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SAPPORO HOLDINGS LTD.

Sapporo Holdings Limited

Annual Financial Results Briefing for Fiscal Year 2024

February 14, 2025

Event Summary

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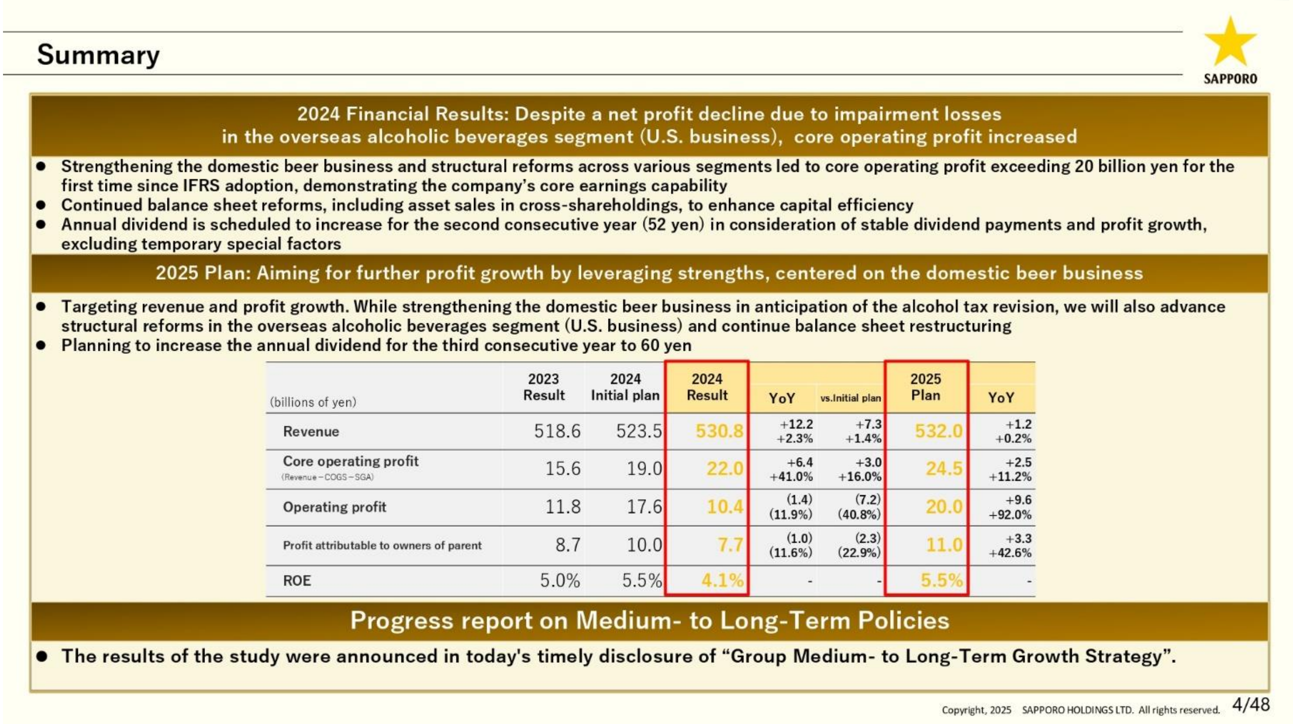
[Venue]	Webcast	
[Number of Speakers]	4	
	Masaki Oga	President and Representative Director
	Yoshitada Matsude	Managing Director
	Rieko Shofu	Managing Director
	Hiroyuki Nose	President and Representative Director, Sapporo Breweries Limited

Presentation



Summary

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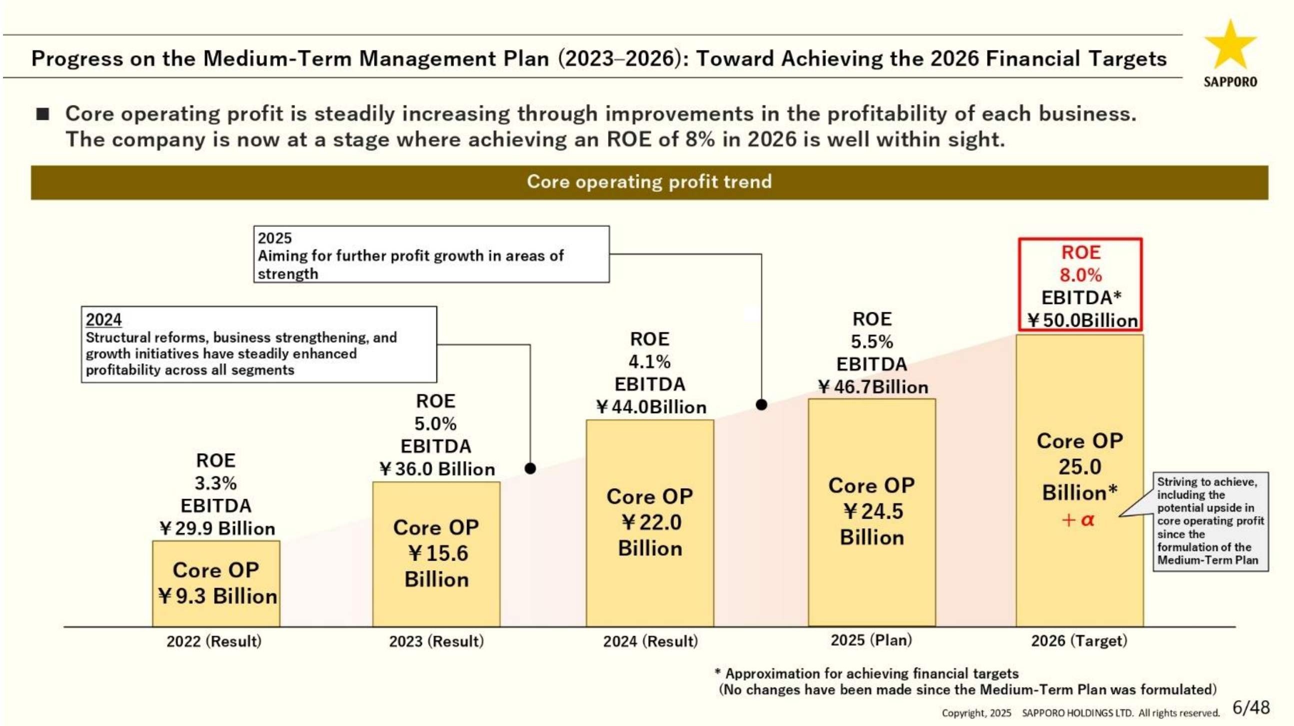
Oga: I would like to give a summary. See page four of the PowerPoint presentation.

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.

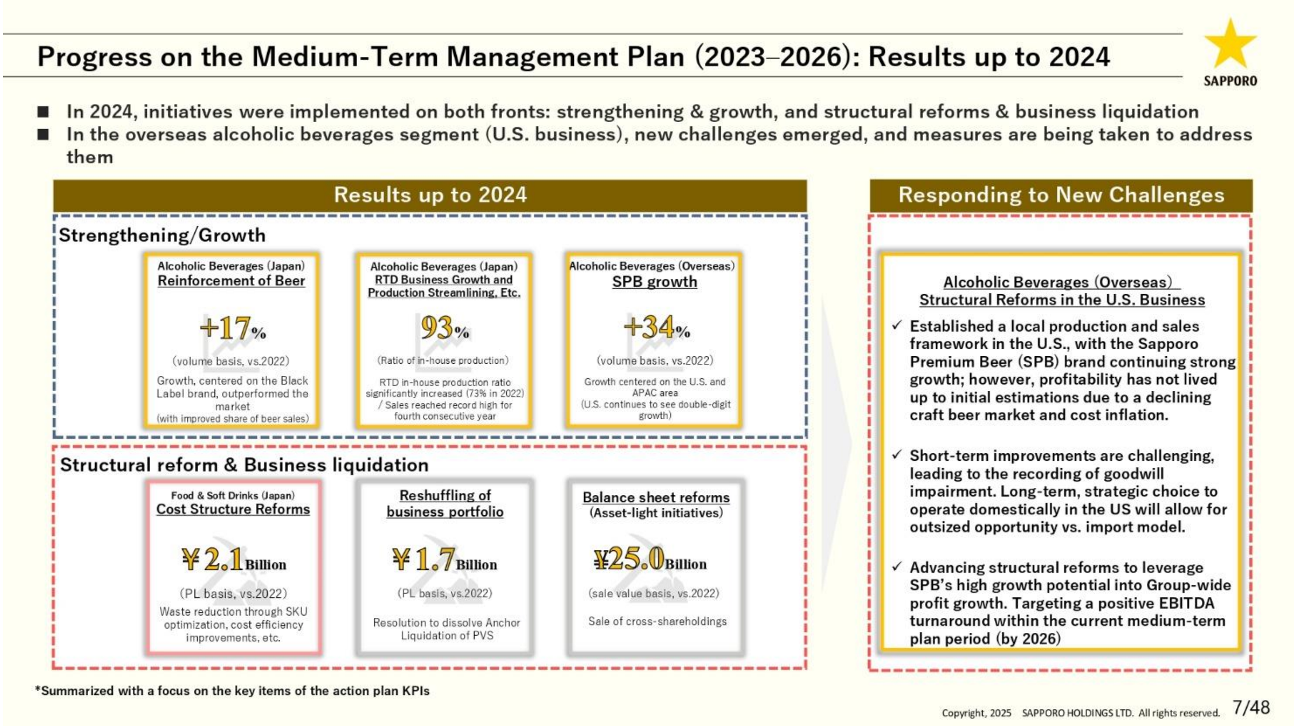
In terms of capital efficiency, the Company continued to promote balance sheet reforms, including the sale of cross-shareholdings. Based on the continuation of stable dividends and profit growth excluding temporary special factors, we plan to increase the annual dividend for the second consecutive year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



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.



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.

Financial Highlights 2024

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(¥ 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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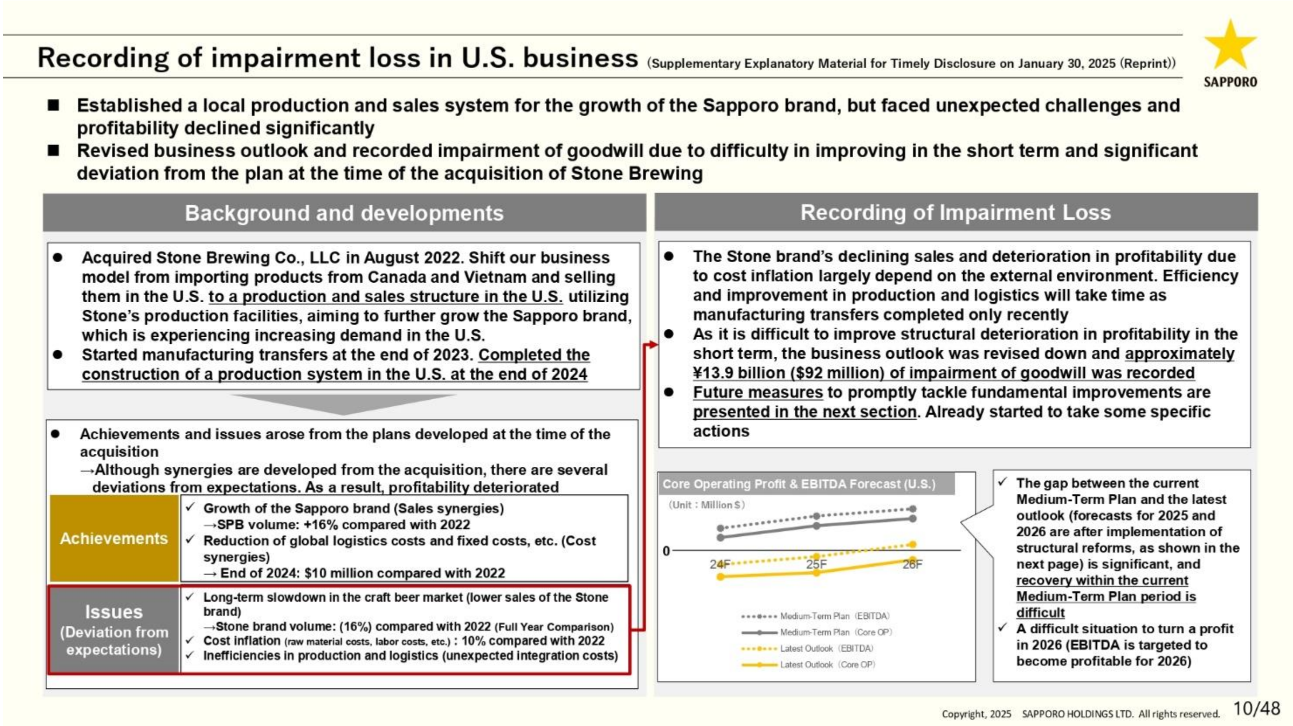
Matsude:

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.

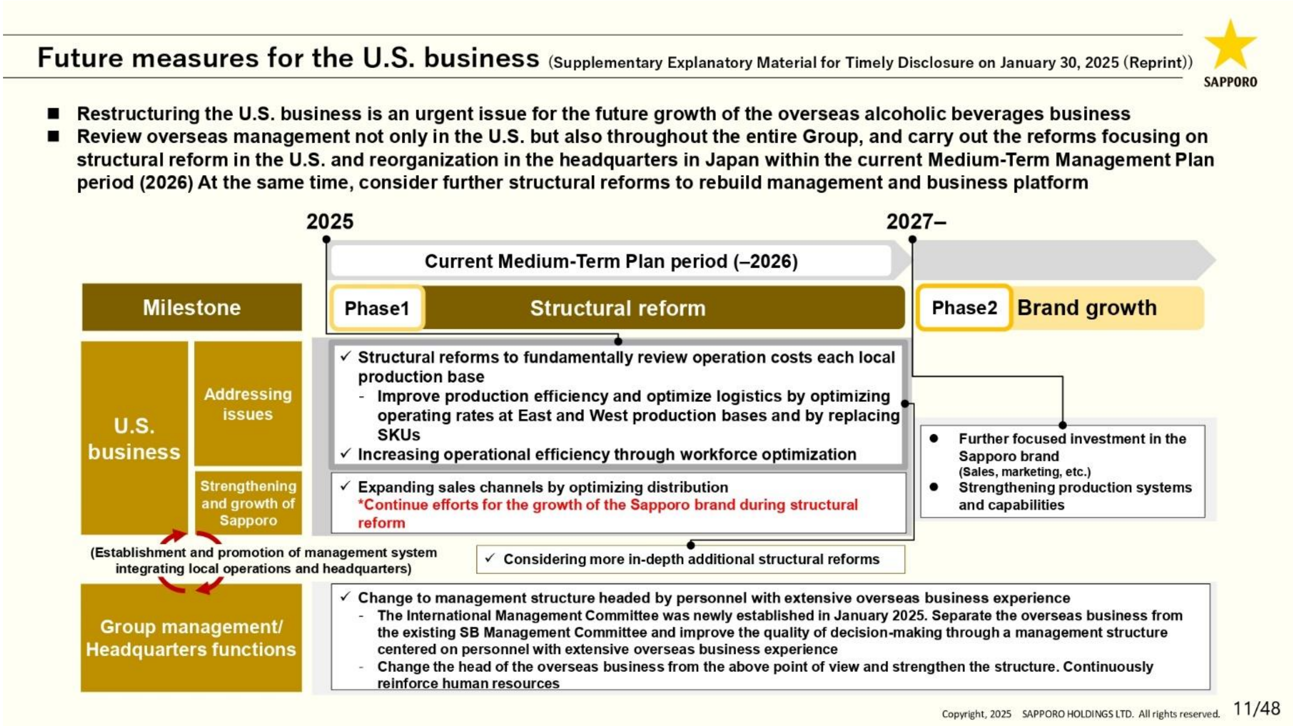


As we disclosed on January 30, the recording of impairment losses on our US operations had a major impact. With regard to the impairment loss on the US business, Stone Brewing, which was acquired in August 2022, successfully established a local production and sales structure for the Sapporo brand, but has also faced challenges beyond our expectations, resulting in a significant deterioration in profitability compared to the plan at the time of the acquisition.

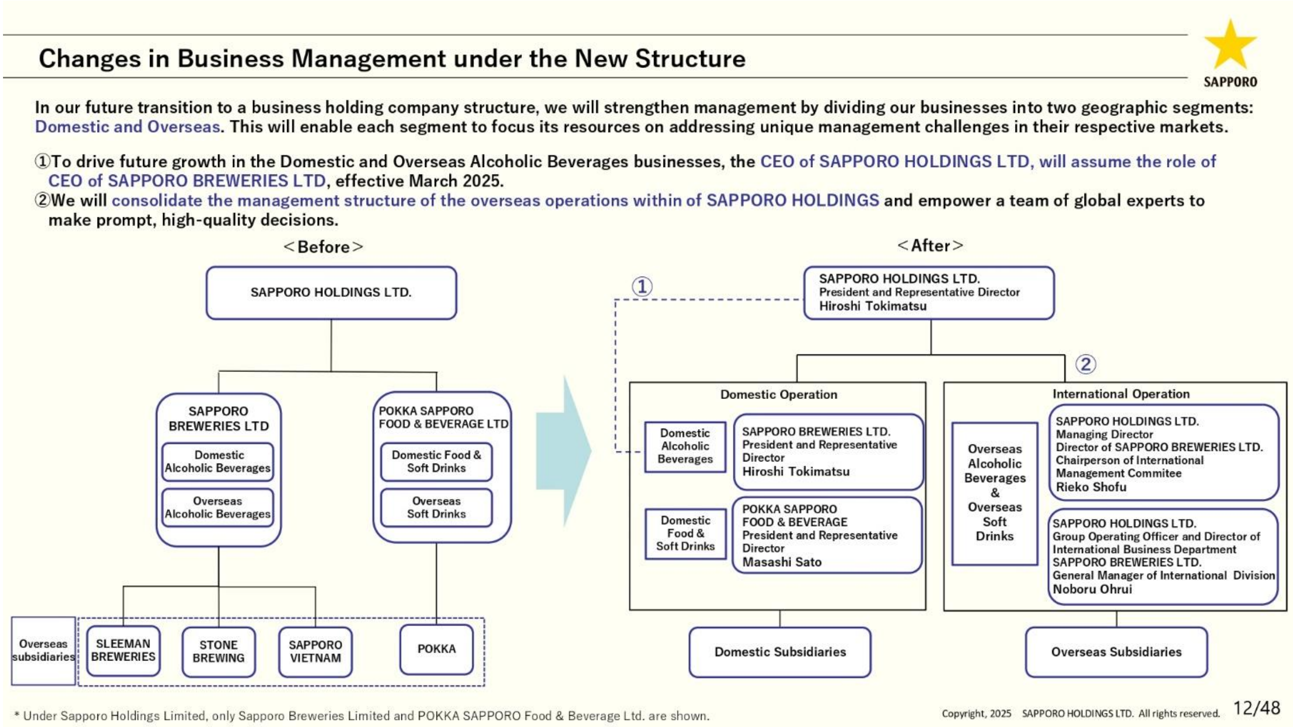
First of all, in terms of achievements, in the growth of the Sapporo brand, volume grew by 16%. We have also been able to realize cost synergies through improvements of logistics and fixed cost reductions.

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.



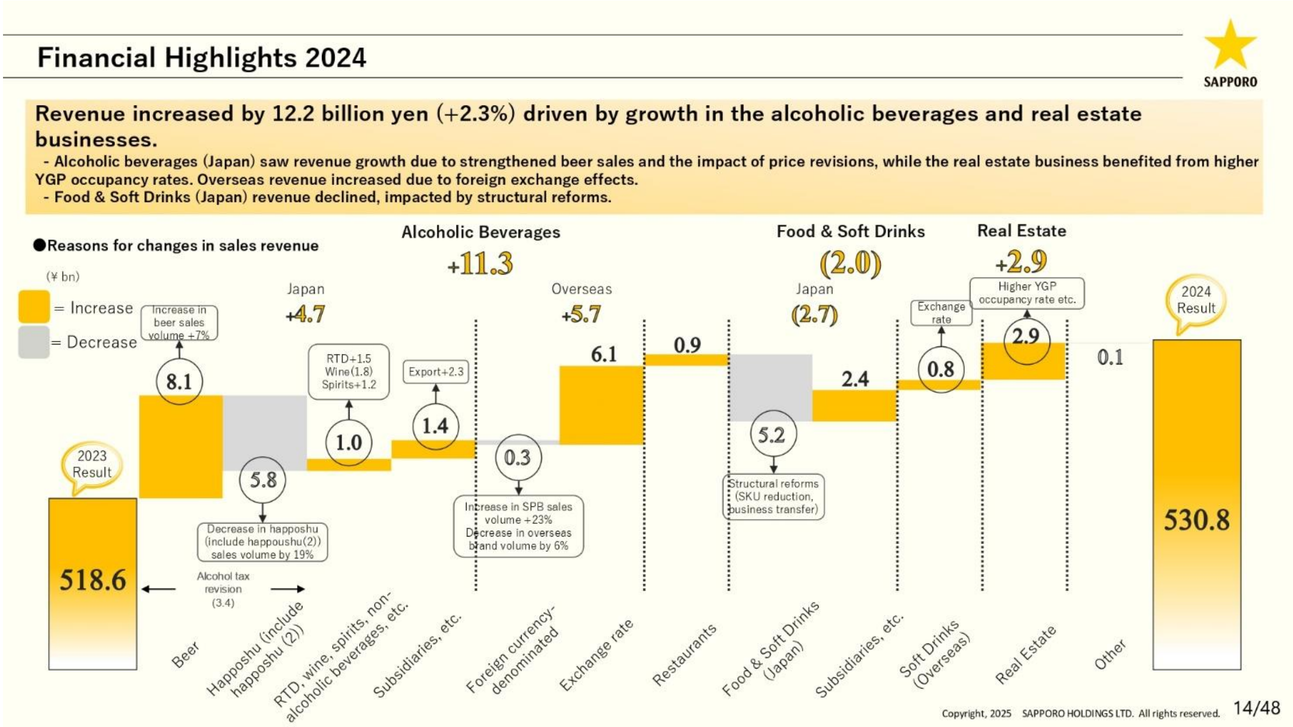
First, in the US, we are optimizing operating rates at our East and West production bases, and replacing SKUs, to concentrate on Stone's core brands and shift toward to the Sapporo brand. In addition to cost structure reforms such as optimization of production and logistics systems, we are also working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



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.



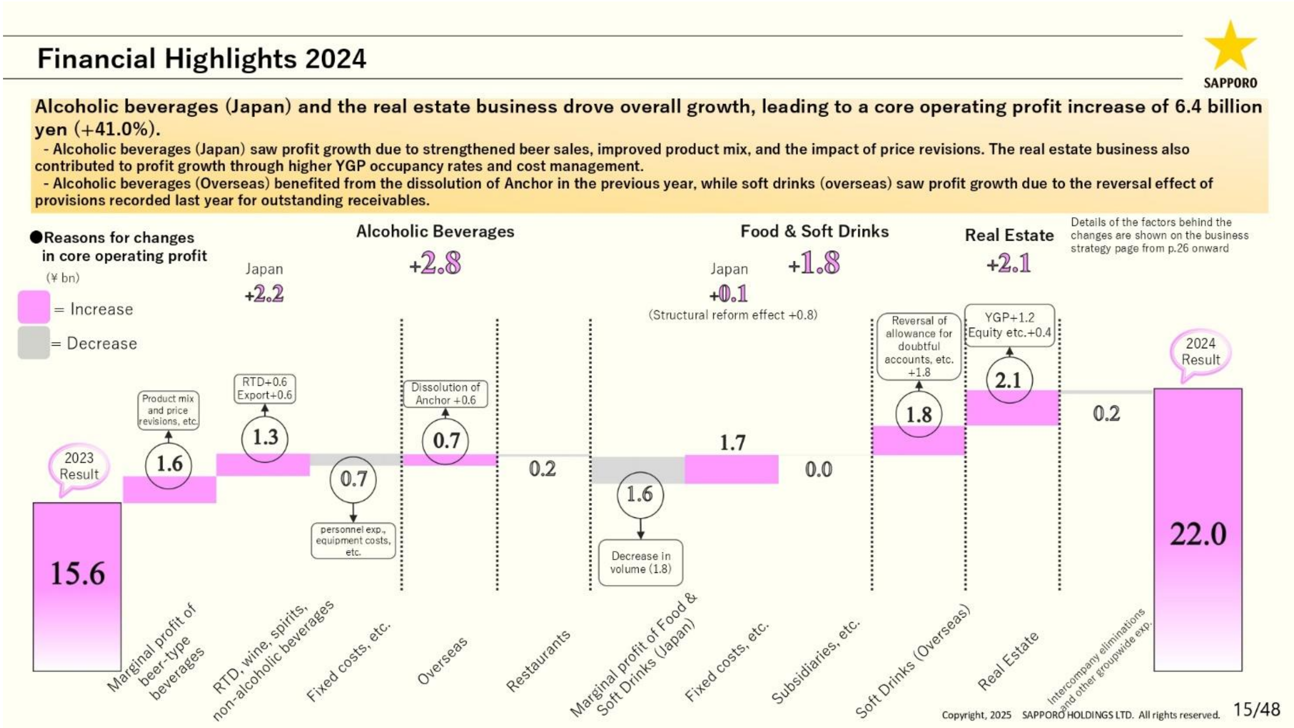
First, the reasons for changes in sales revenue.

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.

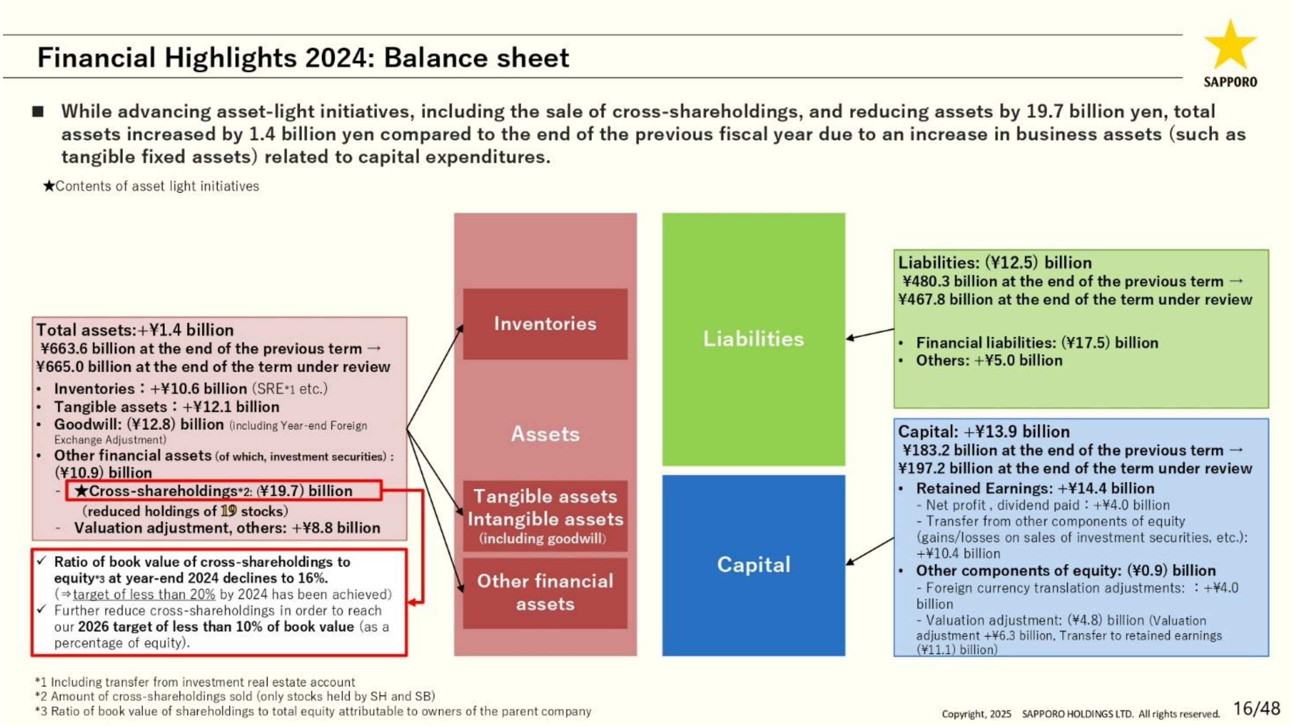


Japan alcoholic beverages and real estate led the profit increase. Japan alcoholic beverages sales increased profit by JPY2.2 billion. Although fixed costs such as personnel investments increased by JPY0.7 billion, this was offset by an increase in marginal profit due to higher sales. Overseas alcoholic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

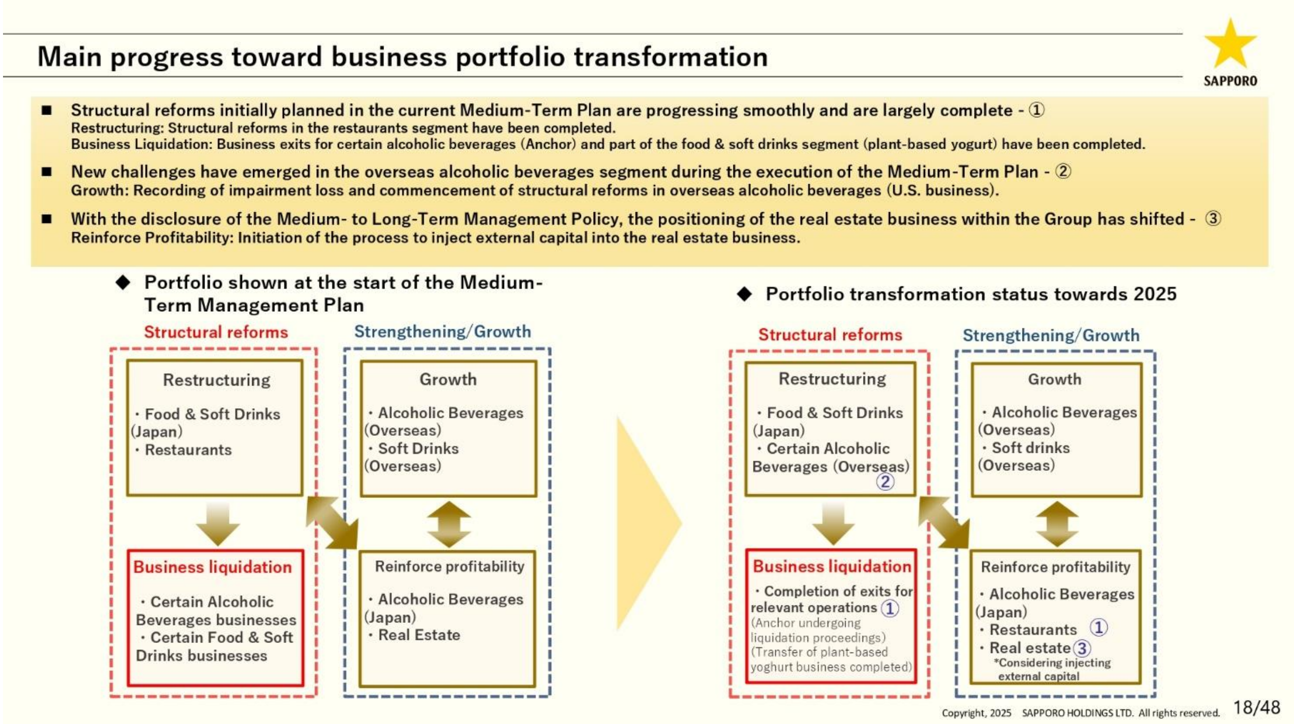
Japan food and soft drink sales increased by JPY0.1 billion, as the effect of cost structure reforms offset the decline in volume, while overseas soft drink sales increased by JPY1.8 billion due to the reversal effect of provisions recorded last year for outstanding receivables.

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.



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.



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

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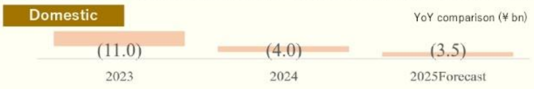
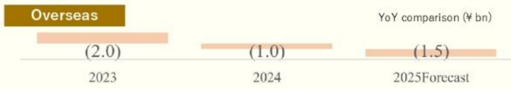
<Higher costs, such as surging raw material costs>

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

(*Only canned products, RTD 1case=350ml × 24bottles)

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.

Group Management Plan 2025

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(¥ 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%.

Group Management Plan 2025: Financial Targets

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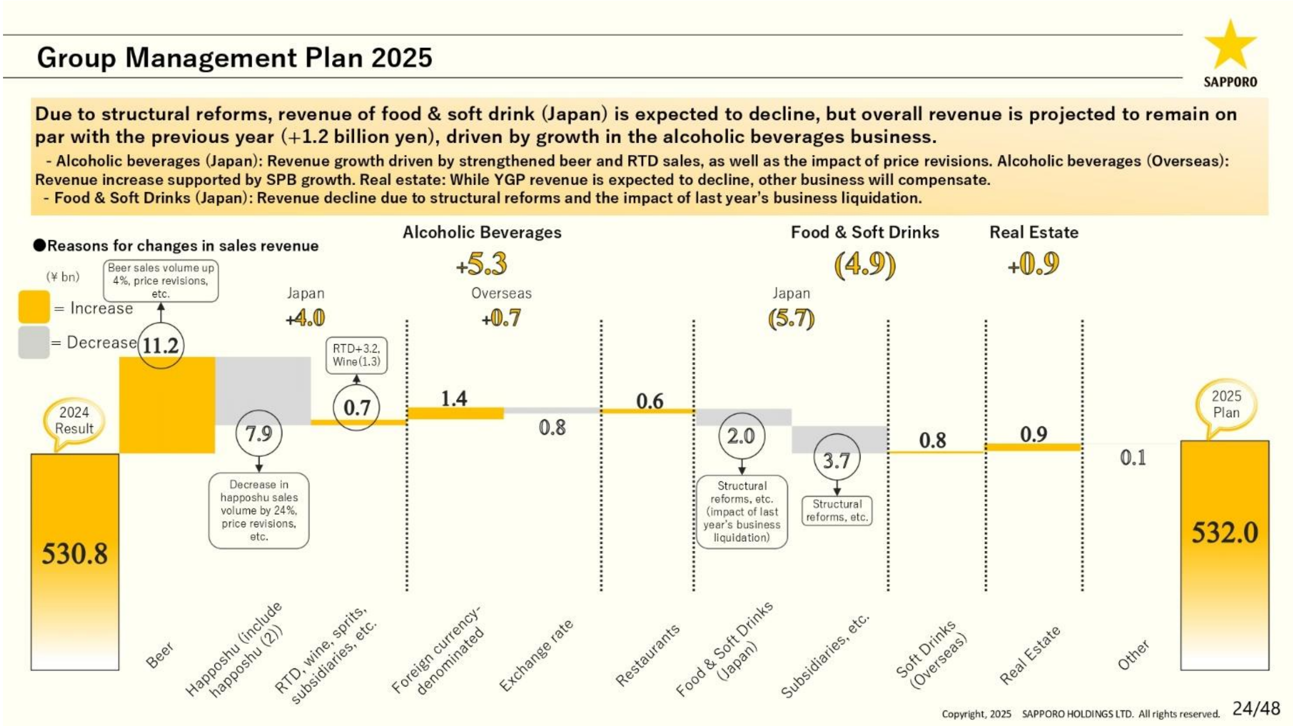
On the far right, we show the core profit margin targets for 2026 as set in our mid-term plan. The outlook for 2026 is shown to the left of that figure.

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.

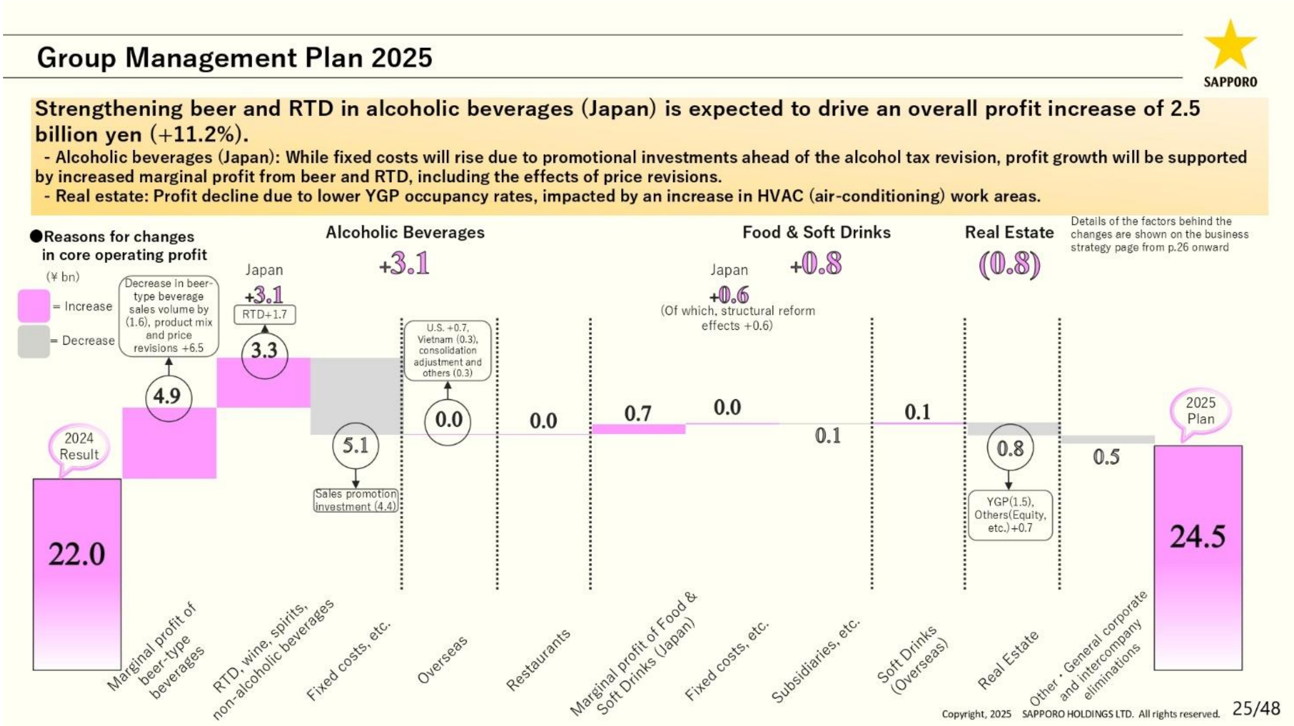


Next, let me explain our plans for sales revenue and core operating profit.

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.



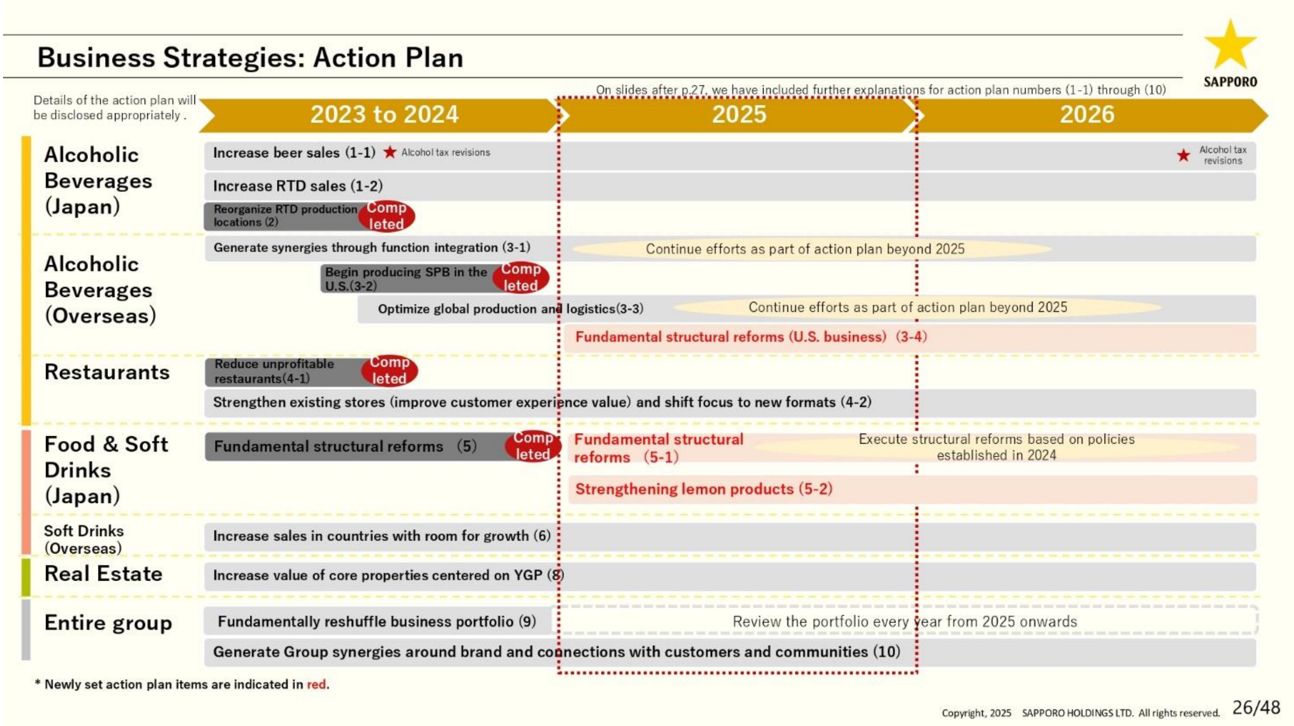
Core operating profit is expected to increase, driven by Japan alcoholic beverages. First, in the Japan alcoholic beverages business, marginal profit of beer-type beverages is projected to incarease by JPY4.9 billion due to an improved product mix and the effect of price revisions. RTDs are also expected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

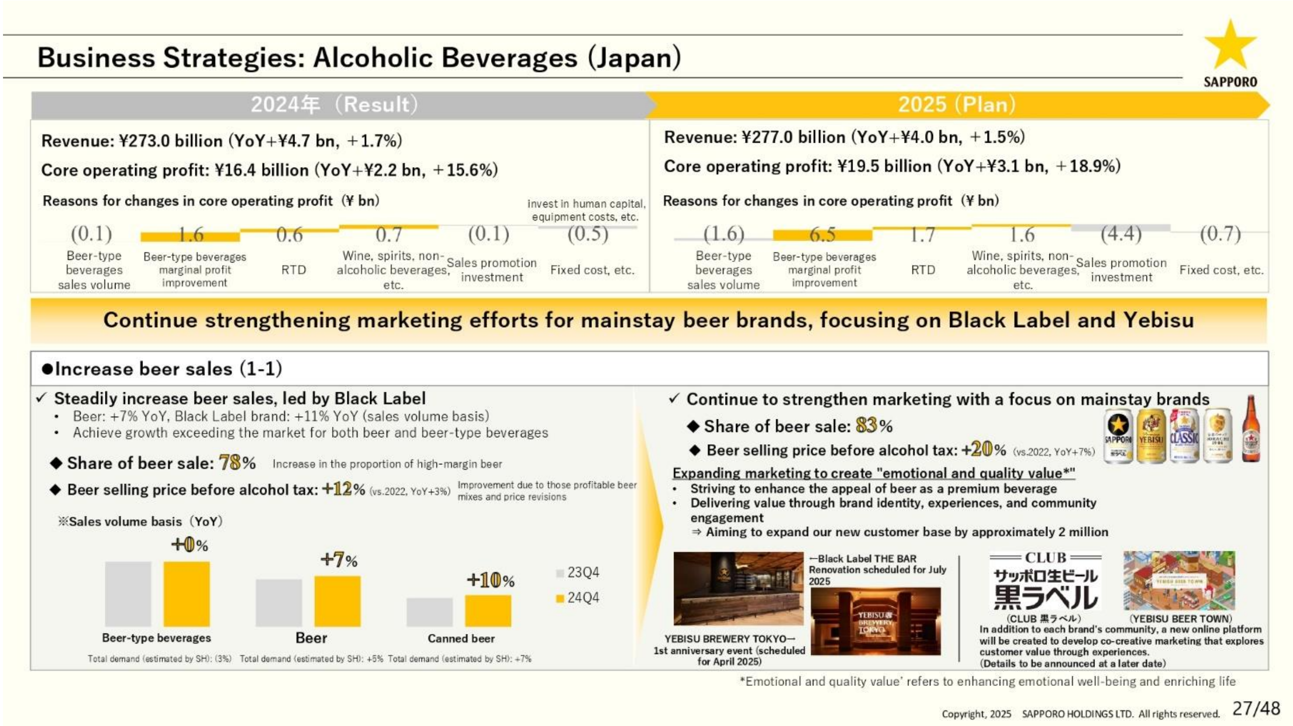
In Japan food and soft drinks business, profit is expected to increase slightly due to continued cost structure reforms.

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.



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.

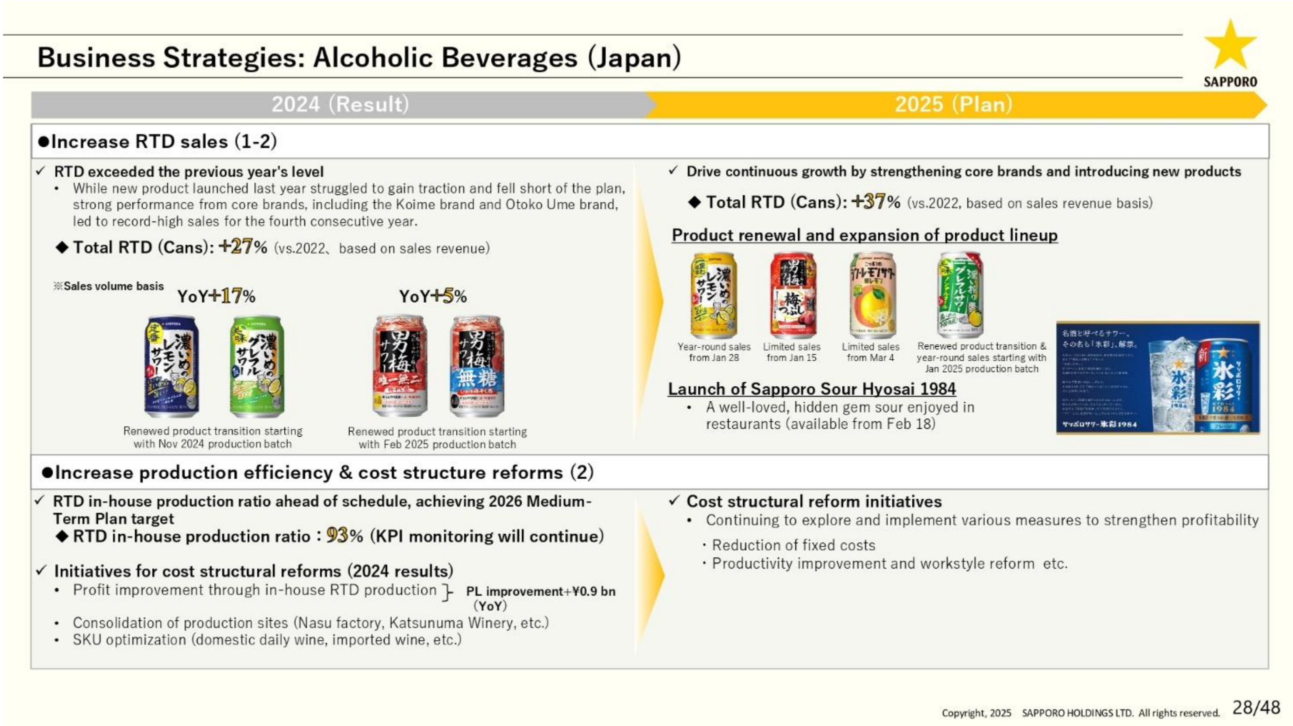
These will be explained for each business strategy from the next page.



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%.

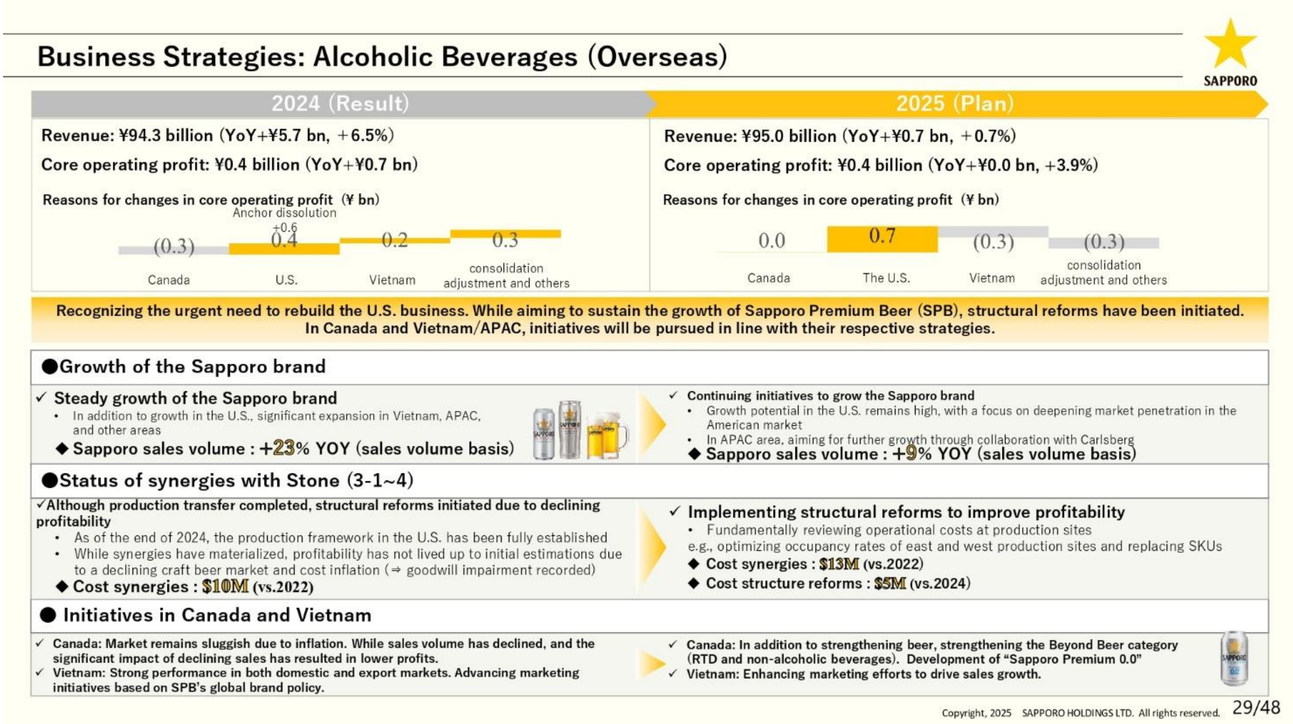
This year, we intend to further strengthen our existing beer brands in preparation for the alcohol tax revision to be implemented in the next year. Specifically, we intend to further increase brand exposure with a focus on Black Label and Yebisu, as well as expand our customer contact points to grow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



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.



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.

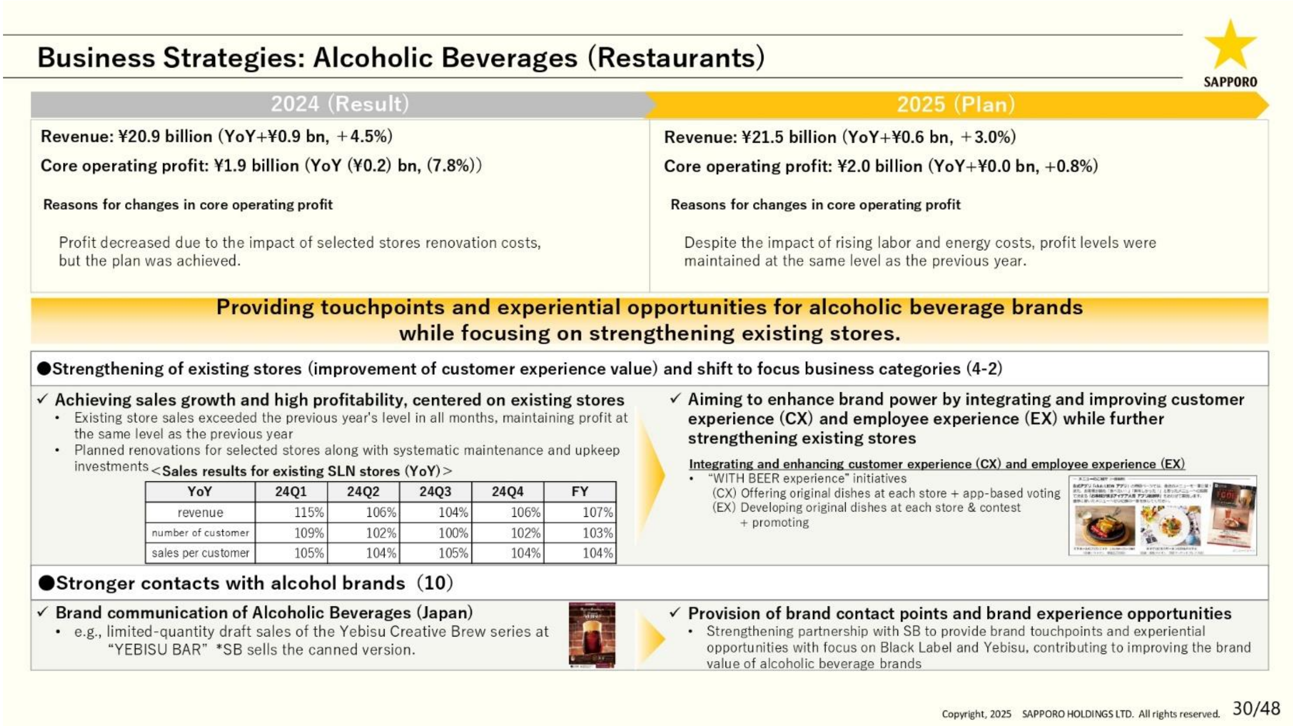
In the US, the beer market has shrunk by about 2% compared to the previous year. Of this, imported brands are expected to increase by 5%, while the craft beer market is expected to decline by 6%.

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.

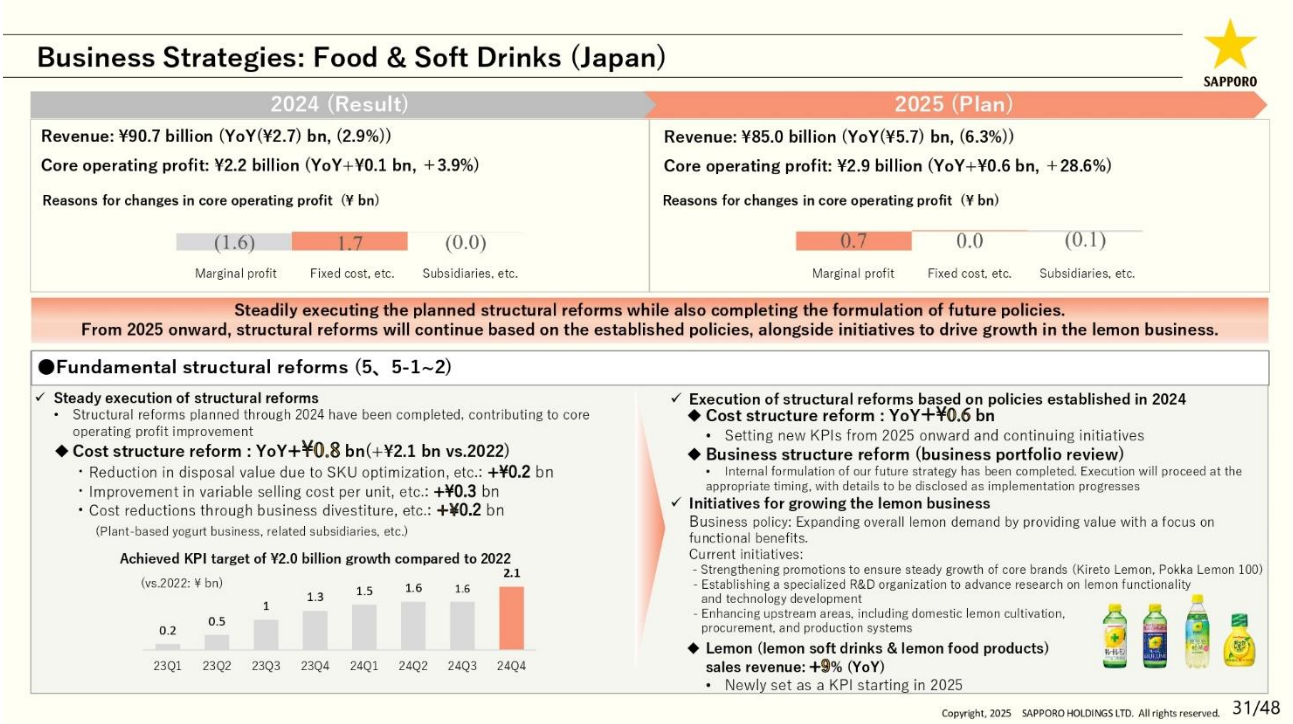
Regarding synergies with Stone, last year we generated USD10 million in synergies through functional integration and related measures. This year, we are planning to create further synergies in terms of production and logistics, targeting USD13 million.

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.)



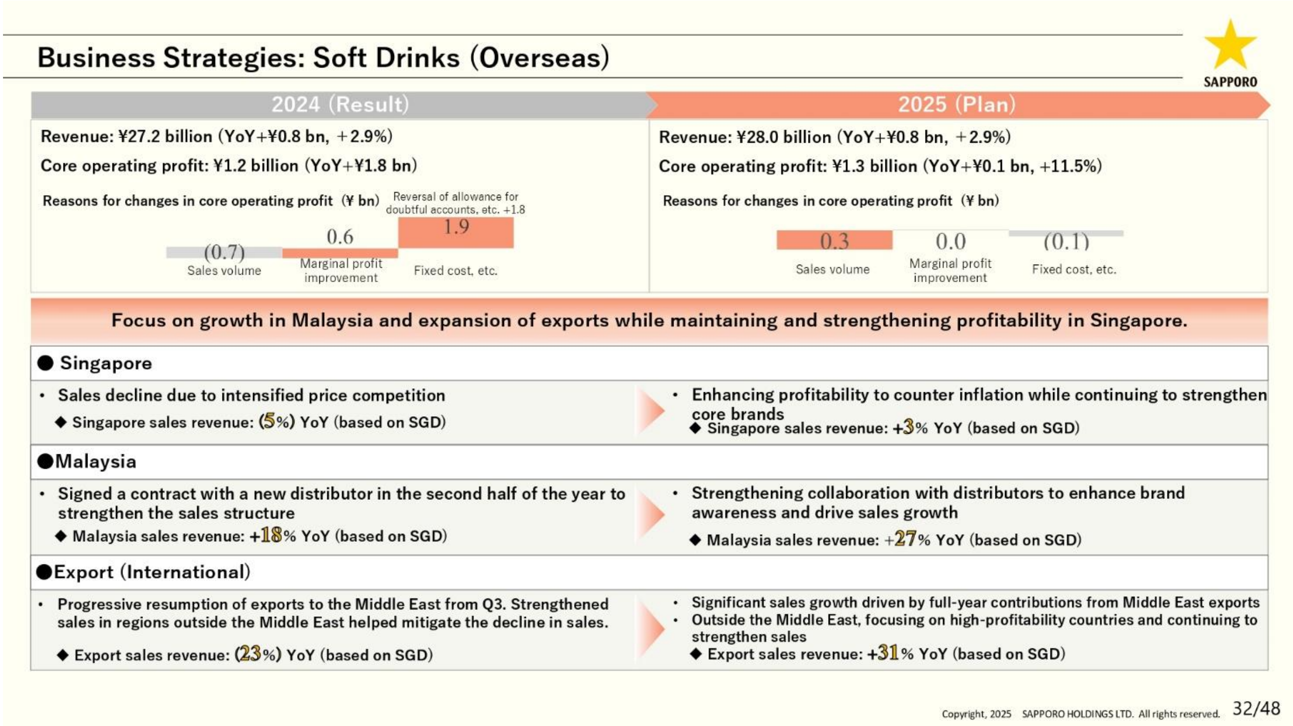
In the previous fiscal year, higher personnel and other costs were absorbed by higher sales, while some store remodeling costs were incurred to strengthen the brand's communication capabilities, resulting in a slight decrease in profit. We plan to continue to increase revenues this year in order to absorb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

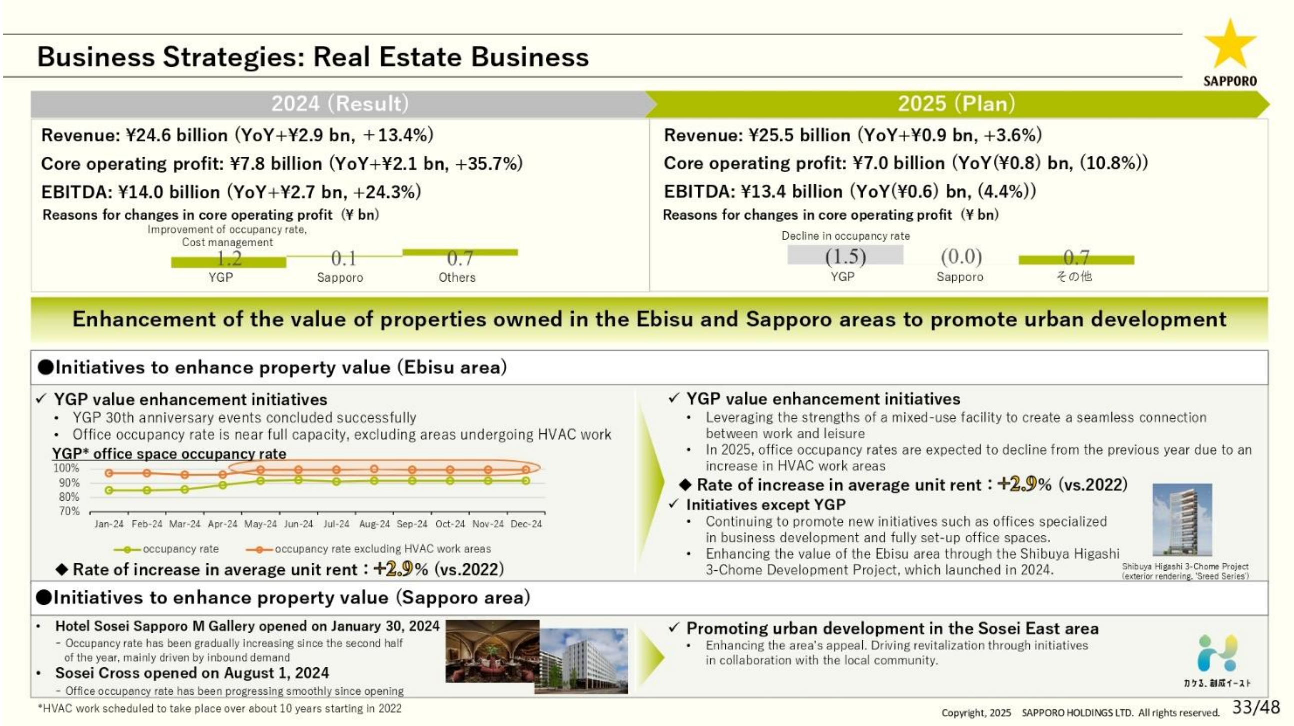


With regard to structural reforms, we have implemented the measures planned for 2024 and have already completed the formulation of future policies. In 2025, we intend to promote the growth of the lemon business while continuing to implement structural reforms based on this policy.

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.



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.



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)

Segment	Item		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) (Reviewed based on recent business conditions)
	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 (Oversea)	**Expanding Sales and Increasing Logistics Efficiency** Overseas sales amount	(6) ※2	-	(4.1%) (vs.2022)	+6.7% (vs.2022)	+30%⇒+10% (vs.2022) Revised target to achieve sales growth with profit level)
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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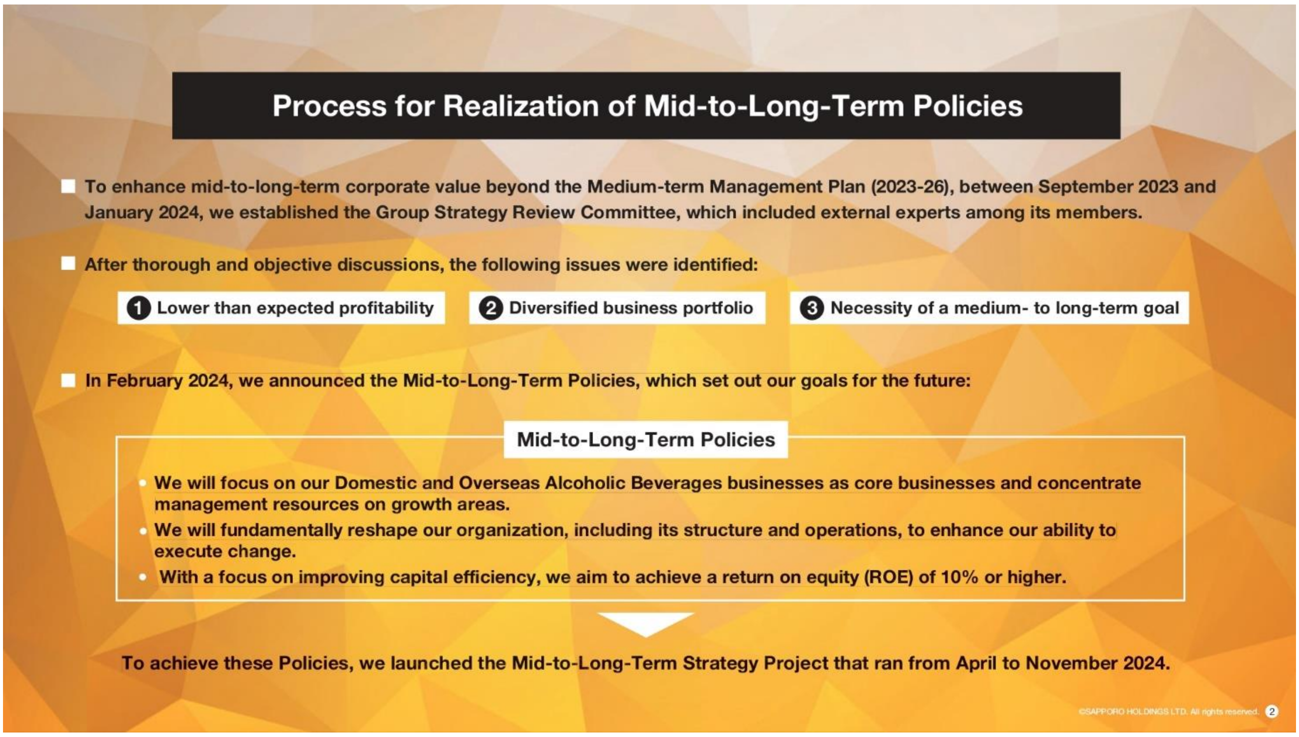
Finally, the progress on the Action Plan KPIs. Newly set or updated action plans are indicated in red.

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.



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.

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.

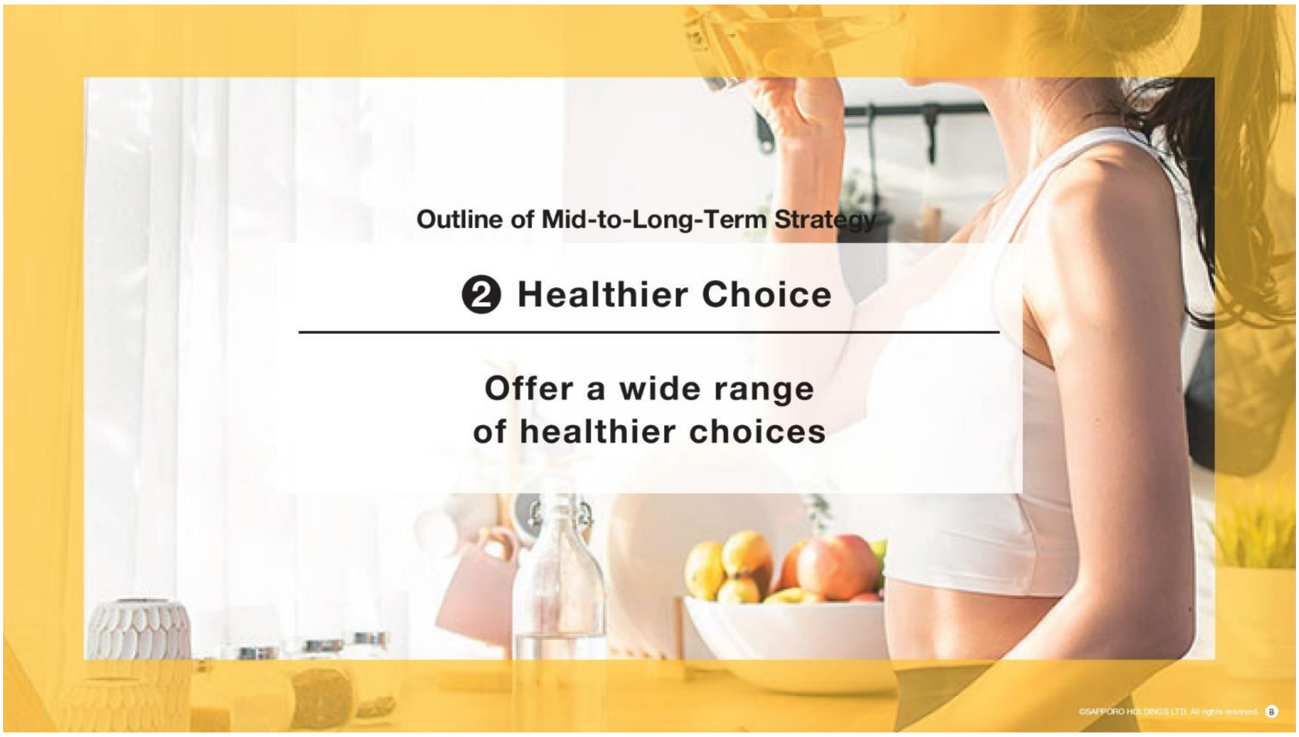
We also engage outside advisors as needed, especially in key areas such as the alcoholic beverage business and real estate initiatives. In addition to monthly progress reviews by the Board of Directors, intensive one-day discussions were held several times by the directors and presidents of operating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

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.

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.

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 revison. 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.



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.

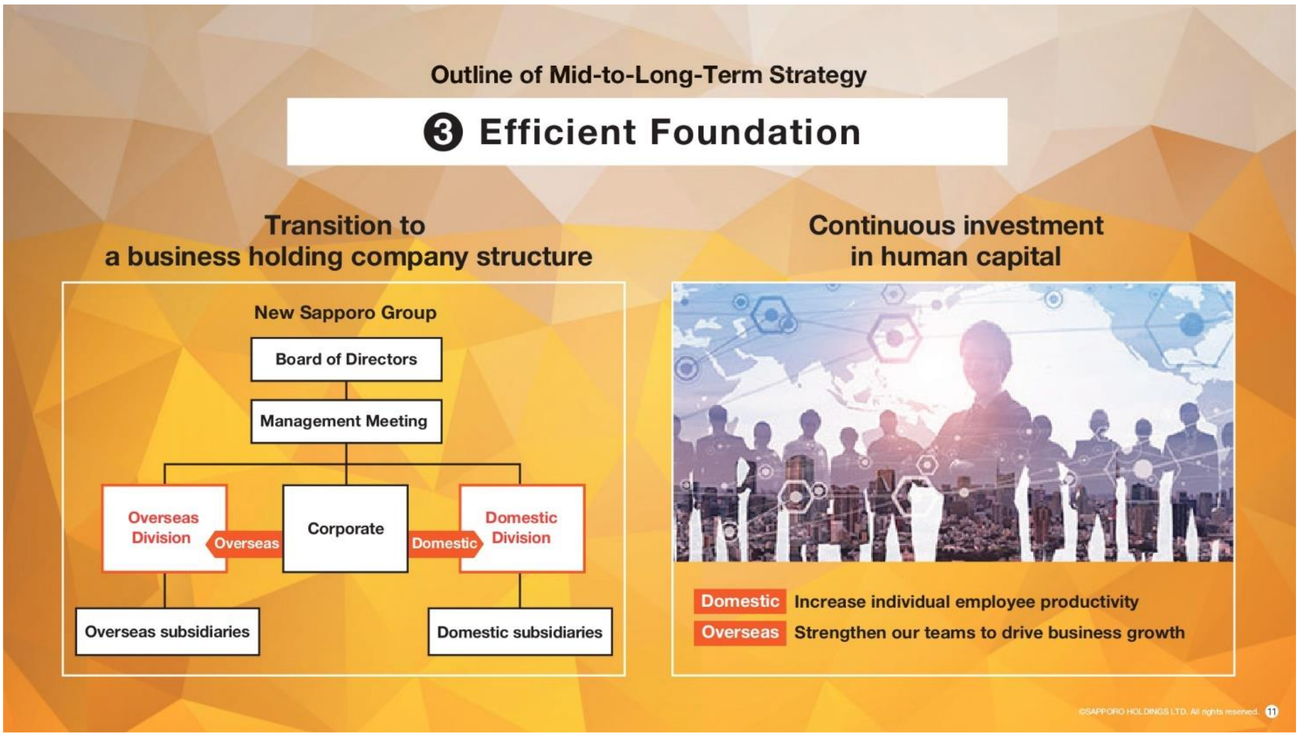
In response to this Healthier Choice trend, we will strengthen our domestic non-alcoholic beer development system. Several projects have already been launched, and we will work on them by reorganizing development bases and then increasing the number of personnel.

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.

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.



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.

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.

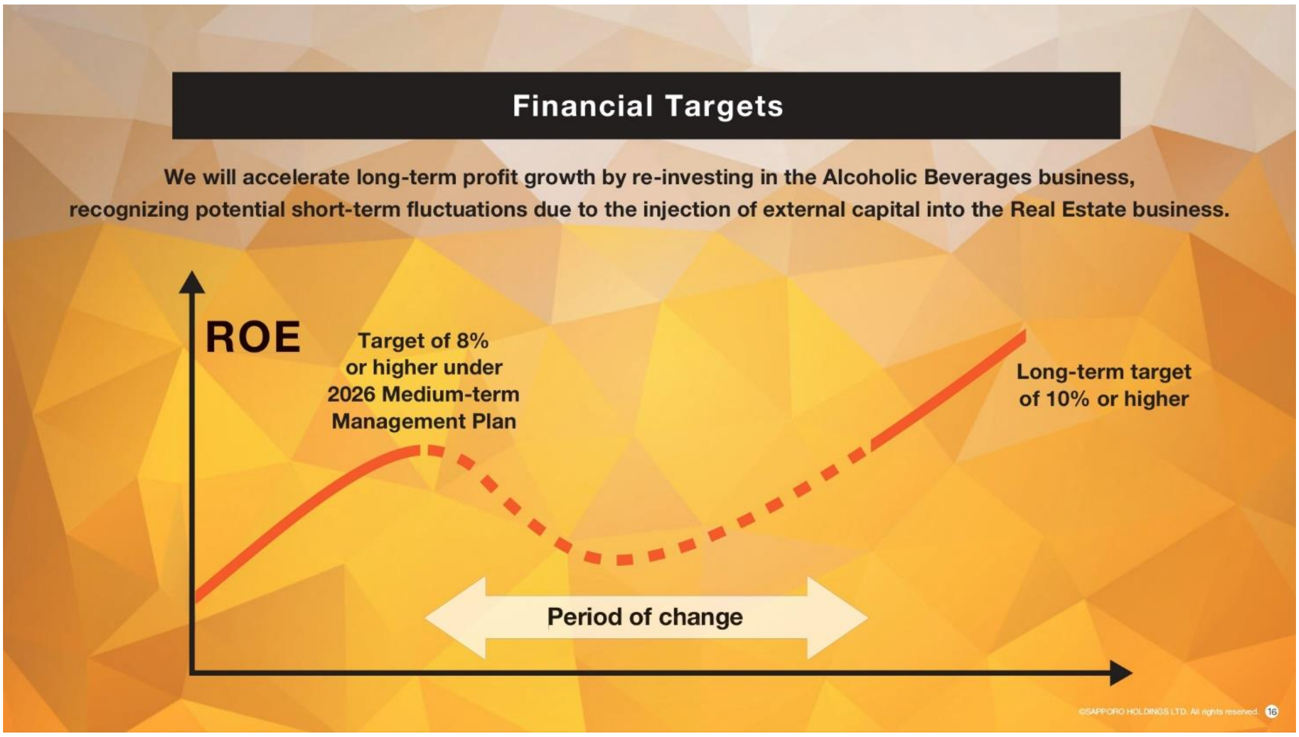
In North America, we are proceeding with structural reforms at Sapporo Stone. In addition, the Sapporo brand has been growing at double-digit rates, and we expect it to continue to grow in the future. The market demand for this brand is high, and this is a major axis of growth that we will focus on.

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.

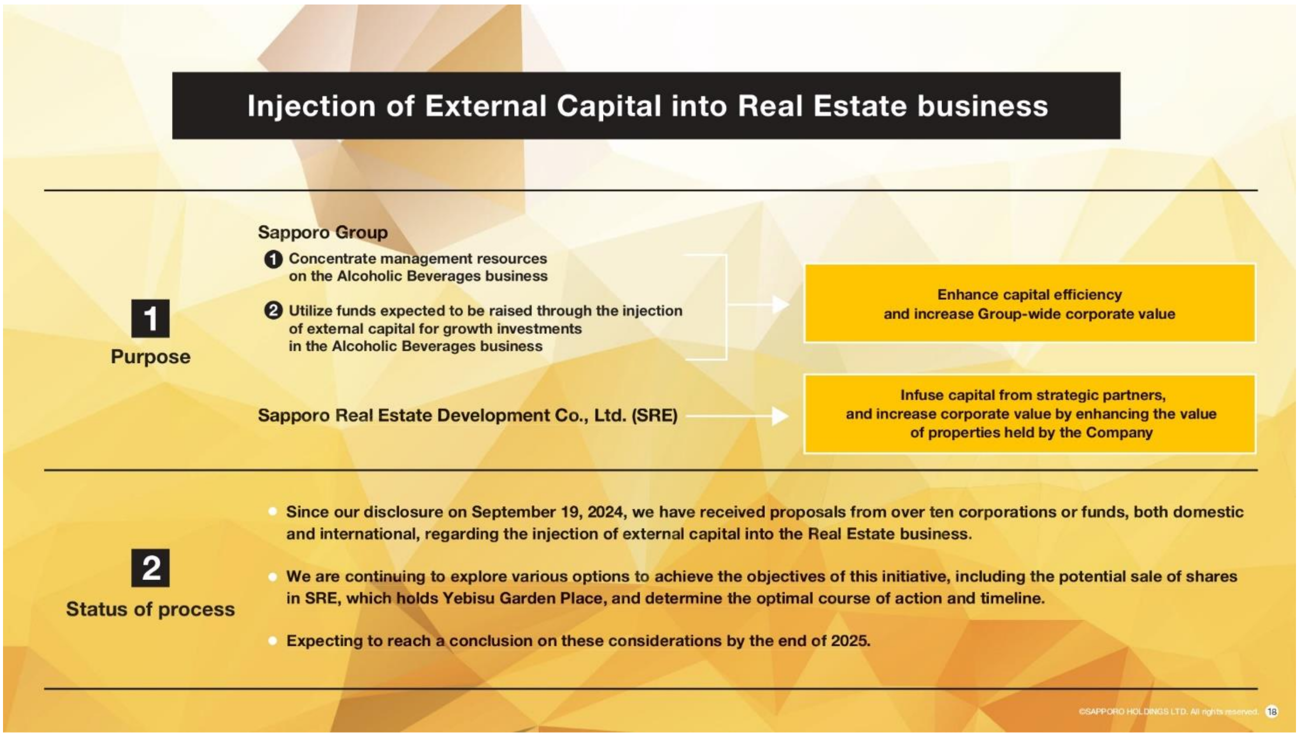
In addition, we are also targeting non-alcoholic areas as an M&A candidate to further address increasing health consciousness and the trend away from alcohol.



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.