



SAPPORO HOLDINGS LTD.

Sapporo Holdings Limited

Annual Financial Results Briefing for Fiscal Year 2024

February 14, 2025

Event Summary

[Company Name]	Sapporo Holdings Limited	
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[Venue]	Webcast	
[Number of Speakers]	4	
	Masaki Oga	President and Representative Director
	Yoshitada Matsude	Managing Director
	Rieko Shofu	Managing Director
	Hiroyuki Nose	President and Representative Director, Sapporo Breweries Limited

Presentation

Summary



2024 Financial Results: Despite a net profit decline due to impairment losses in the overseas alcoholic beverages segment (U.S. business), core operating profit increased

- Strengthening the domestic beer business and structural reforms across various segments led to core operating profit exceeding 20 billion yen for the first time since IFRS adoption, demonstrating the company's core earnings capability
- Continued balance sheet reforms, including asset sales in cross-shareholdings, to enhance capital efficiency
- Annual dividend is scheduled to increase for the second consecutive year (52 yen) in consideration of stable dividend payments and profit growth, excluding temporary special factors

2025 Plan: Aiming for further profit growth by leveraging strengths, centered on the domestic beer business

- Targeting revenue and profit growth. While strengthening the domestic beer business in anticipation of the alcohol tax revision, we will also advance structural reforms in the overseas alcoholic beverages segment (U.S. business) and continue balance sheet restructuring
- Planning to increase the annual dividend for the third consecutive year to 60 yen

(billions of yen)	2023 Result	2024 Initial plan	2024 Result	YoY	vs. Initial plan	2025 Plan	YoY
Revenue	518.6	523.5	530.8	+12.2 +2.3%	+7.3 +1.4%	532.0	+1.2 +0.2%
Core operating profit (Revenue - COGS - SGA)	15.6	19.0	22.0	+6.4 +41.0%	+3.0 +16.0%	24.5	+2.5 +11.2%
Operating profit	11.8	17.6	10.4	(1.4) (11.9%)	(7.2) (40.8%)	20.0	+9.6 +92.0%
Profit attributable to owners of parent	8.7	10.0	7.7	(1.0) (11.6%)	(2.3) (22.9%)	11.0	+3.3 +42.6%
ROE	5.0%	5.5%	4.1%	-	-	5.5%	-

Progress report on Medium- to Long-Term Policies

- The results of the study were announced in today's timely disclosure of "Group Medium- to Long-Term Growth Strategy".

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Oga: I would like to give a summary. See page four of the PowerPoint presentation.

In FY2024, revenue increased where the Japanese alcoholic beverages and real estate businesses led the overall increase, and core operating profit exceeding JPY20 billion for the first time since 2016. However, operating profit and profit attributable to owners of parent decreased due to the goodwill impairment of Stone.

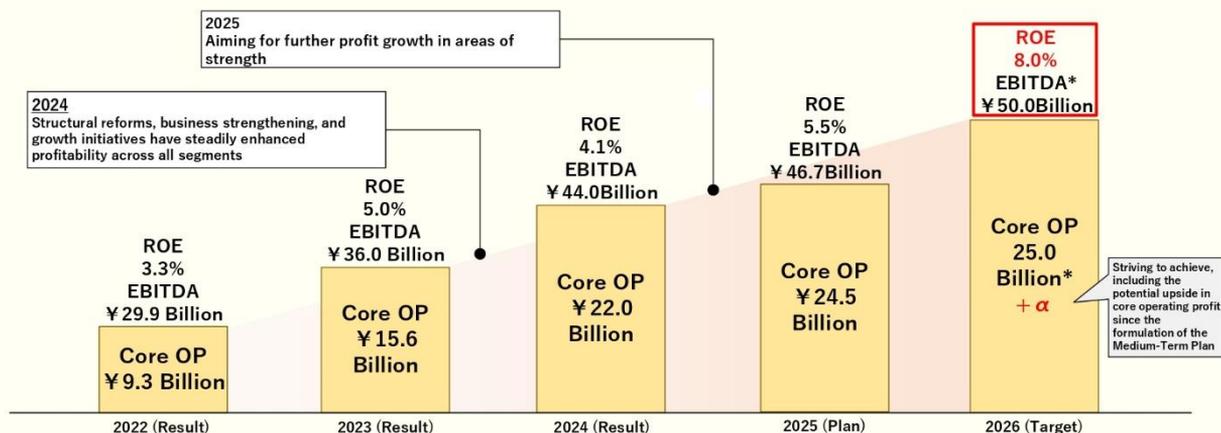
In terms of capital efficiency, the Company continued to promote balance sheet reforms, including the sale of cross-shareholdings. Based on the continuation of stable dividends and profit growth excluding temporary special factors, we plan to increase the annual dividend for the second consecutive year to JPY52 per share.

As for our plan for FY2025, we will work to achieve further growth in areas where we have strengths, centering on domestic beer. With plans to increase sales and profits, we intend to promote structural reforms in the US business in overseas alcoholic beverages segment, while strengthening domestic beer.

We also plan to continue working on balance sheet reform. The table shows that we plan to increase the annual dividend for the third consecutive year to JPY60.

- Core operating profit is steadily increasing through improvements in the profitability of each business. The company is now at a stage where achieving an ROE of 8% in 2026 is well within sight.

Core operating profit trend



* Approximation for achieving financial targets
(No changes have been made since the Medium-Term Plan was formulated)

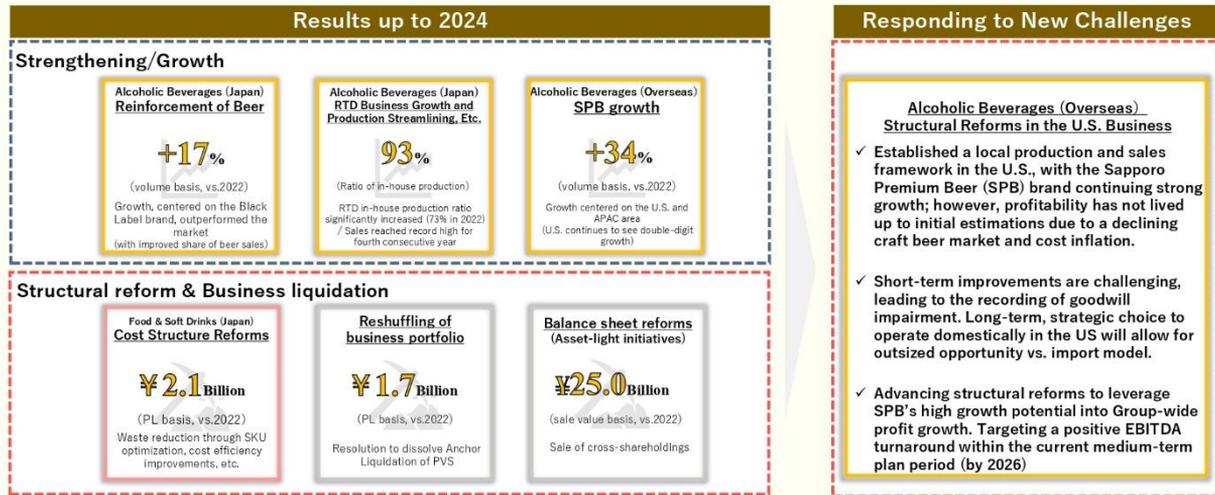
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This is the second year of the medium-term management plan that started from 2023, and although ROE temporarily declined, core operating profit has steadily increasing, and we believe that achieving the target ROE of 8% by 2026 is entirely feasible. In 2025, we would like to aim for further profit growth in areas where we have strengths.

Progress on the Medium-Term Management Plan (2023–2026): Results up to 2024



- In 2024, initiatives were implemented on both fronts: strengthening & growth, and structural reforms & business liquidation
- In the overseas alcoholic beverages segment (U.S. business), new challenges emerged, and measures are being taken to address them



*Summarized with a focus on the key items of the action plan KPIs

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We have divided the medium-term management plan into two categories: those to be strengthened and grown, and those to be restructured and reorganized.

For the areas to be strengthened and grown, we will further strengthen beer and improve RTD and production efficiency. We would like to continue to achieve further growth in the form of growth of Sapporo Premium Beer in overseas alcoholic beverages.

As for structural reforms and business reorganization, we were initially aiming for 2024, and things were progressing smoothly. However, as mentioned earlier, there was an impairment loss on Stone, which we now recognize as a new challenge. We will push forward with further structural reforms with the aim of turning EBITDA positive during the current medium-term management plan.

(¥ bn)	2023 Results	2024 Results	YoY changes (amount)	YoY changes (%)
Revenue	518.6	530.8	+12.2	+2.3%
Revenue (Excluding liquor tax)	400.8	413.0	+12.2	+3.0%
Overseas revenue	119.6	128.5	+8.8	+7.4%
EBITDA	36.0	44.0	+8.0	+22.3%
Core operating profit	15.6	22.0	+6.4	+41.0%
Core operating profit margin	3.0%	4.2%	-	-
Other operating income (expense)	(3.8)	(11.6)	-	-
Operating profit	11.8	10.4	(1.4)	(11.9%)
Profit attributable to owners of parent	8.7	7.7	(1.0)	(11.6%)
ROE	5.0%	4.1%	-	-

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Matsude:

Revenues increased by 2% and core operating profit increased by 41%. On the other hand, operating profit and below decreased due to the significant negative impact of other operating expenses.

Recording of impairment loss in U.S. business (Supplementary Explanatory Material for Timely Disclosure on January 30, 2025 (Reprint))



- Established a local production and sales system for the growth of the Sapporo brand, but faced unexpected challenges and profitability declined significantly
- Revised business outlook and recorded impairment of goodwill due to difficulty in improving in the short term and significant deviation from the plan at the time of the acquisition of Stone Brewing

Background and developments	Recording of Impairment Loss				
<ul style="list-style-type: none"> ● Acquired Stone Brewing Co., LLC in August 2022. Shift our business model from importing products from Canada and Vietnam and selling them in the U.S. to a production and sales structure in the U.S. utilizing Stone's production facilities, aiming to further grow the Sapporo brand, which is experiencing increasing demand in the U.S. ● Started manufacturing transfers at the end of 2023. <u>Completed the construction of a production system in the U.S. at the end of 2024</u> 	<ul style="list-style-type: none"> ● The Stone brand's declining sales and deterioration in profitability due to cost inflation largely depend on the external environment. Efficiency and improvement in production and logistics will take time as manufacturing transfers completed only recently ● As it is difficult to improve structural deterioration in profitability in the short term, the business outlook was revised down and <u>approximately ¥13.9 billion (\$92 million) of impairment of goodwill was recorded</u> ● <u>Future measures to promptly tackle fundamental improvements are presented in the next section.</u> Already started to take some specific actions 				
<ul style="list-style-type: none"> ● Achievements and issues arose from the plans developed at the time of the acquisition → Although synergies are developed from the acquisition, there are several deviations from expectations. As a result, profitability deteriorated <table border="1"> <tr> <td style="background-color: #e6e6e6;">Achievements</td> <td> <ul style="list-style-type: none"> ✓ Growth of the Sapporo brand (Sales synergies) → SPB volume: +16% compared with 2022 ✓ Reduction of global logistics costs and fixed costs, etc. (Cost synergies) → End of 2024: \$10 million compared with 2022 </td> </tr> <tr> <td style="background-color: #e6e6e6;">Issues (Deviation from expectations)</td> <td> <ul style="list-style-type: none"> ✓ Long-term slowdown in the craft beer market (lower sales of the Stone brand) → Stone brand volume: (16%) compared with 2022 (Full Year Comparison) ✓ Cost inflation (raw material costs, labor costs, etc.) : 10% compared with 2022 ✓ Inefficiencies in production and logistics (unexpected integration costs) </td> </tr> </table>	Achievements	<ul style="list-style-type: none"> ✓ Growth of the Sapporo brand (Sales synergies) → SPB volume: +16% compared with 2022 ✓ Reduction of global logistics costs and fixed costs, etc. (Cost synergies) → End of 2024: \$10 million compared with 2022 	Issues (Deviation from expectations)	<ul style="list-style-type: none"> ✓ Long-term slowdown in the craft beer market (lower sales of the Stone brand) → Stone brand volume: (16%) compared with 2022 (Full Year Comparison) ✓ Cost inflation (raw material costs, labor costs, etc.) : 10% compared with 2022 ✓ Inefficiencies in production and logistics (unexpected integration costs) 	<div style="border: 1px solid #ccc; padding: 5px;"> <p>Core Operating Profit & EBITDA Forecast (U.S.) (Unit : Million \$)</p> </div>
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As we disclosed on January 30, the recording of impairment losses on our US operations had a major impact. With regard to the impairment loss on the US business, Stone Brewing, which was acquired in August 2022, successfully established a local production and sales structure for the Sapporo brand, but has also faced challenges beyond our expectations, resulting in a significant deterioration in profitability compared to the plan at the time of the acquisition.

First of all, in terms of achievements, in the growth of the Sapporo brand, volume grew by 16%. We have also been able to realize cost synergies through improvements of logistics and fixed cost reductions.

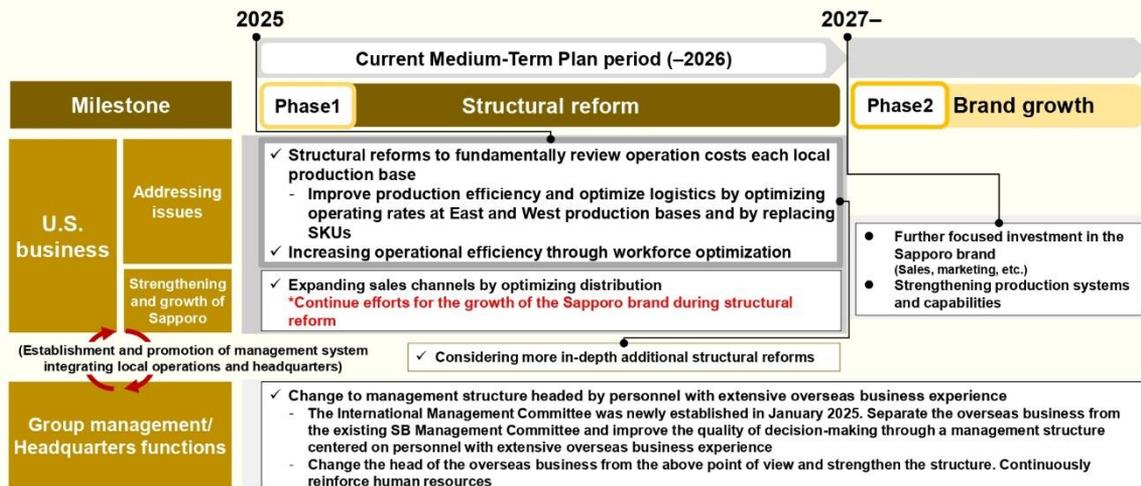
In terms of issues or deviation from expectations, the first is a decrease in volume of Stone brand due to the long-term deterioration of the craft beer market, and the second is an increase in raw material and labor costs due to cost inflation and higher integration costs for production and logistics in the US. These factors have had a significant impact and have made short-term improvements difficult, resulting in the recording of impairment loss.

As for future measures, we are working on structural reforms in the US as well as implementing changes and renewal of the management structure overseeing our overseas business from Japan, to improve the profitability of our US business as a matter of urgency.

Future measures for the U.S. business (Supplementary Explanatory Material for Timely Disclosure on January 30, 2025 (Reprint))



- Restructuring the U.S. business is an urgent issue for the future growth of the overseas alcoholic beverages business
- Review overseas management not only in the U.S. but also throughout the entire Group, and carry out the reforms focusing on structural reform in the U.S. and reorganization in the headquarters in Japan within the current Medium-Term Management Plan period (2026) At the same time, consider further structural reforms to rebuild management and business platform



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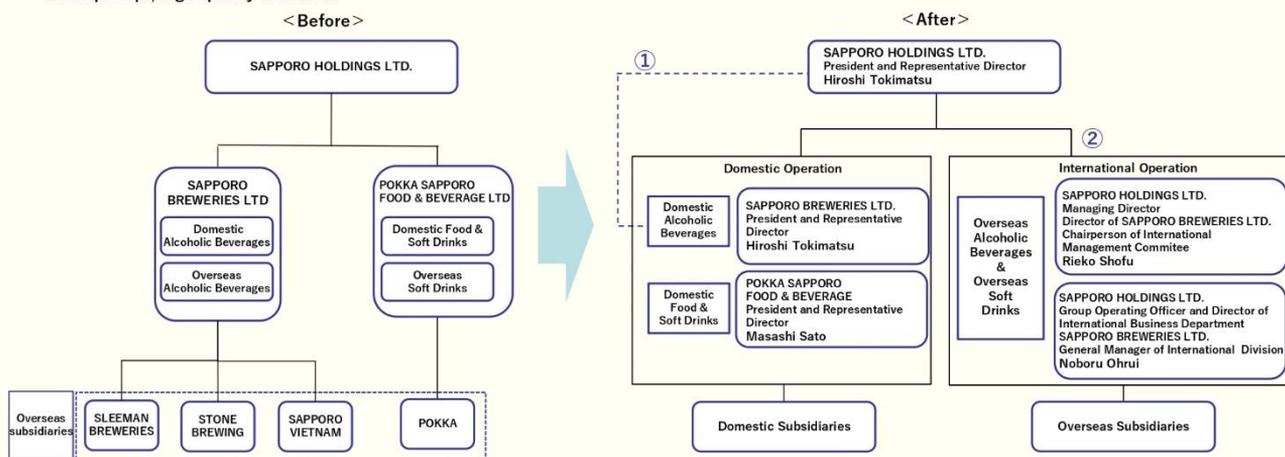
First, in the US, we are optimizing operating rates at our East and West production bases, and replacing SKUs, to concentrate on Stone's core brands and shift toward to the Sapporo brand. In addition to cost structure reforms such as optimization of production and logistics systems, we are also working to further strengthen and grow the Sapporo brand.

Changes in 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 of SAPPORO HOLDINGS and empower a team of global experts to make prompt, high-quality decisions.



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

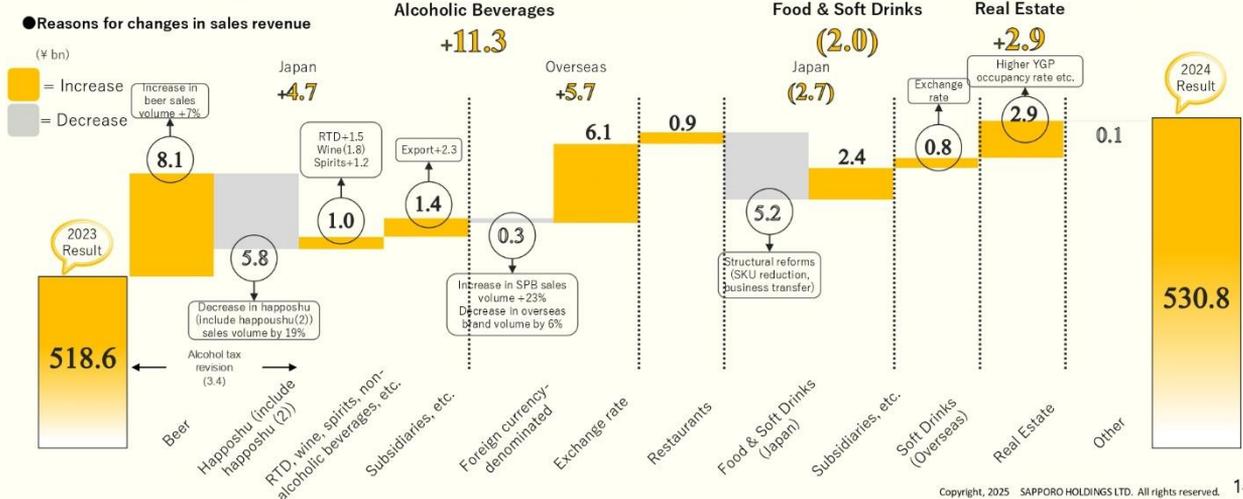
Moreover, we have made major changes to the management structure of our overseas business since January of this year.

Specifically, we have made the overseas business independent from the decision-making process of the alcoholic beverages and soft drink businesses, and have shifted to a management structure led with personnel with extensive experience in overseas business. The top management of overseas operations has also been changed to further strengthen the structure, and we intend to continuously reinforce our overseas management human resources, including through external recruitment as appropriate.

Based on the above, we aim to achieve EBITDA profitability by 2026.

Revenue increased by 12.2 billion yen (+2.3%) driven by growth in the alcoholic beverages and real estate businesses.

- Alcoholic beverages (Japan) saw revenue growth due to strengthened beer sales and the impact of price revisions, while the real estate business benefited from higher YGP occupancy rates. Overseas revenue increased due to foreign exchange effects.
 - Food & Soft Drinks (Japan) revenue declined, impacted by structural reforms.



First, the reasons for changes in sales revenue.

Revenue increased in the alcoholic beverages and real estate businesses. Japan alcoholic beverages sales increased by JPY4.7 billion, with sales of beer increased by JPY8.1 billion, offsetting a JPY5.8 billion decrease in sales of Happoshu. RTDs and exports also contributed to revenue growth.

As for overseas alcoholic beverages, the weak yen resulted in a JPY5.7 billion increase in yen-denominated sales, but foreign currency-denominated sales were almost the same as the previous year's level. While the Sapporo brand showed significant growth, overseas brands were a negative factor due to deteriorating market conditions.

In the food and soft drinks segment, Japan food and soft drink sales declined by JPY2.7 billion due to the impact of structural reforms, such as the reduction of SKUs and vending machines.

Real estate increased revenues by JPY2.9 billion. This is mainly due to an increase in the occupancy rate of the Yebisu Garden Place Office.

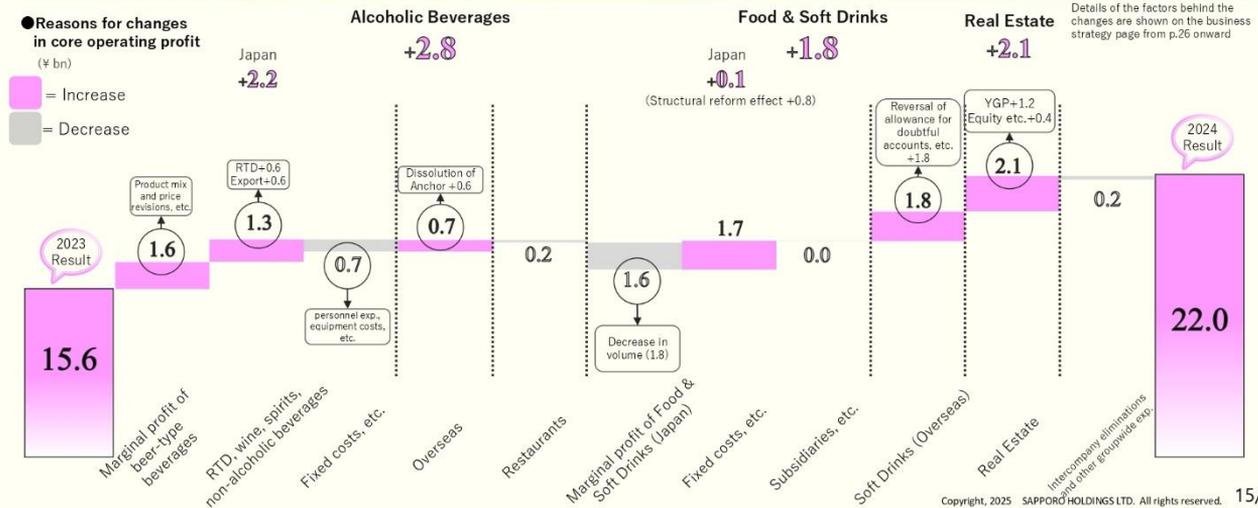
Financial Highlights 2024



Alcoholic beverages (Japan) and the real estate business drove overall growth, leading to a core operating profit increase of 6.4 billion yen (+41.0%).

- Alcoholic beverages (Japan) saw profit growth due to strengthened beer sales, improved product mix, and the impact of price revisions. The real estate business also contributed to profit growth through higher YGP occupancy rates and cost management.

- Alcoholic beverages (Overseas) benefited from the dissolution of Anchor in the previous year, while soft drinks (overseas) saw profit growth due to the reversal effect of provisions recorded last year for outstanding receivables.



Japan alcoholic beverages and real estate led the profit increase. Japan alcoholic beverages sales increased profit by JPY2.2 billion. Although fixed costs such as personnel investments increased by JPY0.7 billion, this was offset by an increase in marginal profit due to higher sales. Overseas alcoholic beverages increased by JPY0.7 billion, mainly due to the effect of the dissolution of Anchor during the previous fiscal year.

Japan food and soft drink sales increased by JPY0.1 billion, as the effect of cost structure reforms offset the decline in volume, while overseas soft drink sales increased by JPY1.8 billion due to the reversal effect of provisions recorded last year for outstanding receivables.

We would also like to report that we have resumed business with a new distributor in August of last year for the export business to the Middle East, which caused the outstanding receivables.

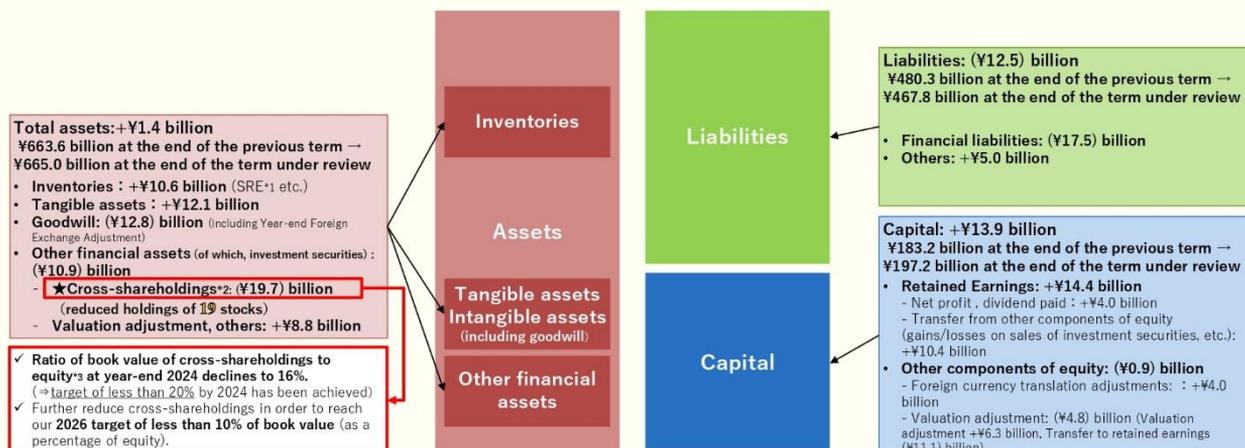
In real estate, profit increased by JPY2.1 billion as a result of higher revenues.

Financial Highlights 2024: Balance sheet



- While advancing asset-light initiatives, including the sale of cross-shareholdings, and reducing assets by 19.7 billion yen, total assets increased by 1.4 billion yen compared to the end of the previous fiscal year due to an increase in business assets (such as tangible fixed assets) related to capital expenditures.

★Contents of asset light initiatives



*1 Including transfer from investment real estate account

*2 Amount of cross-shareholdings sold (only stocks held by SH and SB)

*3 Ratio of book value of shareholdings to total equity attributable to owners of the parent company

We are working to reduce our assets, and among these, I would like to mention our cross-shareholding initiatives. Last year, we sold 19 stocks for JPY19.7 billion, and as a result, the ratio of cross-shareholdings to capital was 16%, meeting last year's target of 20%. We will continue to work toward our 10% target for 2026.

Main progress toward business portfolio transformation



- Structural reforms initially planned in the current Medium-Term Plan are progressing smoothly and are largely complete - ①
Restructuring: Structural reforms in the restaurants segment have been completed.
Business Liquidation: Business exits for certain alcoholic beverages (Anchor) and part of the food & soft drinks segment (plant-based yogurt) have been completed.
- New challenges have emerged in the overseas alcoholic beverages segment during the execution of the Medium-Term Plan - ②
Growth: Recording of impairment loss and commencement of structural reforms in overseas alcoholic beverages (U.S. business).
- With the disclosure of the Medium- to Long-Term Management Policy, the positioning of the real estate business within the Group has shifted - ③
Reinforce Profitability: Initiation of the process to inject external capital into the real estate business.

◆ Portfolio shown at the start of the Medium-Term Management Plan



◆ Portfolio transformation status towards 2025



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Next, I would like to explain this year's management plan.

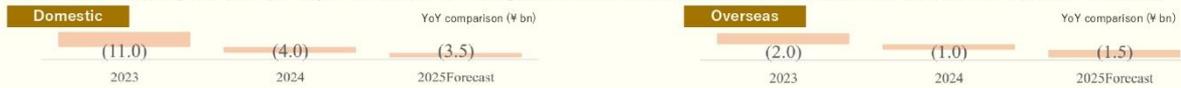
First, let me mention the business portfolio as a premise for the management plan. There are three key points. First, the structural reforms planned in the current mid-term plan have been largely completed. Second, on the other hand, new issues have emerged in overseas alcoholic beverages, and the Company has begun structural reforms in its US operations. Third, real estate is in the process of injecting external capital.

Figures based on the 2025 plan's assumptions



<Higher costs, such as surging raw material costs>

A cost increase of 5.0 billion yen is expected year-on-year, but it will be absorbed through price revisions and other measures. Additional cost increase risks will be addressed as the situation is monitored.



<Market trend and sales plan>

- **Alcoholic Beverages (Japan):** While the market for happoshu (including happoshu (2)) is expected to continue shrinking and price revisions may impact sales volume, we will continue strengthening our mainstay beer brands and RTD products, aiming to outperform the market.
- **Alcoholic Beverages (Overseas):** Total demand in Canada and the U.S. is expected to decline year-on-year due to inflation and other factors. While overseas brands are projected to fall below the previous year's level, Sapporo Premium Beer (SPB) is expected to maintain its growth trend. (⇒ Overall, alcoholic beverages (overseas) segment is planned to surpass the previous year's results.)
- **Food & Soft Drinks:** In Japan, while sales of our key focus category, lemons, are planned to exceed the previous year's level, overall sales are expected to decline due to structural reforms and other factors. Overseas, sales are projected to exceed the previous year's level, particularly in Malaysia and International

Alcoholic beverages (Japan) (10,000cases)	Plan	YoY	Total demand (YoY)
Beer, happoshu (inc. happoshu(2))	3,914	(2%)	(6%)
Beer	3,244	+4%	+0%
Happoshu(inc. happoshu(2))	670	(24%)	(13%)
bottle	-	+0%	(4%)
can	-	(3%)	(6%)
keg	-	(1%)	(4%)
RTD *	1,166	+8%	+2%
Food & Soft Drinks (Japan) (PS) (billions of yen)	Plan	YoY	
Lemon (lemon soft drinks & lemon food products)	36.6	+9%	
Soft drinks (exc. Lemon soft drinks) and others	42.9	(13%)	

Alcoholic beverages (Overseas) (10,000cases)	Plan	YoY
North America	1,985	+1%
Other areas	433	+8%
Total	2,418	+2%
Sapporo brand total	957	+9%
Food & Soft Drinks (Overseas) (millions of SGD)	Plan	YoY
Singapore	150	+3%
Malaysia	36	+27%
International	49	+31%

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Next are the figures on which the plan is based.

First, regarding the impact of soaring raw material prices and other factors, we expect a cost increase of approximately JPY5 billion again this year. Since most of these costs are tied to the domestic business, we intend to absorb them through price revisions.

Regarding market trends and our sales plan, our Japan alcoholic beverages business is forecasting a 2% YoY decline in beer-type beverages (total of beer and happoshu) sales volume. Beer sales are expected to increase by 4%, and RTD sales are expected to increase by 8%, both exceeding total demand. We also plan to continue the growth trend of the Sapporo brand in overseas alcoholic beverages.

	(¥ bn)	2024 Result	2025 Plan	YoY changes (amount)	YoY changes (%)
Revenue		530.8	532.0	+1.2	+0.2%
Revenue (Excluding liquor tax)		413.0	415.8	+2.8	+0.7%
Overseas revenue		128.5	130.3	+1.8	+1.4%
EBITDA		44.0	46.7	+2.6	+6.0%
Core operating profit		22.0	24.5	+2.5	+11.2%
Core operating profit margin		4.2%	4.6%	-	-
Other operating income (expense)		(11.6)	(4.5)	-	-
Operating profit		10.4	20.0	+9.6	+92.0%
Profit attributable to owners of parent		7.7	11.0	+3.3	+42.6%
ROE		4.1%	5.5%	-	-

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This year, we plan to continue strengthening our earning power by increasing revenue, profit, and dividends. We plan to increase sales revenue by 0.2% YoY, business profit by 11% YoY, and final profit by 43% YoY, and ROE will improve to 5.5%.

[Financial Targets]

	2022 Result	2024 Result	2025 Plan	2026 Medium-Term Plan target*2	Progress towards Medium-Term Plan targets*3
ROE	3.3%	4.1%	5.5%	8.0%	→
(Approximation) Core operating profit*1	9.3billion yen	22.0billion yen	24.5billion yen	25.0billion yen	↗
EBITDA Average growth rate (CAGR)		21.4%	16.0%	About 10%	→
(Approximation) EBITDA*1	29.9billion yen	44.0billion yen	46.7billion yen	50.0billion yen	→
Overseas revenue Average growth rate (CAGR)		12.1%	8.4%	About 10%	↘
(Approximation) Overseas revenue*1	102.2billion yen	128.5billion yen	130.3billion yen	140.0billion yen	↘

*1 A reference point for achieving financial targets (unchanged from the time of Medium-Term plan formulation).

*2 The 2026 Medium-Term Plan target remains unchanged from the time of formulation.

*3 Outlook as for now. A horizontal arrow indicates performance in line with expectations, an upward arrow indicates potential upside, and a downward arrow indicates a higher likelihood of downside.

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The target of 8% ROE is considered achievable given the current business profit trend. On the other hand, the growth of overseas sales revenue has been somewhat challenging, as we are emphasizing growth that is accompanied by profitability.

Group Management Plan 2025: Target for core operating profit



[Target for core operating profit]

	2022 Result	2024 Result	2025 Plan	Outlook for 2026*1	2026 Medium-Term Plan target*2
Alcoholic beverages (Japan)	3.5%	6.0%	7.0%	7.5%	5.7%
Alcoholic beverages (Overseas)	(0.4%)	0.4%	0.4%	2.8%	6.2%
Restaurants	(3.3%)	9.3%	9.1%	9.0%	5.0%
Food & Soft Drinks (Japan)	0.9%	2.5%	3.4%	4.4%	3.8%
Soft Drinks (Overseas)	3.6%	4.3%	4.7%	5.6%	5.0%
Real Estate (※EBITDA-based ROA)	4.9%	5.5%	5.2%	6.0%	5.7%

*1 Latest outlook as for now.

*2 The 2026 Medium-Term Plan target remains unchanged from the time of formulation.

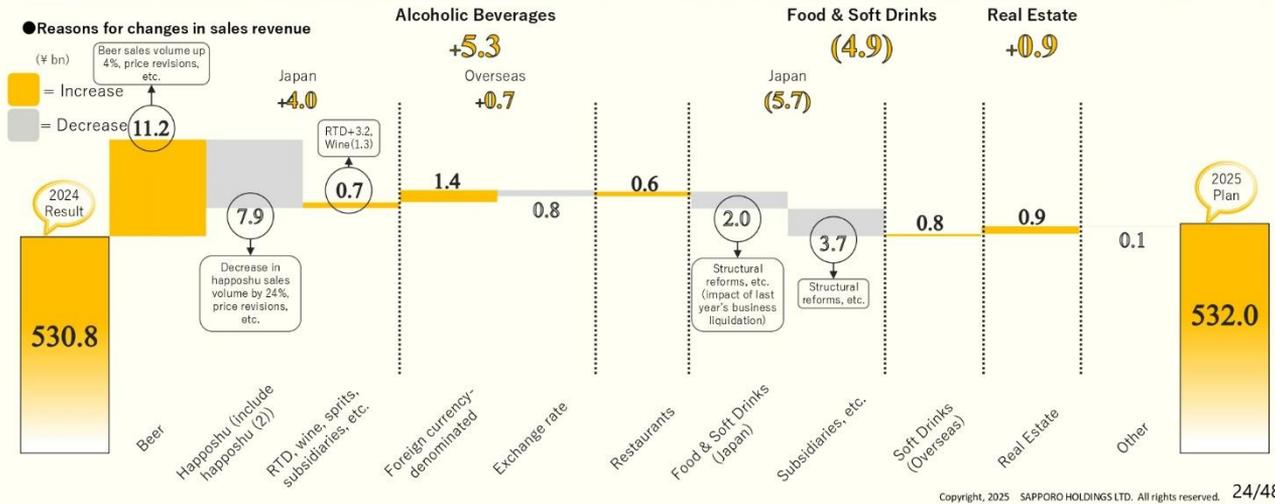
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On the far right, we show the core profit margin targets for 2026 as set in our mid-term plan. The outlook for 2026 is shown to the left of that figure.

In the Japan alcoholic beverages business, the current forecast is 7.5%, and in the restaurants business, it is 9%. We expect to meet the core operating profit margin targets for both. On the other hand, it is challenging to achieve the target for overseas alcoholic beverages, and we will first work to improve profitability in the US as soon as possible.

Due to structural reforms, revenue of food & soft drink (Japan) is expected to decline, but overall revenue is projected to remain on par with the previous year (+1.2 billion yen), driven by growth in the alcoholic beverages business.

- Alcoholic beverages (Japan): Revenue growth driven by strengthened beer and RTD sales, as well as the impact of price revisions. Alcoholic beverages (Overseas): Revenue increase supported by SPB growth. Real estate: While YGP revenue is expected to decline, other business will compensate.
- Food & Soft Drinks (Japan): Revenue decline due to structural reforms and the impact of last year's business liquidation.



Next, let me explain our plans for sales revenue and core operating profit.

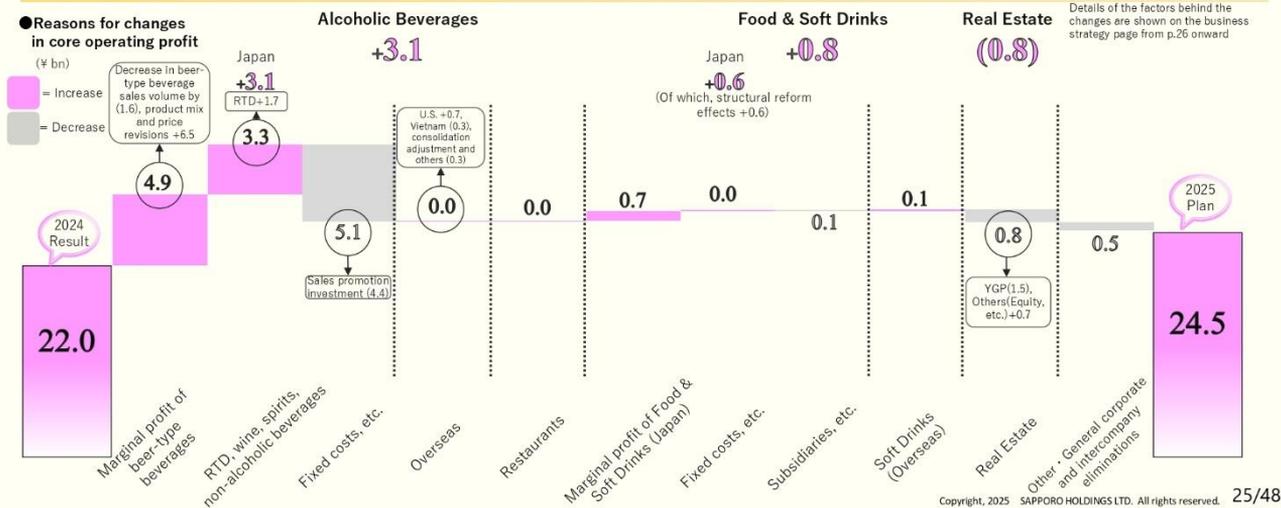
First, sales revenue. Only sales of Japan food and soft drink business, which is undergoing structural reform, are expected to decline. Other than that, we plan to increase revenues. In the Japan alcoholic beverages, a JPY7.9 billion decrease in the volume of happoshu, etc., will be offset by JPY11.2 billion in the volume increase of beer and the effect of price revisions. Total beer-type beverages sales are expected to increase.

We also plan to increase sales of RTDs due to higher volume and other factors, while overseas alcoholic beverages sales are expected to increase due to the growth of the Sapporo brand.

In the Japan food and soft drink business, sales are expected to decrease by JPY5.7 billion due to the impact of structural reforms. In the real estate business, although there will be a partial decrease in rent due to the expansion of the air conditioning construction area at the Yebisu Garden Place office, sales are expected to increase due to the effect of the hotel renovation in Sapporo and the sale of equity investments, etc.

Strengthening beer and RTD in alcoholic beverages (Japan) is expected to drive an overall profit increase of 2.5 billion yen (+11.2%).

- Alcoholic beverages (Japan): While fixed costs will rise due to promotional investments ahead of the alcohol tax revision, profit growth will be supported by increased marginal profit from beer and RTD, including the effects of price revisions.
 - Real estate: Profit decline due to lower YGP occupancy rates, impacted by an increase in HVAC (air-conditioning) work areas.



Core operating profit is expected to increase, driven by Japan alcoholic beverages. First, in the Japan alcoholic beverages business, marginal profit of beer-type beverages is projected to increase by JPY4.9 billion due to an improved product mix and the effect of price revisions. RTDs are also expected to increase due to volume growth and the effect of price revisions.

At the same time, we anticipate an increase in marketing investment in anticipation of the alcohol tax revision in 2026.

As for overseas alcoholic beverages, we expect a JPY0.7 billion improvement in the US business due to the effect of structural reforms, offset by negative impacts in Vietnam, resulting in a total plan of about the same level as the previous year.

In Japan food and soft drinks business, profit is expected to increase slightly due to continued cost structure reforms.

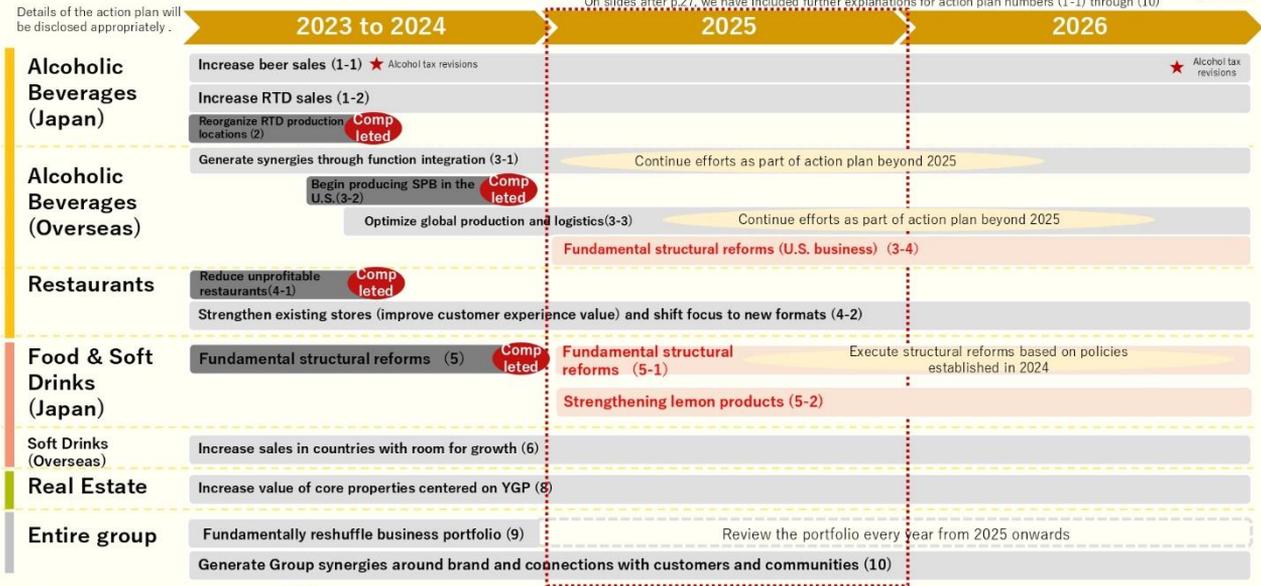
In real estate, we expect a decrease in rent and an increase in costs due to the expansion of the office air-conditioning construction area at Garden Place, and we plan to report a decrease in core operating profit.

Business Strategies: Action Plan



Details of the action plan will be disclosed appropriately.

On slides after p.27, we have included further explanations for action plan numbers (1-1) through (10)



* Newly set action plan items are indicated in red.

This is an overview, showing the key action plans for each business. In addition to those that have been confirmed to be completed by 2024, those newly established for 2026 are indicated in red.

These will be explained for each business strategy from the next page.

Business Strategies: Alcoholic Beverages (Japan)



2024年 (Result)						2025 (Plan)					
Revenue: ¥273.0 billion (YoY+¥4.7 bn, +1.7%)						Revenue: ¥277.0 billion (YoY+¥4.0 bn, +1.5%)					
Core operating profit: ¥16.4 billion (YoY+¥2.2 bn, +15.6%)						Core operating profit: ¥19.5 billion (YoY+¥3.1 bn, +18.9%)					
Reasons for changes in core operating profit (¥ bn)						Reasons for changes in core operating profit (¥ bn)					
(0.1)	1.6	0.6	0.7	(0.1)	(0.5)	(1.6)	6.5	1.7	1.6	(4.4)	(0.7)
Beer-type beverages sales volume	Beer-type beverages marginal profit improvement	RTD	Wine, spirits, non-alcoholic beverages, etc.	Sales promotion investment	Invest in human capital, equipment costs, etc.	Beer-type beverages sales volume	Beer-type beverages marginal profit improvement	RTD	Wine, spirits, non-alcoholic beverages, etc.	Sales promotion investment	Fixed cost, etc.

Continue strengthening marketing efforts for mainstay beer brands, focusing on Black Label and Yebisu

● Increase beer sales (1-1)

✓ **Steadily increase beer sales, led by Black Label**

- Beer: +7% YoY, Black Label brand: +11% YoY (sales volume basis)
- Achieve growth exceeding the market for both beer and beer-type beverages

◆ **Share of beer sale: 78%** Increase in the proportion of high-margin beer

◆ **Beer selling price before alcohol tax: +1.2%** (vs.2022, YoY+3%) Improvement due to those profitable beer mixes and price revisions

※Sales volume basis (YoY)

Total demand (estimated by SHI): (3%) Total demand (estimated by SHI): +5% Total demand (estimated by SHI): +7%

✓ **Continue to strengthen marketing with a focus on mainstay brands**

- ◆ **Share of beer sale: 83%**
- ◆ **Beer selling price before alcohol tax: +2.0%** (vs.2022, YoY+7%)

Expanding marketing to create "emotional and quality value"

- Striving to enhance the appeal of beer as a premium beverage
- Delivering value through brand identity, experiences, and community engagement

⇒ Aiming to expand our new customer base by approximately 2 million

Black Label THE BAR
Renovation scheduled for July 2025

YEBISU BEER TOWN
(YEBISU BEER TOWN)

YEBISU BREWERY TOKYO—1st anniversary event (scheduled for April 2025)

CLUB サッポロ生ビール 黒ラベル (CLUB 黒ラベル)
In addition to each brand's community, a new online platform will be created to develop co-creative marketing that explores customer value through experiences. (Details to be announced at a later date)

*'Emotional and quality value' refers to enhancing emotional well-being and enriching life

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First, Japan alcoholic beverages. In terms of the progress of the Action Plan, I would like to explain the status of increase beer sales. In the previous year, Black Label continued to drive growth, with a 7% increase in beer sales volume. Canned products were particularly strong. We were able to continue our strong performance with a 10% increase compared to a 7% increase in total demand, and Black Label cans increased by 17%.

The percentage of beer increased by 5%, reaching 78% last year, and we expect to raise it to 83% this year. We estimate that the market average of beer composition is between 50% to 60%.

This year, we intend to further strengthen our existing beer brands in preparation for the alcohol tax revision to be implemented in the next year. Specifically, we intend to further increase brand exposure with a focus on Black Label and Yebisu, as well as expand our customer contact points to grow our fan base.

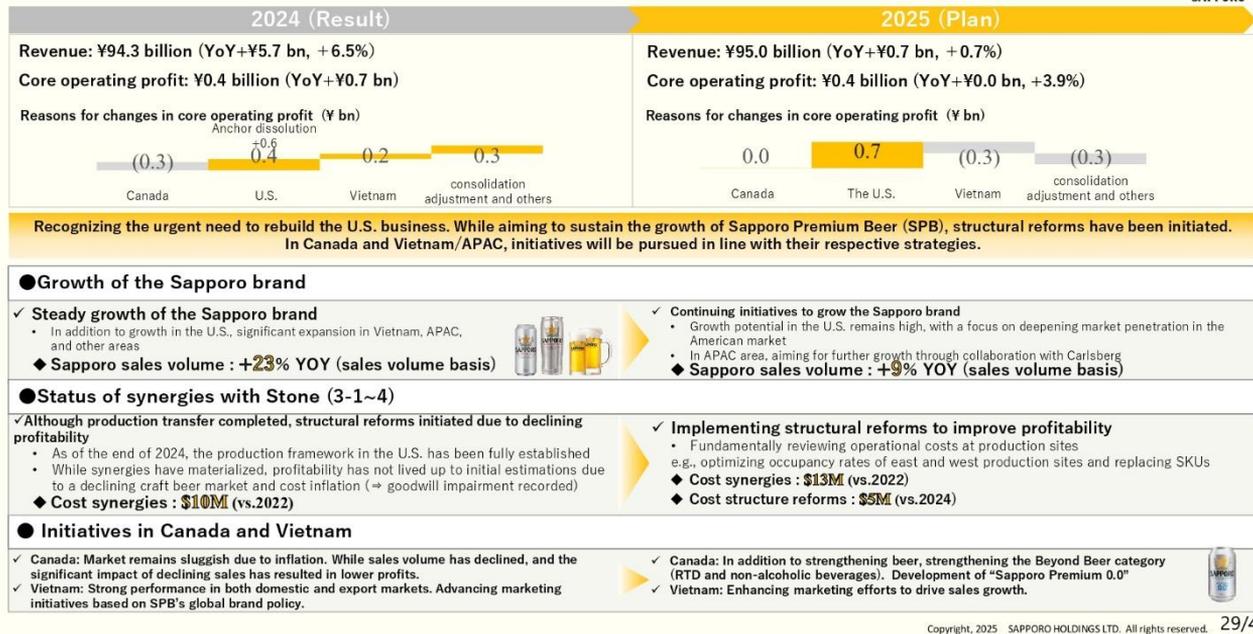
2024 (Result)	2025 (Plan)
<p>● Increase RTD sales (1-2)</p> <p>✓ RTD exceeded the previous year's level</p> <ul style="list-style-type: none"> While new product launched last year struggled to gain traction and fell short of the plan, strong performance from core brands, including the Koime brand and Otoko Ume brand, led to record-high sales for the fourth consecutive year. <p>◆ Total RTD (Cans): +27% (vs.2022, based on sales revenue)</p> <p>※Sales volume basis</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>YoY+17%</p>  <p>Renewed product transition starting with Nov 2024 production batch</p> </div> <div style="text-align: center;"> <p>YoY+5%</p>  <p>Renewed product transition starting with Feb 2025 production batch</p> </div> </div>	
<p>✓ Drive continuous growth by strengthening core brands and introducing new products</p> <p>◆ Total RTD (Cans): +37% (vs.2022, based on sales revenue basis)</p> <p>Product renewal and expansion of product lineup</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Year-round sales from Jan 28</p> </div> <div style="text-align: center;">  <p>Limited sales from Jan 15</p> </div> <div style="text-align: center;">  <p>Limited sales from Mar 4</p> </div> <div style="text-align: center;">  <p>Renewed product transition & year-round sales starting with Jan 2025 production batch</p> </div> </div> <p>Launch of Sapporo Sour Hyosai 1984</p> <ul style="list-style-type: none"> A well-loved, hidden gem sour enjoyed in restaurants (available from Feb 18) 	
<p>● Increase production efficiency & cost structure reforms (2)</p> <p>✓ RTD in-house production ratio ahead of schedule, achieving 2026 Medium-Term Plan target</p> <p>◆ RTD in-house production ratio : 93% (KPI monitoring will continue)</p> <p>✓ Initiatives for cost structural reforms (2024 results)</p> <ul style="list-style-type: none"> Profit improvement through in-house RTD production } PL improvement+¥0.9 bn (YoY) Consolidation of production sites (Nasu factory, Katsunuma Winery, etc.) SKU optimization (domestic daily wine, imported wine, etc.) 	
<p>✓ Cost structural reform initiatives</p> <ul style="list-style-type: none"> Continuing to explore and implement various measures to strengthen profitability Reduction of fixed costs Productivity improvement and workstyle reform etc. 	

Next, I would like to touch on RTD and cost structure reform efforts.

As for RTDs, we achieved a 7% increase in sales volume last year. This year, we plan to increase sales volume by 8% YoY by continuing to promote our core brands and new product proposals. We are aiming for a 37% increase based on sales revenue basis compared to 2022.

On the other hand, as for cost structure reforms, the in-house production ratio for RTDs reached 93%, exceeding the mid-term plan target of 88%. In addition, we have implemented measures such as reorganization of production bases and optimization of SKUs, especially for wine, and will continue to make efforts to further improve productivity this year.

Business Strategies: Alcoholic Beverages (Overseas)



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I would like to give you an update on the situation and sales in each country. First, regarding Canada, sales volume last fiscal year was down 3%, almost on par with the market. For the current fiscal year, we plan to maintain last year's volume despite a 3% decline in total demand.

In the US, the beer market has shrunk by about 2% compared to the previous year. Of this, imported brands are expected to increase by 5%, while the craft beer market is expected to decline by 6%.

Under these circumstances, our Sapporo brand sales increased by 11% last year, while Stone brand sales decreased by 9%. For the current fiscal year, we plan for a 12% increase for the Sapporo brand and a 10% decrease for the Stone brand.

Last year, in addition to the US and Vietnam, we were able to achieve significant growth in the APAC area thanks to our partnership with Carlsberg. This year, we intend to accelerate our growth by further strengthening our distribution policy in the US and our collaboration with Carlsberg in the APAC area.

Regarding synergies with Stone, last year we generated USD10 million in synergies through functional integration and related measures. This year, we are planning to create further synergies in terms of production and logistics, targeting USD13 million.

In addition, cost structure reforms have been initiated, which are expected to yield USD5 million this year and USD15 million in 2026. The originally projected synergy for 2026 was USD23 million, but due to the impact of increased integration costs, we have decided to revise the projection to USD15 million (Please refer to page 34 for details.)

Business Strategies: Alcoholic Beverages (Restaurants)



2024 (Result)	2025 (Plan)
Revenue: ¥20.9 billion (YoY+¥0.9 bn, +4.5%)	Revenue: ¥21.5 billion (YoY+¥0.6 bn, +3.0%)
Core operating profit: ¥1.9 billion (YoY (¥0.2) bn, (7.8%))	Core operating profit: ¥2.0 billion (YoY+¥0.0 bn, +0.8%)
Reasons for changes in core operating profit Profit decreased due to the impact of selected stores renovation costs, but the plan was achieved.	Reasons for changes in core operating profit Despite the impact of rising labor and energy costs, profit levels were maintained at the same level as the previous year.

Providing touchpoints and experiential opportunities for alcoholic beverage brands while focusing on strengthening existing stores.

● **Strengthening of existing stores (improvement of customer experience value) and shift to focus business categories (4-2)**

✓ **Achieving sales growth and high profitability, centered on existing stores**

- Existing store sales exceeded the previous year's level in all months, maintaining profit at the same level as the previous year
- Planned renovations for selected stores along with systematic maintenance and upkeep investments

< Sales results for existing SLN stores (YoY) >

YoY	24Q1	24Q2	24Q3	24Q4	FY
revenue	115%	106%	104%	106%	107%
number of customer	109%	102%	100%	102%	103%
sales per customer	105%	104%	105%	104%	104%

✓ **Aiming to enhance brand power by integrating and improving customer experience (CX) and employee experience (EX) while further strengthening existing stores**

Integrating and enhancing customer experience (CX) and employee experience (EX)

- "WITH BEER experience" Initiatives
 - (CX) Offering original dishes at each store + app-based voting
 - (EX) Developing original dishes at each store & contest + promoting

● **Stronger contacts with alcohol brands (10)**

✓ **Brand communication of Alcoholic Beverages (Japan)**

- e.g., limited-quantity draft sales of the Yebisu Creative Brew series at "YEBISU BAR" *SB sells the canned version.

✓ **Provision of brand contact points and brand experience opportunities**

- Strengthening partnership with SB to provide brand touchpoints and experiential opportunities with focus on Black Label and Yebisu, contributing to improving the brand value of alcoholic beverage brands

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In the previous fiscal year, higher personnel and other costs were absorbed by higher sales, while some store remodeling costs were incurred to strengthen the brand's communication capabilities, resulting in a slight decrease in profit. We plan to continue to increase revenues this year in order to absorb the increase in fixed costs such as personnel expenses.

In terms of profitability, we hope to maintain a core operating profit margin of around 9% while further enhancing the brand communication of our Japan alcoholic beverages.

Business Strategies: Food & Soft Drinks (Japan)



2024 (Result)	2025 (Plan)												
Revenue: ¥90.7 billion (YoY(¥2.7 bn, (2.9%))	Revenue: ¥85.0 billion (YoY(¥5.7 bn, (6.3%))												
Core operating profit: ¥2.2 billion (YoY+¥0.1 bn, +3.9%)	Core operating profit: ¥2.9 billion (YoY+¥0.6 bn, +28.6%)												
Reasons for changes in core operating profit (¥ bn)	Reasons for changes in core operating profit (¥ bn)												
<table border="1"> <tr> <td>(1.6)</td> <td>1.7</td> <td>(0.0)</td> </tr> <tr> <td>Marginal profit</td> <td>Fixed cost, etc.</td> <td>Subsidiaries, etc.</td> </tr> </table>	(1.6)	1.7	(0.0)	Marginal profit	Fixed cost, etc.	Subsidiaries, etc.	<table border="1"> <tr> <td>0.7</td> <td>0.0</td> <td>(0.1)</td> </tr> <tr> <td>Marginal profit</td> <td>Fixed cost, etc.</td> <td>Subsidiaries, etc.</td> </tr> </table>	0.7	0.0	(0.1)	Marginal profit	Fixed cost, etc.	Subsidiaries, etc.
(1.6)	1.7	(0.0)											
Marginal profit	Fixed cost, etc.	Subsidiaries, etc.											
0.7	0.0	(0.1)											
Marginal profit	Fixed cost, etc.	Subsidiaries, etc.											

Steadily executing the planned structural reforms while also completing the formulation of future policies.
From 2025 onward, structural reforms will continue based on the established policies, alongside initiatives to drive growth in the lemon business.

● Fundamental structural reforms (5、5-1~2)

✓ Steady execution of structural reforms

- Structural reforms planned through 2024 have been completed, contributing to core operating profit improvement

◆ Cost structure reform : YoY+¥0.8 bn(+¥2.1 bn vs.2022)

- Reduction in disposal value due to SKU optimization, etc.: +¥0.2 bn
- Improvement in variable selling cost per unit, etc.: +¥0.3 bn
- Cost reductions through business divestiture, etc.: +¥0.2 bn
(Plant-based yogurt business, related subsidiaries, etc.)

Achieved KPI target of ¥2.0 billion growth compared to 2022



✓ Execution of structural reforms based on policies established in 2024

◆ Cost structure reform : YoY+¥0.6 bn

- Setting new KPIs from 2025 onward and continuing initiatives

◆ Business structure reform (business portfolio review)

- Internal formulation of our future strategy has been completed. Execution will proceed at the appropriate timing, with details to be disclosed as implementation progresses

✓ Initiatives for growing the lemon business

Business policy: Expanding overall lemon demand by providing value with a focus on functional benefits.

Current initiatives:

- Strengthening promotions to ensure steady growth of core brands (Kireto Lemon, Pokka Lemon 100)
- Establishing a specialized R&D organization to advance research on lemon functionality and technology development
- Enhancing upstream areas, including domestic lemon cultivation, procurement, and production systems

◆ Lemon (lemon soft drinks & lemon food products)

sales revenue: +9% (YoY)

- Newly set as a KPI starting in 2025



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With regard to structural reforms, we have implemented the measures planned for 2024 and have already completed the formulation of future policies. In 2025, we intend to promote the growth of the lemon business while continuing to implement structural reforms based on this policy.

As a result, both last year's financial results and this year's financial plan show a decrease in revenue, but an increase in profit.

Business Strategies: Soft Drinks (Overseas)



2024 (Result)	2025 (Plan)
Revenue: ¥27.2 billion (YoY+¥0.8 bn, +2.9%)	Revenue: ¥28.0 billion (YoY+¥0.8 bn, +2.9%)
Core operating profit: ¥1.2 billion (YoY+¥1.8 bn)	Core operating profit: ¥1.3 billion (YoY+¥0.1 bn, +11.5%)
Reasons for changes in core operating profit (¥ bn) Reversal of allowance for doubtful accounts, etc. +1.8 (0.7) Sales volume 0.6 Marginal profit improvement 1.9 Fixed cost, etc.	Reasons for changes in core operating profit (¥ bn) 0.3 Sales volume 0.0 Marginal profit improvement (0.1) Fixed cost, etc.

Focus on growth in Malaysia and expansion of exports while maintaining and strengthening profitability in Singapore.

● Singapore <ul style="list-style-type: none"> Sales decline due to intensified price competition <ul style="list-style-type: none"> ◆ Singapore sales revenue: (5%) YoY (based on SGD) 		<ul style="list-style-type: none"> Enhancing profitability to counter inflation while continuing to strengthen core brands <ul style="list-style-type: none"> ◆ Singapore sales revenue: +3% YoY (based on SGD)
● Malaysia <ul style="list-style-type: none"> Signed a contract with a new distributor in the second half of the year to strengthen the sales structure <ul style="list-style-type: none"> ◆ Malaysia sales revenue: +18% YoY (based on SGD) 		<ul style="list-style-type: none"> Strengthening collaboration with distributors to enhance brand awareness and drive sales growth <ul style="list-style-type: none"> ◆ Malaysia sales revenue: +27% YoY (based on SGD)
● Export (International) <ul style="list-style-type: none"> Progressive resumption of exports to the Middle East from Q3. Strengthened sales in regions outside the Middle East helped mitigate the decline in sales. <ul style="list-style-type: none"> ◆ Export sales revenue: (23%) YoY (based on SGD) 		<ul style="list-style-type: none"> Significant sales growth driven by full-year contributions from Middle East exports Outside the Middle East, focusing on high-profitability countries and continuing to strengthen sales <ul style="list-style-type: none"> ◆ Export sales revenue: +31% YoY (based on SGD)

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We will promote growth in Malaysia while maintaining and strengthening profitability in Singapore. In addition, exports to the Middle East have been resumed, and we are on track for a recovery in export sales. Therefore, we are planning to increase both sales and profits for this year.

2024 (Result)	2025 (Plan)
Revenue: ¥24.6 billion (YoY+¥2.9 bn, +13.4%) Core operating profit: ¥7.8 billion (YoY+¥2.1 bn, +35.7%) EBITDA: ¥14.0 billion (YoY+¥2.7 bn, +24.3%) Reasons for changes in core operating profit (¥ bn) Improvement of occupancy rate, Cost management YGP: 1.2, Sapporo: 0.1, Others: 0.7	Revenue: ¥25.5 billion (YoY+¥0.9 bn, +3.6%) Core operating profit: ¥7.0 billion (YoY(¥0.8) bn, (10.8%)) EBITDA: ¥13.4 billion (YoY(¥0.6) bn, (4.4%)) Reasons for changes in core operating profit (¥ bn) Decline in occupancy rate YGP: (1.5), Sapporo: (0.0), その他: 0.7

Enhancement of the value of properties owned in the Ebisu and Sapporo areas to promote urban development

● Initiatives to enhance property value (Ebisu area)

✓ **YGP value enhancement initiatives**

- YGP 30th anniversary events concluded successfully
- Office occupancy rate is near full capacity, excluding areas undergoing HVAC work

YGP* office space occupancy rate

◆ **Rate of increase in average unit rent : +2.9% (vs.2022)**

✓ **YGP value enhancement initiatives**

- Leveraging the strengths of a mixed-use facility to create a seamless connection between work and leisure
- In 2025, office occupancy rates are expected to decline from the previous year due to an increase in HVAC work areas

◆ **Rate of increase in average unit rent : +2.9% (vs.2022)**

✓ **Initiatives except YGP**

- Continuing to promote new initiatives such as offices specialized in business development and fully set-up office spaces.
- Enhancing the value of the Ebisu area through the Shibuya Higashi 3-Chome Development Project, which launched in 2024.

● Initiatives to enhance property value (Sapporo area)

- Hotel Sosei Sapporo M Gallery opened on January 30, 2024**
- Occupancy rate has been gradually increasing since the second half of the year, mainly driven by inbound demand
- Sosei Cross opened on August 1, 2024**
- Office occupancy rate has been progressing smoothly since opening

✓ **Promoting urban development in the Sosei East area**

- Enhancing the area's appeal. Driving revitalization through initiatives in collaboration with the local community.

*HVAC work scheduled to take place over about 10 years starting in 2022

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We are in the process of enhancing the value of our properties and promoting urban development in the Ebisu and Sapporo areas. We will continue to renovate the air conditioning system of Yebisu Garden Place, our core property, and we are also strengthening leasing efforts after the renovation to raise the unit rent.

This fluctuation in the air conditioning renewal area has affected profits. Last year, profit increased compared to the previous year, but we plan to decrease profits this year. The occupancy rate of the Garden Place Office space was 79% in 2023, 90% in 2024, and is expected to be 86% in 2025.

Business Strategies : Action Plan KPI



※1 Forex assumption: ¥130

※2 Local currency basis (Singapore dollar)

		2022 Result	2024 Result	2025 Plan	2026 Medium-Term Plan target
Alcoholic Beverages (Japan)	Reinforcement of Beer / Improving Profitability of Beer-type Bev.				
	Increase beer sales: share of beer sales (1-1)	68%	78%	83%	79%
	Improve profit margin: selling price excluding alcohol tax (1-1)	-	+12% (vs.2022)	+20% (vs.2022)	+11% (vs.2022)
	RTD Business Growth and Production Streamlining, Etc.				
RTD growth: RTD(cans) sales amount (1-2)	-	+27% (vs.2022)	+37% (vs.2022)	+74% (vs.2022)	
Increase production efficiency: ratio of in-house production (2)	73%	93%	98%	88%	
Alcoholic Beverages (Overseas)	Stone Acquisition Synergy / SPB Growth				
	Sapporo brand volume (3-1~3)	6.61mn cases	8.83mn cases	9.57mn cases	10.0mn cases
	Cost synergy (3-1~3) ※1	-	\$10M (vs.2022)	\$13M (vs.2022)	\$23M ⇒ \$15M (vs.2022)
	Cost Structure Reforms (3-4)	-	-	\$5M (vs.2024)	\$15M (vs.2024)
Food & Soft Drinks (Japan)	Cost Structure Reforms (5)	-	¥2.1 bn (vs.2022)	-	¥2.0 bn (2024, vs.2022)
	(5-1)	-	-	¥0.6 bn (vs.2024)	¥1.2 bn (vs.2024)
	Strengthening Lemon Products				
	Lemon sales amount (5-2)	-	-	+9% (vs.2024)	+17% (vs.2024)
Soft Drinks (Overseas)	Expanding Sales and Increasing Logistics Efficiency				
	Overseas sales amount (6) ※2	-	(4.1%) (vs.2022)	+6.7% (vs.2022)	+30% ⇒ +10% (vs.2022)
Real Estate	Increase value of YGP				
	Rate of increase in average rent price (8)	-	+2.9% (vs.2022)	+2.9% (vs.2022)	+2.5% (vs.2022)
Entire Group	Drastic Reorganization of Unprofitable Businesses, Etc. (9)	¥1.0 bn (vs.2021)	¥1.7 bn (vs.2022)	-	-

* Newly set or updated action plan items are indicated in red.

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Finally, the progress on the Action Plan KPIs. Newly set or updated action plans are indicated in red.

We have revised downward our targets for 2026 with respect to cost synergies in overseas alcoholic beverages and sales growth in overseas soft drinks. In addition, we have newly set targets for a cost structure reform for overseas alcoholic beverages, a new cost structure reform for Japan food and soft drinks, and for strengthening our lemon products.

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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Shofu:

I will now explain our medium- to long-term strategy after a brief review of our background so far.

Regarding medium- to long-term strategies, we established a Group Strategy Review Committee in 2023. We recognized the low profitability and the diversified business portfolio, which leads to the dispersion of management resources. At the same time, we reaffirmed the strength of the Sapporo beer brand and its quality, as well as our diverse customer contacts, mainly in the restaurants industry, as strengths that we should continue to leverage in the future.

Based on this, last February we announced an outline of our vision and the policies under which we will achieve medium- to long-term growth. Then, over the last year, we have been working on the specifics of the strategy as part of our medium- to long-term strategy project.

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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Within this project, several working groups were established in line with the mid- to long-term policy outline. Executives from the holding company and operating companies, as well as several outside directors with relevant expertise, participated in each of the working groups.

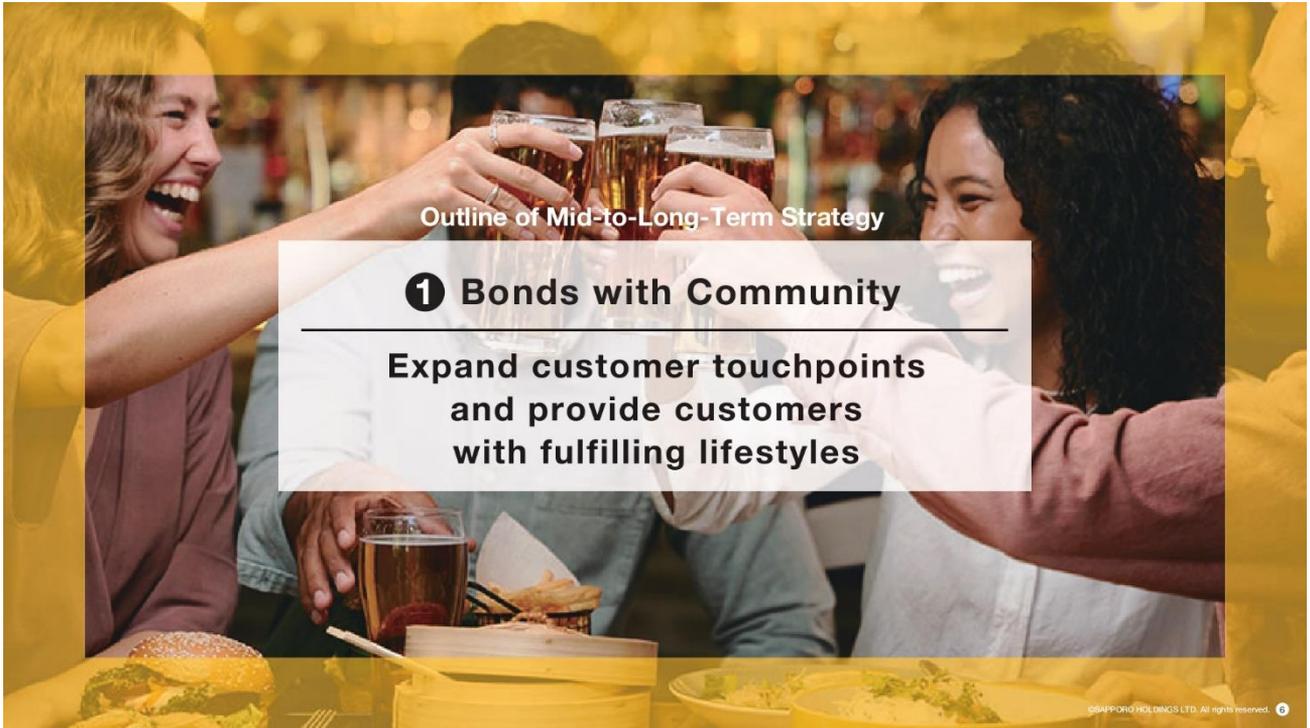
We also engage outside advisors as needed, especially in key areas such as the alcoholic beverage business and real estate initiatives. In addition to monthly progress reviews by the Board of Directors, intensive one-day discussions were held several times by the directors and presidents of operating companies, resulting in a concrete plan.



Mid-to-Long-Term Vision

**Delivering quality products
and experiences
to customers
around the world.**

Our vision, as presented last year, is delivering quality products and experiences to customers around the world. I would like to outline five strategies that we will focus on to achieve this goal.



Outline of Mid-to-Long-Term Strategy

① Bonds with Community

**Expand customer touchpoints
and provide customers
with fulfilling lifestyles**

The first is Bonds with Community, which aims to provide customers with fulfilling lifestyles through services that offer exciting experiences and new ways to enjoy alcoholic beverages.

Outline of Mid-to-Long-Term Strategy

① 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

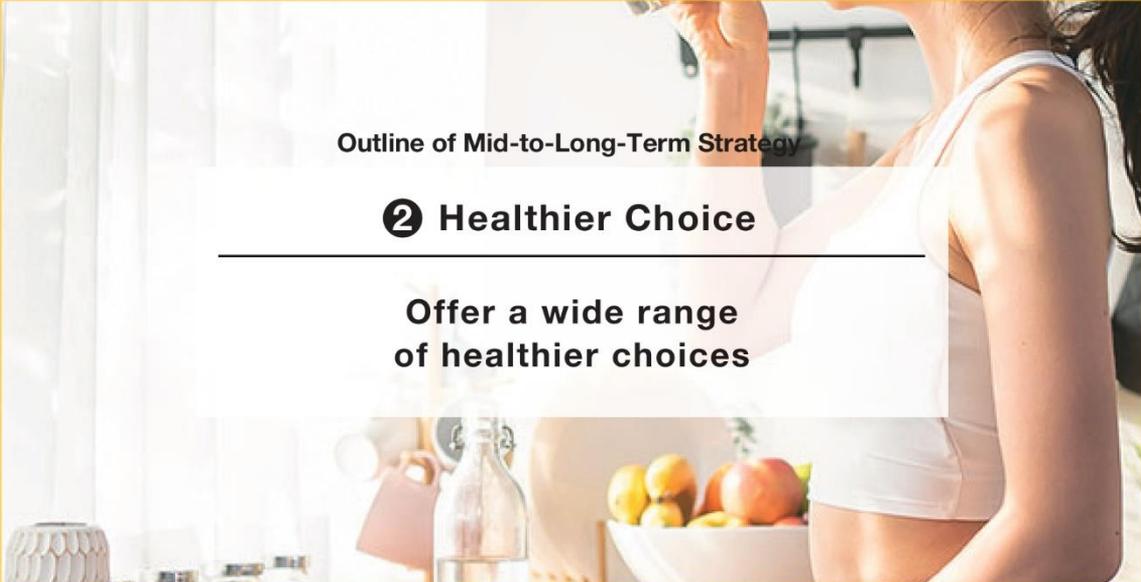
Core operating profit margin 10%*

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

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In Japan, we plan to double our marketing investment in mainstay brands by 2030 compared to 2024, seizing the opportunity presented by 2026 alcohol tax revision. In addition, we have developed a variety of customer touchpoints, such as YEBISU BREWERY TOKYO and the Perfect Black Label experience events, in addition to our directly operated restaurant outlets under the Sapporo Lion umbrella.

YEBISU BREWERY TOKYO welcomed 230,000 visitors last year, and approximately 950,000 people have experienced the Black Label events to date. We aim to achieve a 25% share of the beer market over the long term by expanding these real customer touchpoints, and we also aim to achieve a 10% core operating profit margin by 2030 for Japan alcoholic beverages, including non-beer categories.



Outline of Mid-to-Long-Term Strategy

② Healthier Choice

Offer a wide range
of healthier choices

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Next is Healthier Choice. We expect a short-term tailwind for beer in Japan, but in the long term, we foresee a gradual shift in global consumer preferences to low-alcoholic and non-alcoholic beverages.

Outline of Mid-to-Long-Term Strategy

② 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 PREMIUM 0.0 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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In response to this Healthier Choice trend, we will strengthen our domestic non-alcoholic beer development system. Several projects have already been launched, and we will work on them by reorganizing development bases and then increasing the number of personnel.

In Canada, SAPPORO PREMIUM 0.0 was launched in November last year. We plan to expand these zero-alcohol products throughout North America and also considering M&A in the non-alcoholic beer area.

In the RTD category, although the market is expected to continue to expand, but we believe that the demand for low-alcoholic and non-alcoholic products will increase in this area as well, and that the category will be integrate with the soft drink category.

We plan to integrate our alcoholic beverages and soft drink businesses organizationally. Leveraging our strength in soft drinks with lemon, we will promote its health function value across a wide range of categories, and have already launched a joint project in R&D, including basic research.



Outline of Mid-to-Long-Term Strategy

③ Efficient Foundation

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

Next, Efficient Foundation in terms of organizational base. We are planning to transition to a business holding company as the optimal organizational structure in line with our medium- to long-term policy, with the objectives of improving management efficiency, strengthening governance, and accelerating decision making.

③ Efficient Foundation

Transition to a business holding company structure



Continuous investment in human capital



As shown in the chart on the left, our new organizational structure will consist of two business divisions, domestic and overseas, and a corporate function that provides a common management platform for both. This structure is designed to address the different management challenges domestically and overseas, while enhancing the quality of our management decisions.

Our current alcoholic beverages, food and soft drinks, and restaurant businesses, as well as subsidiaries under these operating companies, will be reorganized into these two business divisions or the corporate function, with the transition targeted as early as July 2026.

As mentioned in the financial results presentation, the improvement and strengthening of our overseas business is an urgent issue, and for the purpose of this improvement and strengthening, we have changed the management decision-making structure for overseas alcoholic beverages since January of this year.

In addition, the overseas beverage business is scheduled to undergo a change in its management decision-making structure in April of this year. We are shifting to a structure that employs personnel with more overseas experience and enhanced governance from Holdings.

In addition, we will continue to invest in human resources to support our growth. In Japan, we will continue to raise productivity and strengthen the human resources responsible for business growth, while overseas, we will work on securing external talent when needed.



Outline of Mid-to-Long-Term Strategy

④ Strategic Alliance

**Accelerate sustainable growth
and business expansion through
strategic alliances**

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Next is Strategic Alliance. We are considering cooperative efforts with other companies to strengthen our business base and expand our business, objectives that cannot be achieved by our company alone.

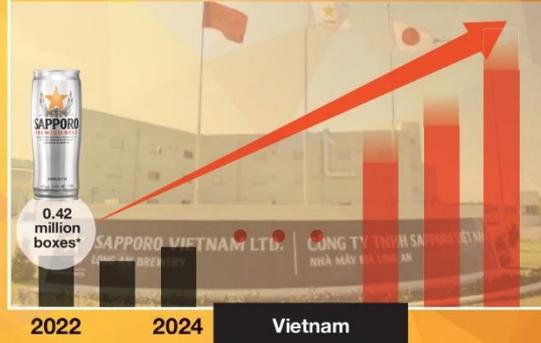
Outline of Mid-to-Long-Term Strategy

④ Strategic Alliance

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



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



*Sales volume of Sapporo brand (12.66L equivalent)

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In North America, we are proceeding with structural reforms at Sapporo Stone. In addition, the Sapporo brand has been growing at double-digit rates, and we expect it to continue to grow in the future. The market demand for this brand is high, and this is a major axis of growth that we will focus on.

In Vietnam, which is a large market, we have been developing our business independently. However, in order to increase the speed of growth, we have recently entered into a basic agreement with Carlsberg. In the future, we will consider collaborating with them in both manufacturing and sales.



Next is Inorganic Growth. We are pursuing various growth investments in our alcoholic beverages business, including large-scale M&A.

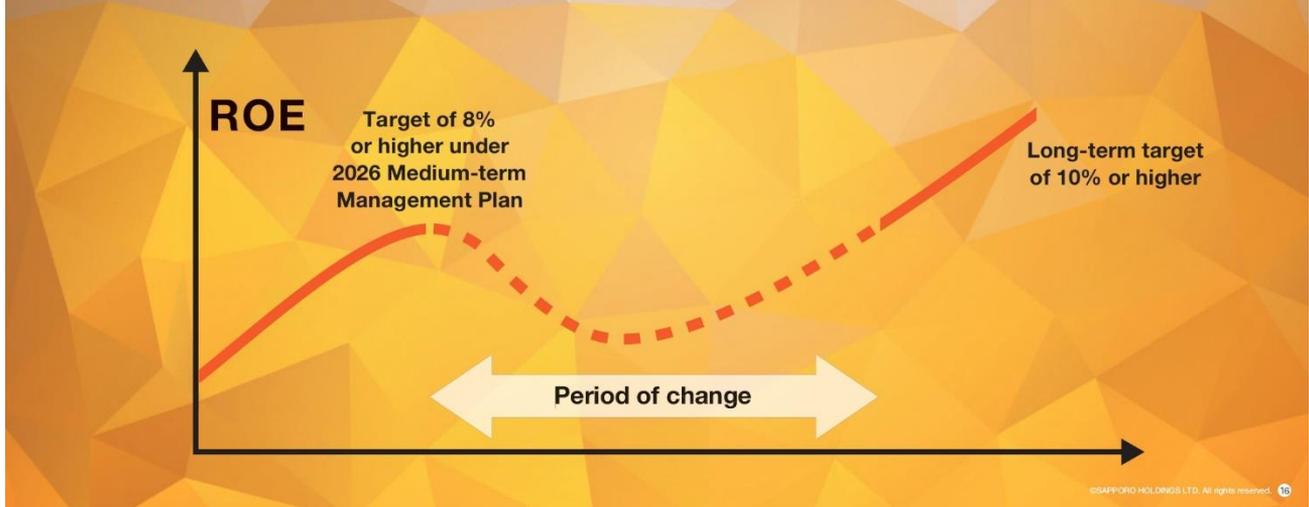


First, in Japan, we will continue to invest in the RTD area and SCM area to ensure continued growth, and overseas, we will consider M&A to strengthen our beer business base in the US and contribute to growth.

In addition, we are also targeting non-alcoholic areas as an M&A candidate to further address increasing health consciousness and the trend away from alcohol.

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.



Our long-term target of achieving an ROE of 10% remains unchanged. We will continue to implement various initiatives to improve capital efficiency. As we move toward the milestone year of 2030, we aim to achieve an average annual core operating profit growth rate of 10% by promoting the strategies previously discussed.

On the other hand, we expect an increase in equity capital due to the injection of external capital into the real estate business. While the effect is to increase financial stability, ROE will decline for a period of time. We view this period as a period of change in which our financial structure may change significantly depending on the strategies we adopt.

Therefore, we will discuss our financial targets for 2030 in conjunction with the formulation of the next medium-term management plan.



Finally, we discuss the status of the study of injecting external capital into real estate.

The purpose of injecting outside capital is to concentrate management resources on the alcoholic beverage business by off-balance the real estate business. Funds raised through this process will be directed toward growth investments in our alcoholic beverage business, thereby improving capital profitability and enhancing corporate value.

At the same time, we aim to increase the corporate value of Sapporo Real Estate Development under the umbrella of an external strategic partner. Since the disclosure in September last year, we have received

proposals from more than 10 domestic and international companies and funds. We will continue to consider the optimal course and timeline for realizing this objective from among various options, including the transfer of shares in Sapporo Real Estate Development.

We would like to reach a conclusion by the end of this fiscal year. In addition, as the injection of external capital into real estate is entering a very important phase, we will refrain from disclosing any further information regarding the progress of this matter.

We believe that it is important for us to improve our corporate value, to maintain fairness among potential partners and candidates, and to maintain the confidentiality of information in order to receive sincere proposals. We appreciate your understanding in this regard.

We will continue to disclose important matters in a timely and appropriate manner as they occur.

Key Questions & Answers

Medium- to Long-Term Growth Strategies

Q1: What are the priorities for cash allocation after the sale of real estate?

A1: We have not previously outlined a clear priority order for capital allocation, but potential options include investment in the alcoholic beverages business, reduction of interest-bearing debt, and shareholder returns. However, as the process of injecting external capital into the real estate business is currently underway, we will refrain from commenting on the scale at this stage. Cash allocation will be considered when formulating the next medium- to long-term management policy, taking into account the progress of this process. Meanwhile, regarding the overseas alcoholic beverages business, we are taking the recent impairment loss very seriously. Moving forward, we will focus on both restructuring our management framework and implementing structural reforms locally. That said, the Sapporo brand continues to achieve double-digit growth, and to sustain this growth, we believe that it is essential to invest in strengthening our management platform, especially in sales and manufacturing.

Q2: How do you balance growth strategies and shareholder returns?

A2: As stated in the medium- to long-term management policy announced in February last year, our fundamental concept has always been to inject external capital into the real estate business and allocate those funds to growth investments to maximize corporate value. This does not mean we are disregard shareholder returns, but we ask for your understanding that our primary focus remains on further enhancing corporate value.

Q3: Regarding medium- to long-term financial discipline from a credit perspective, the medium-term management plan states that maintaining the credit rating is a priority, but has the benchmark for financial stability changed?

A3: Our policy remains to maintain an A rating over the medium- to long-term. As we transition from our current structure, which includes the real estate business, to a business model centered on alcoholic beverages, we will review financial indicators to align with levels appropriate for the alcoholic beverages industry. While our debt-to-equity (D/E) ratio has historically remained slightly above 1x, we will now consider setting a more ambitious target.

Overseas Business

Q4: Is the U.S. business now structured for growth? What specific changes have been made compared to before?

A4: In October, we replaced the board members of Stone Brewing. Additionally, as of January this year, we have separated overseas business decision-making from Sapporo Breweries' domestic operations, allowing for more independent management of international business. Strengthening the overseas structure is an ongoing process, and we are currently working to reinforce areas where the management platform is lacking, including the recruitment of external talent.

Q5: The Vietnam business involves collaboration with Carlsberg. Is a capital partnership also a possibility?

A5: This collaboration is currently a business partnership, but we remain open to future possibilities.

Japan Alcoholic Beverages

Q6: The overall beer market is expected to decline by 6% YoY this fiscal year. Could you explain the assumptions behind this market outlook and your specific strategies for achieving growth that exceeds market performance?

A6: The projection of total domestic demand at 94-95% of the previous year aligns with forecasts from other companies at the beginning of the year. The last price increase had a full-year impact of around 3-4%, and we expect a similar negative impact from this round of price increases. Happoshu(including happoshu(2) are particularly susceptible to price hikes. However, in our case, beer accounts for 80% of our product mix, which helps mitigate the negative impact. While some may consider our outlook conservative given the strong momentum of Black Label, we have made careful estimates. This year will also be a key period for accelerating beer growth ahead of the 2026 alcohol tax revision. We will continue to focus on Black Label and Yebisu as our core brands.

Q7: What are the specific strategies for improving margins in the Japan alcoholic beverages business?

A7: We plan to increase the margin from 7% in 2025 (planned) to 7.5% in 2026 (forecast). One key initiative is transforming our product portfolio by reducing lower-margin products while increasing high-margin offerings. RTD continues to grow, and we expect higher volumes, which will improve the operating rate at the Sendai plant and enhance profit margins. Additionally, there are still many opportunities for fixed cost reductions. We will continue working toward achieving a 10% core operating profit margin by 2030. The 2026 alcohol tax revision will be the final one and represents a significant milestone.

Q8: Will large-scale M&A in the alcoholic beverages business continue? The materials mention considerations in the non-alcoholic sector—does this mean a strategic shift?

A8: Our overall strategy remains unchanged. We believe that the scope of the alcoholic beverages business will continue to expand into the non-alcoholic and low-alcohol segments, and accordingly, the range of potential M&A targets will broaden. However, our commitment to investing in the alcoholic beverages business remains the same.

Real Estate

Q9: Regarding the off-balancing of the real estate business, reports indicate that more than 200 billion yen in pre-tax cash will be generated. Is this accurate? Also, should we understand that Sapporo Real Estate will be excluded from consolidation?

A9: The impact of injecting external capital into the real estate business will vary depending on the structure. We will refrain from commenting on specific financial impacts. However, based on discussions with our partner companies, Sapporo Real Estate is expected to be excluded from consolidation.

Q10: Given that the real estate business represents a significant portion of the market capitalization, will the company remain publicly listed even after it is no longer a subsidiary?

A10: We are formulating our plans based on the assumption that the company will remain publicly listed.

Q11: After the sale, maintaining valuation will likely be challenging. Even if the company remains publicly listed, without a clear growth strategy, a significant downsizing seems inevitable. From the perspective of a business holding company, is this the best choice?

A11: That is correct. While the allocation of cash will be determined through future discussions, we must also address a substantial amount of financial liabilities.