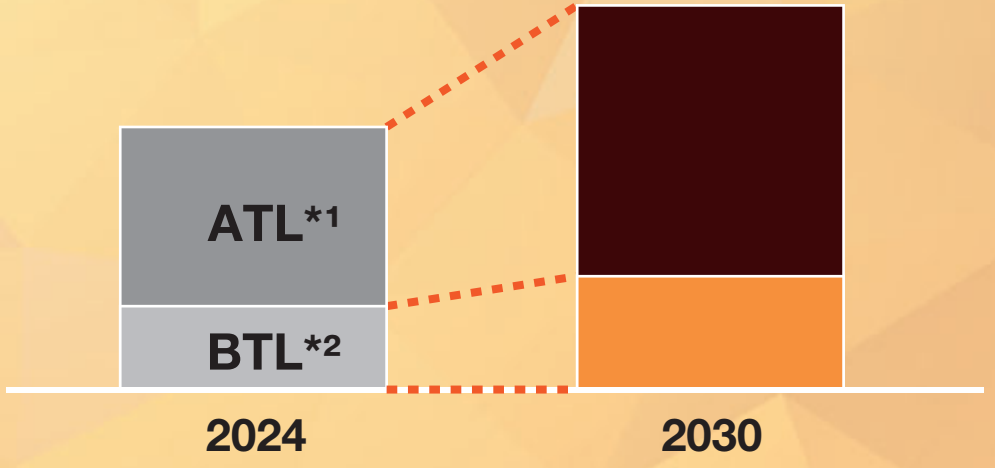
Marketing Investment in Sapporo Draft Beer Black Label and YEBISU

Expected Marketing Investment from 2024 to 2030





*1 Above the Line: Refers to advertising expenses, etc. / *2 Below The Line: Refers to in-store promotional expenses, etc.

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Initiatives to enhance the consumer experience with Sapporo Group Brands

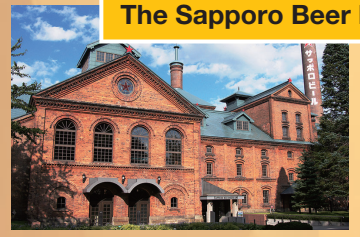
The Yebisu Beer Hall

The Perfect Black Label Beer Garden

Beer Hall Lion Ginza 7-chome

Yebisu Beer Festival

The Sapporo Beer Museum



YEBISU BEER HOLIDAY

Creating new beer experiences centered on Sapporo Group's narrative-rich "occasions" and "towns"

1800s → 1900s → 2009 → 2014 → 2019 → 2022 → 2024 → 2026 → 2030

Sapporo Draft Beer Black Label THE BAR

YEBISU BREWERY TOKYO

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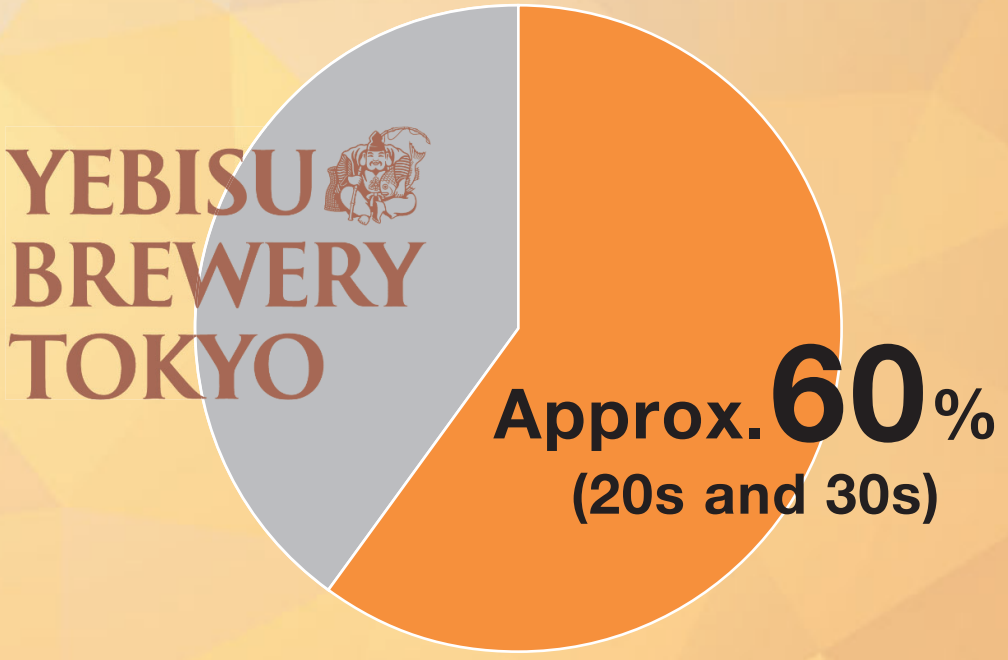
Importance of Enhancing Experiences

Change in consumption of Black Label THE BAR visitors (light fans)

*Average number of 350ml cans consumed annually

Fanbase Diagnosis® (corporate version) by fanbase company Inc." | fanbase company

Age of visitors to YEBISU BREWERY TOKYO



Source: Researched by Sapporo Holdings Limited (using AI cameras)

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Our Business Environment (Overseas)

CAGR forecast by category

Europe	CAGR(2023-2028)
Beer	-0.3%
Non-alcoholic beer	2.9%
RTD	2.0%

East Asia	CAGR(2023-2028)
Beer	0.4%
Non-alcoholic beer	3.9%
RTD	9.4%

North America	CAGR(2023-2028)
Beer	0.1%
Non-alcoholic beer	10.5%
RTD	3.7%

Japan	CAGR(2023-2028)
Beer*	-2.1%
Non-alcoholic beer	1.0%
RTD	1.1%

ASEAN	CAGR(2023-2028)
Beer	7.3%
Non-alcoholic beer	15.0%
RTD	1.5%

Oceania	CAGR(2023-2028)
Beer	1.9%
Non-alcoholic beer	16.6%
RTD	11.8%

Source: Euromonitor International
Figures for each region are based on the countries in where we operate.
CAGR is based on volume.
*Beer + low-malt beer (including low-malt beer②) in the Japanese alcohol tax classification.

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Changes in Overseas Business Management under the New Structure

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Changes in Overseas Business Management under the New Structure

In our future transition to a business holding company structure, we will strengthen management by dividing our businesses into two geographic segments: Domestic and Overseas. This will enable each segment to focus its resources on addressing unique management challenges in their respective markets.

① **To drive future growth in the Domestic and Overseas Alcoholic Beverages businesses, the CEO of SAPPORO HOLDINGS, LTD will assume the role of CEO of SAPPORO BREWERIES, LTD, effective March 2025.**

② **We will consolidate the management structure of the overseas operations within Holdings and empower a team of global experts to make prompt, high-quality decisions.**

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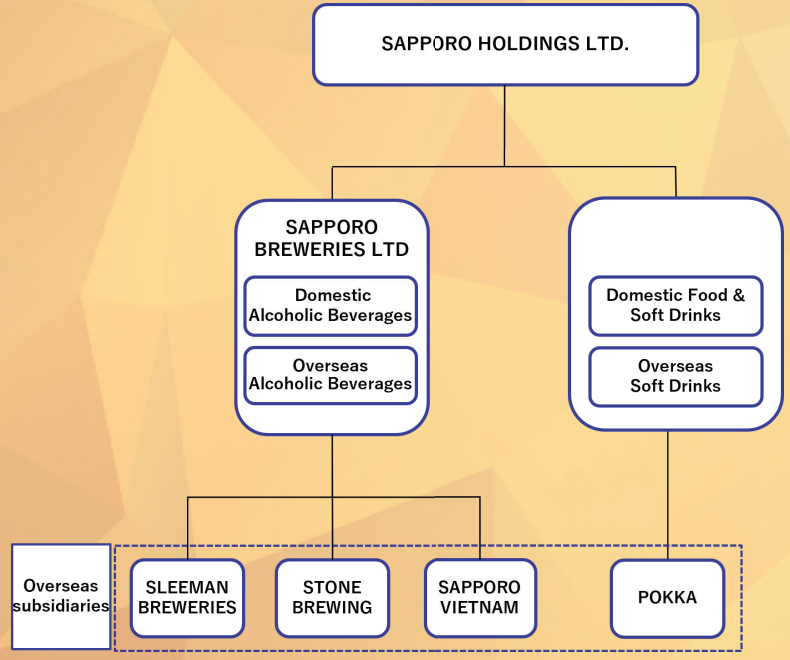

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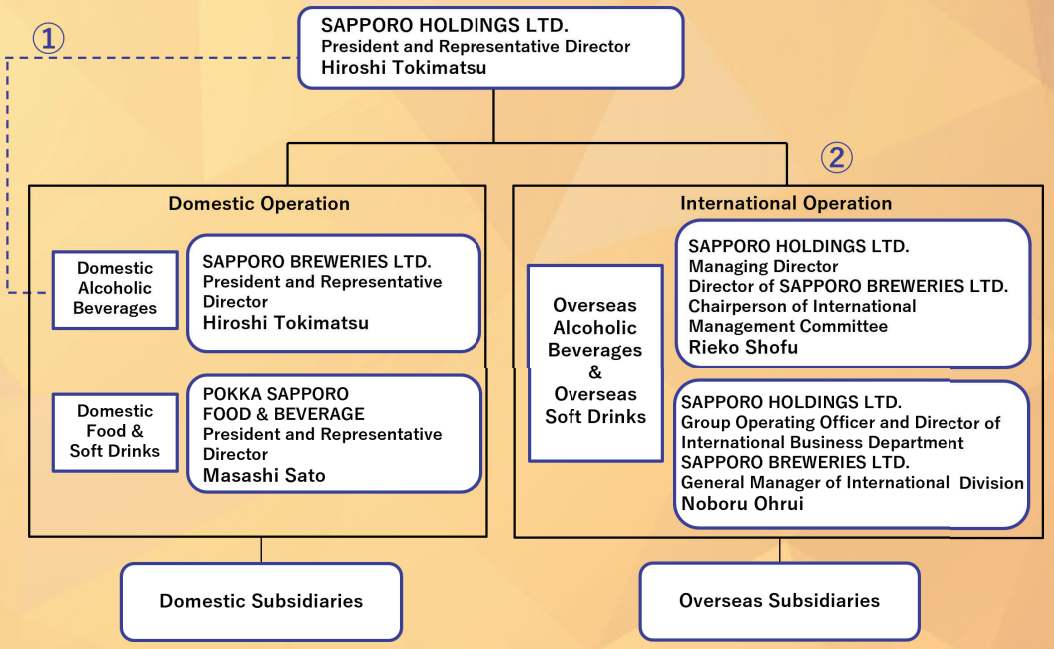

* Under Sapporo Holdings Limited, only Sapporo Breweries Limited and POKKA SAPPORO Food & Beverage Ltd. are shown.

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