



SAPPORO

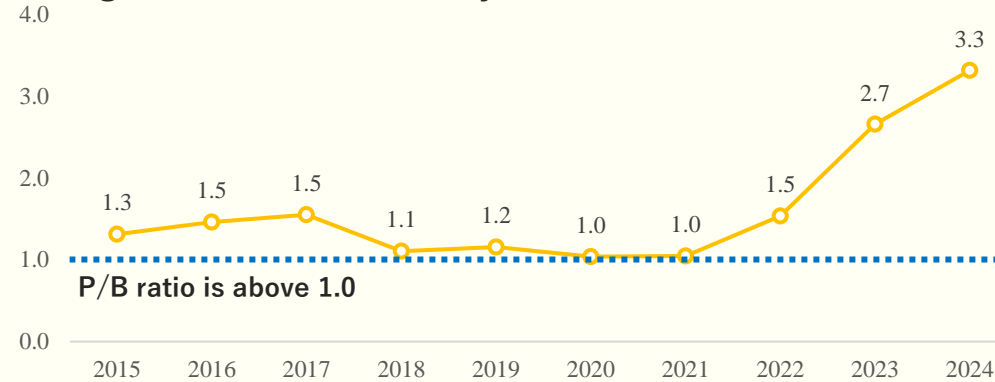
Action to Implement Management that is Conscious of Cost of Capital and Stock Price

*In this document, the name abbreviation is used:

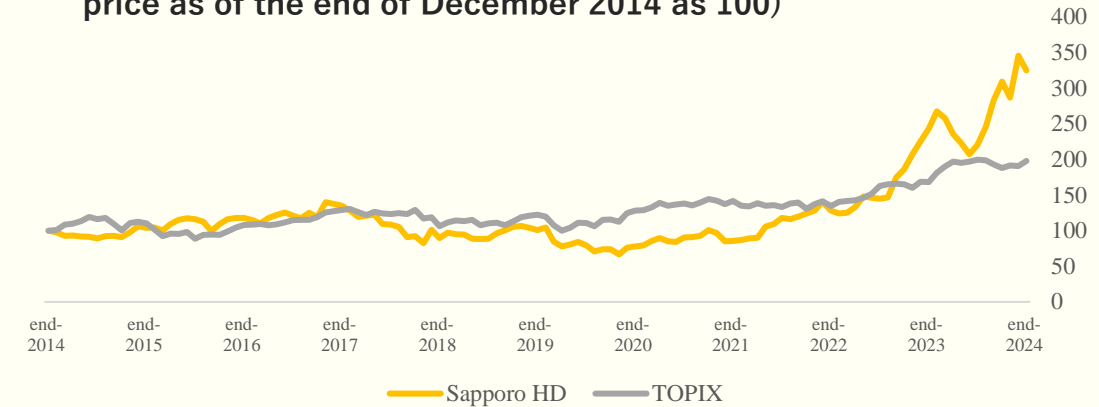
SPB: SAPPORO PREMIUM BEER

P/B ratio has remained above 1, and the current stock price corresponds to a P/B ratio of around 3.

Change in P/B ratio - Past 10 years

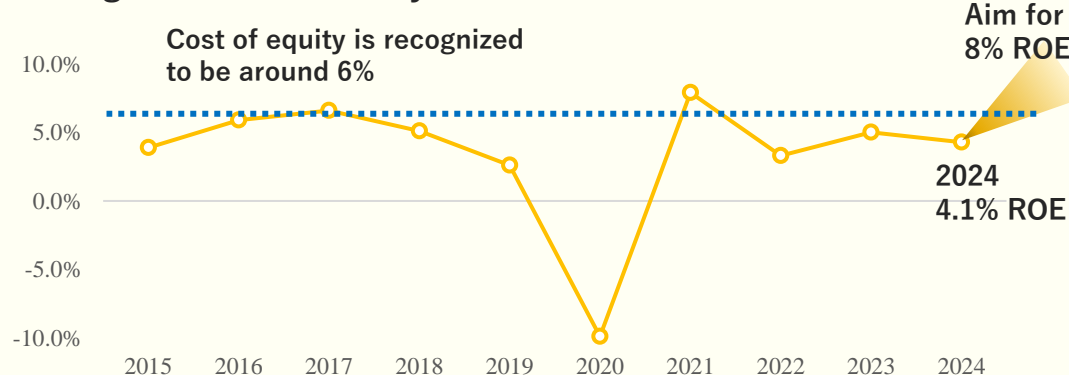


Stock price data (stock price index using the closing price as of the end of December 2014 as 100)

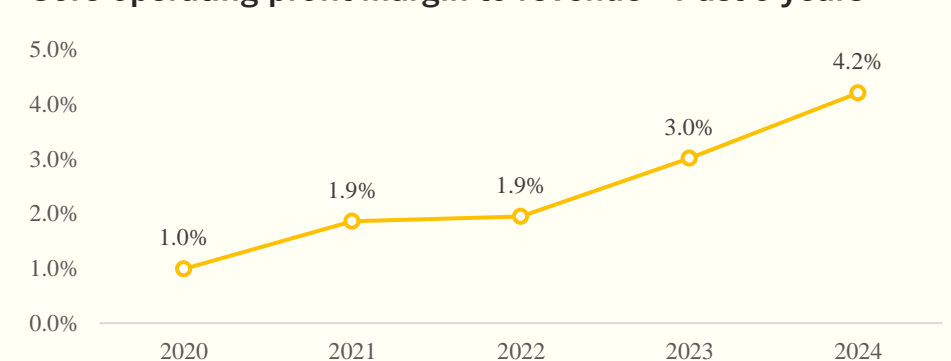


We set a target ROE of 8% for 2026 in the medium-term management plan announced in November 2022, and aim to achieve ROE of 10% or more in the mid- to long-term. In 2024, ROE was 4.1% due to special factors such as impairment, which is lower than the 6% capital cost we recognize. Moreover, the core operating profit to revenue ratio, viewed as the main factor behind the typically low ROE, is on an upward trend, and the earning power of the core business is growing.

Change in ROE - Past 10 years



Core operating profit margin to revenue - Past 5 years



Action to Implement Management that is Conscious of Cost of Capital and Stock Price -Main efforts to enhance corporate value-

Policy

To promote a financial strategy that emphasizes "sustainable growth" and "capital efficiency," which we have been working on for some time, and to achieve an increase in corporate value

- Aim to achieve Medium-Term Management Plan financial targets (ROE of at least 8% in 2026, overseas sales revenue and EBITDA growth of 10%/year)
- Promote both growth investment and shareholder returns based on cash allocation policy

For the realization of sustainable growth

● Enhance the earning capacity of each business

- Realization of business growth

Proactively develop areas of strength

- Cost-related structural reforms

Create business structures that can respond to changes in the environment

● Growth investment

- Investment in overseas businesses with growth potential

- Investment in domestic business to strengthen the earnings base

Respond flexibly to growth investment opportunities by utilizing financial leverage to the extent that our current credit rating can still be guaranteed

For the enhancement of capital efficiency

● Thorough business monitoring with ROIC as an indicator

- Entire company managed by ROE and per-business ROIC

Execution of streamlined initiatives toward enhancement using ROIC tree

● Review of business portfolio

- Fundamental review of businesses positioned for restructuring/divestment

Exit businesses that cannot be expected to improve and focus on growth areas

● Balance sheet reforms

- Review of assets held

Improve or sell underutilized assets and assets with low turnover

- Reduce cross-shareholdings

Reduction of the ratio of book value of cross-shareholdings to total equity attributable to owners of parent to less than 20% by 2024 and less than 10% by 2026

● Shareholder returns

- Increase the level of dividends in accordance with profit growth

Aim to increase the amount of dividends while maintaining dividend stability

Efforts to enhance ROE

Promotion of efforts to enhance capital profitability and decrease capital cost

Main efforts

Business growth

Proactively develop areas of strength

Review of business portfolio

Exit businesses that cannot be expected to improve and focus on growth areas

Structural reforms

Create business structures that can respond to changes in the environment

Balance sheet reforms

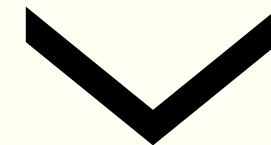
Improve or sell underutilized assets and assets with low turnover
Reduce cross-shareholdings

Capital policy and shareholder return

Optimize capital structure
Aim to increase the amount of dividends while maintaining dividend stability

Enhancement of capital profitability
(8% ROE by 2026)

Aim to expand the equity spread



Strengthening of ESG

Reduce long-term risk by promoting sustainability management
Strengthen governance

Strengthening of SR and IR

Elimination of asymmetry of information through expansion of information disclosure
(Planned disclosure of achievements in dialogue with capital markets and contents of dialogue in the integrated report)

Reduction of capital cost
(Cost of equity is recognized to be around 6%)

Enhancement of corporate value

Action to Implement Management that is Conscious of Cost of Capital and Stock Price -Achievements in 2024 and future policy-

In 2024, the core operating profit margin relative to revenue improved due to the strengthening of domestic beer and structural reforms in each business, which increased the earning power of core businesses. We will continue to improve earning power and capital efficiency through further structural reforms to achieve the ROE target of 8% set for 2026 in the medium-term management plan.

Main efforts to enhance corporate value		Achievements in 2024 and future policy
Enhancement of capital profitability	Business growth	The concentration of production sites in domestic beer and continued positive trends for Black Label and SPB contributed to profit growth. Going forward, we will strengthen investment in sales promotion of Black Label in Japan, and overseas, we will strengthen the manufacturing and sales structure of SPB, whose revenue continues to grow.
	Review of business portfolio	The liquidation process for Anchor is in progress, and the transfer of the plant-based yogurt business has been completed. Continue to strengthen monitoring by business and set and manage target ROIC by adding spread to WACC.
	Structural reforms	The structural reforms for part of the domestic Food & Soft Drinks business and the Restaurants business, as planned in the current medium-term management plan, have been completed. In the U.S. business, which has been newly positioned for restructuring, we will carry forward structural reforms and rebuild the management and business foundation.
	Balance sheet reforms	In 2024, we sold 19 stocks of cross-shareholdings worth 19.7 billion yen, reducing the book value ratio of cross-shareholdings to capital from 27% to 16%. Continuation of further reductions in cross-shareholdings to achieve the target of a book-value ratio of less than 10% by 2026.
	Capital policy and shareholder return	The dividend is expected to increase for the second consecutive year in 2024 (dividend per share: 47 yen → 52 yen) and for the third consecutive year in 2025 (dividend forecast: 60 yen). Continue to provide stable dividends while aiming for an increase in dividend levels in line with profit growth.
Reduction of capital cost	Strengthening of ESG	Start of disclosure of nature-related financial information integrated with “initiatives toward climate change” based on the TNFD information disclosure framework. Addition of “Realization of a society in harmony with nature” and “Promoting of responsible drinking” as new “most important issues” in line with changes in the social conditions and business environment.
	Strengthening of SR and IR	The number of SR and IR meetings in 2024 was 205, an increase of approximately 1.4 times compared to the previous year, reflecting active dialogue. We will continue to actively communicate with investors.