

FY2026 Small Meeting (held on February 24, 2026)

Questions & Answers

Sapporo Holdings Limited

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Medium-to Long-Term Growth Strategy

Q1. Now that the injection of external capital into the real estate business is on track, please outline the Sapporo Group's vision.

A1: Amid expectations of a mid-to-long-term decline in total domestic beer demand, the Sapporo Group (the "Group") will focus not on the economy category but on enhancing added value. The Group is confident in demonstrating leadership in the high-value-added category. The value of Japanese beer is also rising internationally. By creating cultures and occasions for enjoying alcoholic beverages through beer, which has a strong affinity with food, the Group aims to provide value to both domestic and overseas customers.

Q2. Is there a basis for expecting appropriate returns on such large investments? Some voices suggest that injecting external capital into the real estate business has resulted in the loss of a stable revenue source. Considering the track record in past investments, could you share management's perspective on this?

A2: The Group has established stricter investment discipline standards than before. Specifically, while required returns vary by region, hurdle rates are set based on WACC plus a spread for decision-making and execution. Concurrently, efforts will focus on strengthening human resources. The decision to inject external capital into the real estate business was made as part of a review of the business portfolio, considering the returns required of the Group. By enhancing the profitability of each business, the Group has shifted to a situation where the profit levels previously generated by the real estate business can be offset by profit expansion centered on domestic alcoholic beverages. Concentrating management resources on business areas where the Group can leverage its strengths going forward is expected to hold significant growth potential.

Q3. The Sapporo Group mentioned establishing a new organization dedicated to M&A. How does this differ from past initiatives? Is the current human resource capacity sufficient to increase the success rate of M&A?

A3: Following the restructuring of Stone and the liquidation of Anchor, the Group established the International Strategy Department two years ago to strengthen overseas strategy planning capabilities, including scrap-and-build initiatives. With the recent decision to inject external capital into the real estate business, the Group has now transitioned into a phase where it is considering growth investments for the entire group, encompassing both domestic and overseas markets. To respond to these changing circumstances, the Group has decided to establish a new specialized organization dedicated to M&A and alliances, including the recruitment of external talent. While the Group remains committed to strengthening its talent pool, market forecasts indicate that the boundaries between alcoholic beverages and non-alcoholic drinks will blur. The Group recognizes that expertise solely within the alcoholic beverage industry will be insufficient. Acquiring management capabilities and know-how encompassing the beverage category is now urgent, and the Group will pursue this actively.

Q4. Are the fields under investment consideration areas where the Sapporo Group can leverage its competitive advantage? Are there options to build competitive advantage over time rather than pursuing large-scale M&A from the outset, or to create an asset-light business model?

A4: Based on past investment performance, limited investment capacity and challenges in volume competition have been observed. Investment strategies aimed at achieving a certain level of volume are also under consideration.

Furthermore, the Group's medium-to long-term vision is to become "a company that creates rich beer experiences and customer experiences to customers around the world." The Group believes it has the capability to lead the premium market, focusing primarily on domestic and overseas beers. Indeed, while many beer brands are struggling in overseas markets, the Sapporo brand (Sapporo Premium Beer: SPB) is achieving steady growth. The Group anticipates an increase in areas where premiumization will advance. As a category the Group can lead, it will also proceed with considering M&A to strengthen the premium category.

Q5. Regarding the cash allocation policy, it was explained that shareholder returns utilizing cash from injecting external capital into the real estate business would be approximately ¥100 billion. What was the deliberation process that led to this allocation?

A5: Prioritizing the growth of the alcoholic beverage business, the majority of funds were allocated to growth investments. The scale of shareholder returns was determined through comprehensive consideration, balancing the perspective of allocating approximately ¥500 billion from this cash inflow with input from the capital markets, while also aiming to enhance shareholder returns over the medium to long term. The allocation amount was set to achieve a total return ratio of approximately 40% by 2030, using accumulated annual profits and capital increases from the injection of external capital into real estate business as funding sources. The Group has traditionally prioritized stable dividends and will implement more stable and sustainable returns by changing to a dividend policy based on the Dividend on Equity (DOE) in December 2025. Concurrently, the Group plans to implement share buybacks flexibly going forward.

Management and Governance Structure

Q6. (For President Tokimatsu,) Since your appointment as President came at a time of major change, including the injection of external capital into the real estate business, could you share your candid impressions on the past year?

A6: I had also been personally involved in key decision-making, including the injection of external capital into the real estate business, in my previous role as Managing Group Executive Officer. Ensuring the reliable execution of decisions is the Group's responsibility to the capital markets. Regarding the injection of external capital into real estate business, the Group is confident that it has achieved a deal that will contribute to the future growth of both the Group and SRE (Sapporo Real Estate Co., Ltd.). At the same time, the Group has received feedback from the capital markets regarding its governance practices. As previously announced, regarding the future structure, the Group has undertaken reforms such as revising the skill matrix to enhance the Board of Directors' execution capabilities. This is to redirect the cash obtained from the injection of external capital into real estate business toward growth investments. The Group recognizes that this past year has been focused on strengthening its management foundation, and now is the time to concentrate on execution and creating results.

Q7. Is the Board of Directors equipped to discuss corporate value? It will be crucial to discuss investment projects centered on corporate value going forward.

A7: In 2023, the Group established a Strategy Review Committee centered on the theme of “maximizing corporate value.” Corporate value was quantitatively simulated, discussions were advanced based on the results, and a decision was made to transform into a corporate entity focused on the alcoholic beverages business. Subsequently, the Group formulated its medium-to-long-term growth strategy in 2025 and is currently working on formulating the next medium-term management plan. The Group has been quantitatively evaluating and verifying the enhancement of corporate value, including the monitoring process, and will further strengthen strategic discussions centered on corporate value.

Q8. What management functions should be strengthened to demonstrate that the current stock price reflects the company's business value?

A8: The Group recognizes that it is important to make resource allocation and its returns by business segment and channel more visible, and the organization is already taking steps to address this. Under this awareness, the current management team is implementing management practices focused on maximizing ROI for each business segment, and further improvements in profitability are expected going forward.

Q9. The Sapporo Group is currently formulating the next medium-term management plan. Why did the Group decide to undertake a significant review of outside directors at this timing?

A9: The Group has been advancing discussions with continuing directors regarding the formulation of the next medium-term management plan. Furthermore, the Group believes continuity can be ensured for the new structure to enable appropriate decision-making by providing sufficient information to the directors scheduled to join this time. This review stems from the recognition that strengthening the Audit and Supervisory Committee is particularly crucial for advancing growth investments, including M&A, going forward. Based on the mid-to-long-term growth strategy, the Group has been examining ways to enhance the effectiveness of the Board of Directors, incorporating opinions from third-party institutions regarding the necessary skill matrix. The Group decided to refresh the structure of the Audit and Supervisory Committee at this time, as it is approaching its re-election period.

Domestic Alcoholic Beverages

Q10. The Sapporo Group mentioned making the largest-ever investment in 2026 in preparation for the liquor tax revision. What will be necessary for the Group to continue expanding its market share beyond 2027?

A10: Growth in the beer market (i.e., beer in the narrow sense within the beer-type beverages) has been driven by the distinct roles played by our diverse, regionally rooted beer brands, including Sapporo Black Label, Yebisu, and Sapporo Classic, etc. This growth has been supported not only by product quality, but also by our ability to create experiential value around the brands. In addition to expanding off-premises sales, the Group will further strengthen marketing investments to create brand experiences, including drinking occasions in on-premises channels such as restaurants and bars, which serve as important consumer touchpoints.

Q11. Is there any potential for collaboration with competitors?

A11: The Group aims to distinguish between areas for competition and areas for cooperation. Areas focused on enhancing brand value are viewed as competitive domains. On the other hand, there are areas where cooperation could be explored in the future, including logistics, where initiatives are already advancing.