



**SAPPORO HOLDINGS**  
**Integrated Report**

2022

## Table of Contents

02 Editorial Policy

### 03 Message from the President

### 08 Value Creation Story

09 Process of Value Creation

10 History with Customers

11 Assets Creating Highly Unique Brands

12 Unique Brand Experiences Offered by the Sapporo Group

13 Special Feature:  
Group Synergies Linked to Our  
Contributions to Well-Being

### 16 Medium- to Long-Term Strategy

17 Discussion Between Internal  
and Outside Directors

21 Overview of the Medium-Term  
Management Plan

22 Business Strategy

24 Growth Domain

27 Strengthen Profitability Domain

30 Restructuring Domain

31 Creation of New Businesses

32 Financial Strategy

35 Sustainability

36 Identifying Material Issues

37 Assessment of Risks and  
Opportunities of Each Material Issue

38 Targets and Indicators for Each  
Material Issue

42 Most Important Issue 01  
Realization of a Decarbonized Society

46 Most Important Issue 02  
Mutual Prosperity with Local Communities

47 Building a Sustainable Supply Chain /  
Promote Responsible Drinking

48 Management Platform |  
Human Resources Strategy

51 Management Platform | DX Strategy

### 53 Governance

54 Corporate Governance Digest

55 Board of Directors, Directors Who Are  
Audit & Supervisory Committee Members,  
and Group Operating Officers

58 Corporate Governance

65 Risk Management

### Performance Data

68 Financial Highlights

70 Non-Financial Highlights

71 Business Overview

72 Alcoholic Beverages

73 Food & Soft Drinks

74 Real Estate

75 Ten-Year Summary of Financial  
and Non-Financial Data

76 Corporate Data

## Key Points of This Report

### Definition of the Sapporo Group's Value Provided

Taking into account the changing times, the Sapporo Group has clarified the value it provides to society through business activities implemented under its Management Philosophy.

▶ P. 08



### Group Synergies Creating Value

With our strength in highly unique brands, the Alcoholic Beverages, Food & Soft Drinks and Real Estate business segments work together to generate synergies for value creation.

▶ P. 13



### Launch of Medium-Term Management Plan

We established a new medium-term management plan running from fiscal 2023 to fiscal 2026 focused on business structure transformation aimed at sustainable growth.

▶ P. 21



### Business Portfolio Reorganization for Regrowth

We have organized our business portfolio into the four categories of growth, strengthen profitability, restructuring and divestment, which will facilitate our implementation of structural reforms and growth strategy.

▶ P. 22



### Redefining Our Materiality

We reviewed our materiality by exploring risks and opportunities from a medium- to long-term perspective based on changes taking place in the social environment.

▶ P. 35



## Editorial Policy

The Sapporo Group aspires to contribute to the well-being of people and local communities by providing truly unique brand experiences through close collaboration between its Alcoholic Beverages, Food & Soft Drinks and Real Estate business segments centered around a portfolio of highly unique brands.

Our integrated report for the fiscal year ended December 31, 2022 covers the Group's initiatives to reinforce its management foundation and strengthen governance, with focus given to business strategy, financial strategy, and sustainability under the

new medium-term management plan that kicks off in FY2023.

In compiling this report, our cross-functional project team with other departments engaged in information collection and content creation.

Going forward, we will continue to utilize the integrated report as an engagement tool for all stakeholders, including shareholders and investors, while striving to improve our corporate value.

June 2023

## Information Framework

For more information regarding financial and non-financial matters, please visit the Company website.

### Main Financial Media

#### Investor Relations Website

<https://www.sapporoholdings.jp/en/ir/>

#### Securities Report (Japanese only)

[https://www.sapporoholdings.jp/ir/library/securities\\_report/](https://www.sapporoholdings.jp/ir/library/securities_report/)

#### Fact Book

<https://www.sapporoholdings.jp/en/ir/library/factbook/>

#### Financial Results Presentation Materials

<https://www.sapporoholdings.jp/en/ir/library/description/>

### Main Non-Financial Media

#### Sustainability Website

<https://www.sapporoholdings.jp/en/sustainability/>

#### Sustainability Book (Japanese only)

[https://www.sapporoholdings.jp/sustainability/sustainability\\_book/](https://www.sapporoholdings.jp/sustainability/sustainability_book/)

#### Corporate Governance Report

[https://www.sapporoholdings.jp/en/sustainability/governance/policy/pdf/corporate\\_governance\\_report\\_2023.pdf](https://www.sapporoholdings.jp/en/sustainability/governance/policy/pdf/corporate_governance_report_2023.pdf)

#### ESG Data

<https://www.sapporoholdings.jp/en/sustainability/esg/>



## Integrated Report

### Period Covered

This report covers the fiscal year ended December 2022 (Jan. 1, 2022–Dec. 31, 2022). However, it may refer to events before or after this period as necessary.

### Organizations Covered

Sapporo Holdings Limited and Group companies

### Referenced Guidelines

- IFRS Foundation, International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry, Guidance for Collaborative Value Creation
- GRI (Global Reporting Initiative), Sustainability Reporting Standards (International guidelines on corporate sustainability reporting)
- International Organization for Standardization, ISO 26000 (Guidance on social responsibility)
- Ministry of the Environment, Environmental Reporting Guidelines 2018



### Supported Initiatives

- UN Global Compact
- The SDGs (Sustainable Development Goals)
- The TCFD (The FSB's Task Force on Climate-related Financial Disclosures)



### Forward-Looking Statements

Statements in this integrated report with respect to the Company's forecasts, performance or otherwise, are based on the Company's judgments in light of the latest information available as of the publication of this report and contain potential risks and contingencies. For that reason, please be aware that, due to various changing factors, actual results may vary from the forecasts published in this report.

## Message from the President

Transforming our business structure  
and building a new foundation for growth  
looking toward our 150th anniversary and beyond

**Masaki Oga**

President and Representative Director



### Sapporo Group's Value Proposition

**Continuously contributing to the well-being of people and society utilizing our highly unique brands and connections with customers and communities**

Since our founding in 1876, the Sapporo Group has engaged in the people-centric businesses of eating and drinking, symbolized by our Alcoholic Beverages and Food & Soft Drinks business segments. Our Restaurants and Real Estate business segments, too, provide spaces where people can spend quality time by enjoying a meal or shopping or living and working comfortably. In this manner, each of the Group's business segments seeks to

bring benefits to people's lifestyles and society in general and contribute to better living. Based on this approach, we have clarified the Group's value proposition as "Contributing to the well-being of people and communities in the time and space provided by all of our businesses."

The major strengths that will help us to achieve this value proposition are the Group's assets of highly unique brands and connections with customers and communities. Highly unique brands entail not only our products, but also our corporate, community and regional brands as well. The Group's human resources, too, represent an important element of our brands. To deepen our connections with customers and communities, we

have redeveloped areas of Sapporo and Ebisu, the birthplaces of the Company, and fostered our brand with a unique identity as a company deeply rooted in the community.

We are committed to continuously contributing to the well-being of people and society by providing unique brand experiences to our customers from the two angles of time and space, which will be achieved by further speeding up the generation of synergies between our Alcoholic Beverages, Food & Soft Drinks, and Real Estate business segments.



## Message from the President

### Looking back on the previous medium-term management plan Promoting business structure reforms with a sense of urgency amid changes in the plan's underlying assumptions brought about by COVID-19

During the period of Group Management Plan 2024, our medium-term management plan that kicked off in 2020, the Group's performance was greatly impacted by the outbreak of the COVID-19 pandemic, which began just as the plan commenced. The assumptions underlying the plan were turned upside down amid significant restrictions placed on restaurant operations, and we were forced to book a loss in the plan's initial fiscal year. In years two and three, we were still greatly affected by the pandemic, with our performance falling largely below the plan's initial targets.

On the other hand, the sense of crisis from these rapid changes in the operating environment increased solidarity within the Company and we were able to make solid progress with previously underway structural reforms. For example, in the Restaurants business segment, we completed fundamental structural reforms that included relocation of the head office, closure of unprofitable restaurants, and opening of new restaurants with a higher investment efficiency. As a result, we lowered the breakeven point and transformed into a leaner but stronger business structure that can generate profits even with net sales at 60% of the pre-COVID-19 level. Additionally, we transferred the business development functions previously held by the holding company to each operating company to create a structure with quicker business deployment.

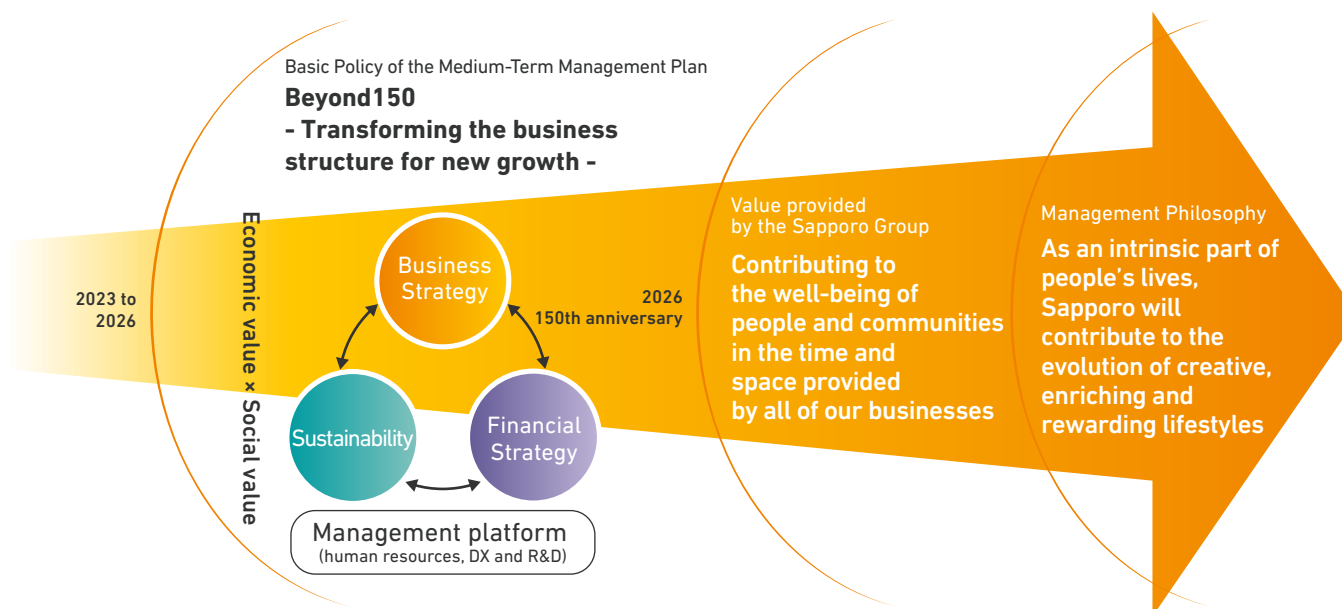
Although the market compared to pre-COVID-19 is still recovering, communities and restaurants are alive again with activity and we believe that the market environment will trend positively going forward as social activities get back to normal. Amid this recovery phase, we managed to get off to a good start under the medium-term management plan that began in fiscal 2023.

### Formulation of Medium-Term Management Plan 2023-2026 Aiming for greater sustainable growth with fiscal 2026, our 150th anniversary, as a waypoint

We reviewed Group Management Plan 2024 from the ground up and kicked off a new four-year medium-term management plan called "Beyond150 - Transforming the business structure for new growth -" in fiscal 2023. The fact that we have been able to absorb cost increases with price revisions for beer and beer-type beverages in October 2022 and obtain production sites in the growth market of the United States following our acquisition of

Stone in August 2022 indicates that this management plan has solid underpinnings.

We will celebrate our 150th anniversary in fiscal 2026, the final year of the plan. This anniversary does not stand as a goal, but rather a waypoint toward greater growth. This is why the name of the plan is "Beyond150." In order to continue growing into the future while realizing our distinct value, the Group will complete the transformation of its business structure from the previous medium-term management plan and build a foundation for sustainable growth, supported by the three strategies of business strategy, financial strategy and sustainability.



## Message from the President

### Business strategy: restructure business portfolio to increase profits with both structural reforms and strengthening/growth

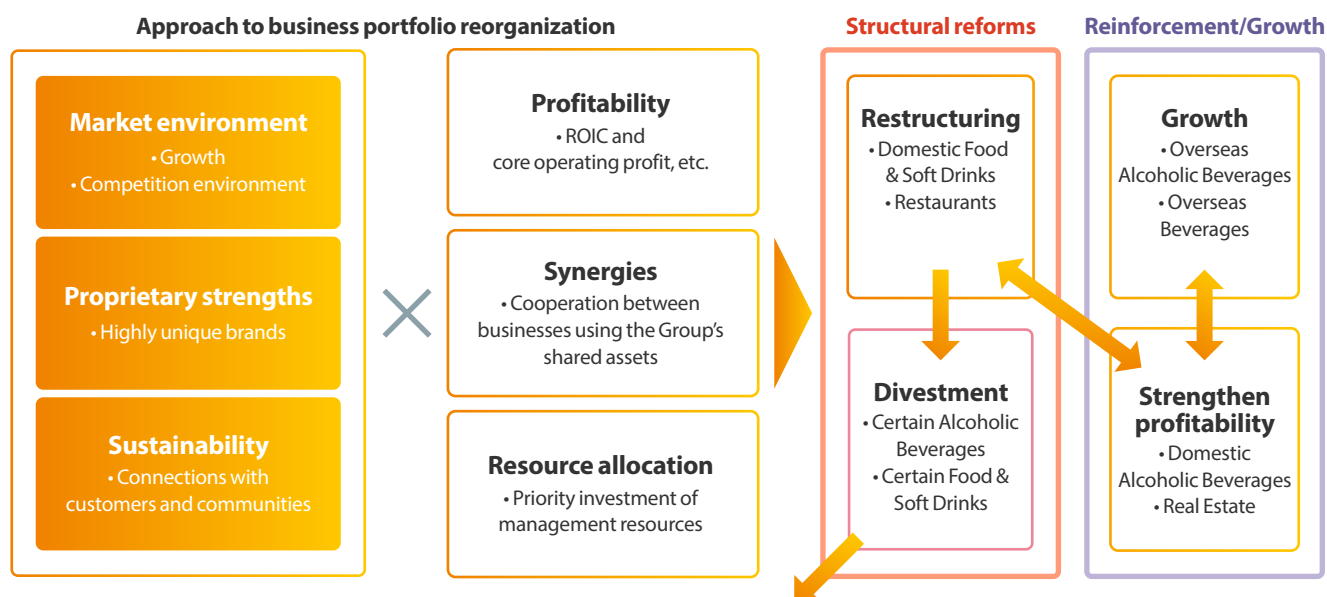
Our business strategy entails boldly ushering in structural reforms and speeding up growth to strengthen earnings capacity. Toward this end, we organized the Group's business portfolio into the four categories of "restructuring" and "divestment" where structural reforms are needed and "growth" and "strengthen profitability" where investments should be prioritized in core businesses. In reorganizing the business portfolio, we analyzed and assessed each business segment to determine categorization based on the six viewpoints of market environment, presence of unique strengths, sustainability aspects, profitability such as ROIC and core operating profit, synergies between business segments,

and priority of resource allocation. We have used this approach until now, but under this new medium-term management plan, we decided to organize and disclose our moves in a more easily understood manner. Going forward, every fiscal year we will analyze and assess each business segment to review the business portfolio and disclose our policy on reforms.

Overseas Alcoholic Beverages and overseas Beverages were positioned as "Growth" within the business portfolio reorganization (see page 24). In particular, the United States Alcoholic Beverages business continues to see robust growth, and we have maintained this momentum as sales of Sapporo Premium Beer (SPB) reached a record high in fiscal 2022 despite the pandemic. Currently, however, we rely on imports from our breweries in Canada and Vietnam, which has resulted in the growth bottlenecks of little in the way of surplus production

capacity in Canada and surging logistics costs from Vietnam. One solution that helped to fix this situation was our own procurement of production sites in the United States following our acquisition of Stone. Stone has production sites on both the East Coast and West Coast and has solid access to important sales areas including California, New York, Texas and Florida. Moreover, there is ample room in Stone's production sites to increase production capacity because currently the utilization rate of each brewery is low. Therefore, once Stone begins producing Sapporo Premium Beer, this will also make it possible to build a stable supply system and enable logistics streamlining in the North America market. Stone stands to benefit, too, from increased brewery utilization. Synergies from our partnership will begin to fully materialize in our performance starting in fiscal 2024 and beyond. In fiscal 2023, we will set the groundwork for this success. In terms of the share of overseas Beverages, we enjoy the top market share in tea drinks in Singapore and we will step up sales of our products in the expanding Malaysia, Middle East and ASEAN markets.

Domestic Alcoholic Beverages and Real Estate are positioned within the "strengthen profitability" domain (see page 27). In domestic Alcoholic Beverages, we intend to escape from low profitability by restructuring product categories. Demand is shifting from happoshu and new genres to beer underpinned by the phased revisions to the alcohol tax on beer and beer-type beverages implemented since 2020, and this trend is expected to accelerate as alcohol taxes move toward consolidation in 2026. As deflation becomes protracted, we have developed happoshu and new genres based on an early understanding of customer needs and brought these to market, but these market changes have caused price competition to accelerate and depressed profitability. Once the tax system is consolidated, we will be able to compete with our own strengths of taste, quality, added value, and brand power, within the single genre of high profitability beers. Looking toward these alcohol tax revisions, we will further



## Message from the President

refine the appeal of our brands and reinforce the profitability of the domestic Alcoholic Beverages business going forward. In Real Estate, we will continue adding value that seamlessly connects with the communities where our core properties are located, with a focus on Yebisu Garden Place, and we will build out our asset turnover business model that includes equity investments and VA (Value Add) securitization business to diversify our revenue structure and increase asset efficiency.

As for domestic Food & Soft Drinks and Restaurants, which are positioned in “restructuring,” we will further accelerate structural reforms already underway since the previous medium-term management plan (see page 30). In domestic Food & Soft Drinks, we will push ahead to complete fundamental structural reforms by 2024, focus resources on the lemon business because of its growth potential, and escape from a low profit structure. In Restaurants, aimed at turning a profit in fiscal 2023, we will accelerate the shift to the core restaurant brands of Yebisu Bar and Ginza Lion to build a robust management structure while also promoting greater cooperation with Alcoholic Beverages.

### Financial strategy: increase our ability to generate cash targeting ROE of 8% and pursue returns that exceed the cost of capital

The new medium-term management plan features a financial strategy that emphasizes sustainable growth and capital efficiency (see page 32).

Aimed at sustainably increasing corporate value, we will strengthen our balance sheet management focusing on capital efficiency. Specifically, we have established a target to reach ROE of 8% to achieve returns that exceed the cost of capital. Currently, our ROE sits at 3.3%. We need to achieve the target of 8% over the next four years in order to aim higher and reach a double-digit ROE in the future.

Of course, increasing ROE requires that we also increase our

ability to generate cash from growth. We estimate that ROE of 8% requires around ¥25.0 billion in core operating profit, and we are now strengthening the profitability of each business segment by reviewing the business portfolio and steadily implementing business structure reforms aimed at reaching this target.

### Sustainability: completely revamp our material issues (materiality) seeking to balance economic value and social value

The promotion of sustainability is positioned as an essential strategy vital to the sustainable growth of the Sapporo Group. Taking into account the major changes in the social situation and business environment, we reviewed our material issues (materiality) in terms of sustainability management, which is striking a balance between economic value and social value.

Specifically, we assessed the risks and opportunities facing us in terms of wide reaching social and environmental issues in terms of the level of impact on our own business operations and the level of our impact on society and the environment. As a result, we identified a total of nine priority issues covering the themes of “Harmony with the environment,” “Co-prosperity with society” and “Success of human resources” (see page 35). Following these issues, we established targets and a specific action plans and all members of the Group are now working to implement these plans.

#### Reinforcement of management platform

### Strengthening human resources, DX and R&D to enhance our ability to implement the three strategies

To steadily implement these basic strategies and achieve management targets, we will reinforce our management platform comprising human resources, DX and R&D. In regard to human



resources, a critical component of this management platform, we have defined three pillars of our human resources strategy aimed at the realization of our medium-term management plan (see page 48). We will establish a detailed action plan and KPI and work to implement these strategies across the Group.

As for DX, under our three policies of “increase customer contact points,” “expand existing and new businesses,” and “workstyle reforms,” as examples, we are working to create new customer contact points that combine real and digital experiences, tap into new and unique businesses following UchiRepi (see page 31), and create a work environment where the individuality of each and every person shines.

In terms of R&D, we will focus on converting our strengths to value required by society and R&D that allows us to deliver

## Message from the President

this value sustainably. For example, in Alcoholic Beverages, we will research raw materials resilient against climate change and promote basic research and business utilization for intoxication and health. In Food & Soft Drinks, we will focus on research for maintaining the health function and increasing the quality of lemon ingredients. Furthermore, to accelerate cross-functional research, we will focus on developing an environment where researchers from each Group company can closely cooperate and pursue R&D together.

## Strengthening corporate governance

We will strengthen corporate governance as we implement the medium-term management plan going forward. In fiscal 2023, we increased the number of outside directors by one and as a result outside directors now occupy a majority of the Board of Directors. Our outside directors have extensive management experience and during every meeting many directors share their frank opinions regarding agenda items. This majority will help to

further strengthen the Board's functions as a monitoring board and help to powerfully propel the medium-term management plan forward. We have also strengthened the monitoring system used by the Board of Directors. We have established a system where the progress of action plans and KPIs set for each business segment are checked by the Board of Directors and prompt action is taken to address measures that are delayed or facing issues.

## To our stakeholders

## Aspiring to be a unique corporate group deeply rooted in the community and beloved by people

We have continued to face a very challenging business environment characterized by price competition caused by protracted deflationary pressures and a loss of demand for drinking outside the home due to the pandemic. Nevertheless, we finally see an end on the horizon. Furthermore, the consolidation of alcohol taxes on beer and beer-type beverages in 2026 should act as a major tailwind for the Group because of our strengths in beer brands.

In order to transform these environmental changes into new growth opportunities, we need to steadily implement the three strategies in the medium-term management plan and reach the financial and non-financial management targets in the plan. Together with increasing corporate value in a sustainable manner, we aspire to be a unique corporate group deeply rooted in the community and beloved by people.

I ask for the continued support and understanding of our stakeholders going forward.

## Initiatives to Strengthen the Management Platform

Important measures		Specific initiatives (up to 2026) Scope: Sapporo Holdings and its main operating companies
Human resources	(1) Aggressive investment for speedy growth (2) Promoting diversity (3) Increasing engagement and promoting health (4) Development of management talent	(1) Active investment in development/securing of and strategic allocation of human resources based on a global human resource development system (2) Creating an environment conducive to promoting D&I, achieving a female executive/management ratio of at least 12% (3) Improving work engagement by reinforcing supportive management skills and supporting mental toughness (4) Growth support and placement based on Group-wide Succession Plan
DX	(1) Building a system for the promotion of DX/IT strategies (2) Improvement of organizational and human resource management (3) Success of developed human resources, development/operation of environment	(1) Creation of multifaceted operational synergies through the organizational and functional integration of DX and IT (2) Increasing the level of human resources of the entire Group through systematic development, hiring, and utilization (3) Facilitation of a new environment for creating business process reform and the development of new business realms

Goal image		Important measures	
R&D	<ul style="list-style-type: none"> <li>Converting our strengths into value that the world demands and providing it on an ongoing basis</li> <li>Creation of new categories and markets</li> </ul>	Alcoholic Beverages	<b>Developing technologies for sustainable raw material procurement</b> ... Climate change-ready barley and hops <b>Pursuit of the taste and function of alcoholic beverages</b> ... Scientific clarification and business application of "Intoxication and Health" <b>Pursuit of new drinking experiences</b> ... Fostering empathy through the use of the digital, providing entertainment, etc.
		Food & Soft Drinks	<b>Research on the health functions and improving the quality of lemons</b> ... Expanding the uses for lemon juice <b>Creating new value from untapped resources</b> ... Utilization of whole lemons as ingredients



# Part 1

## Value Creation Story

### Management Philosophy

**As an intrinsic part of people's lives, Sapporo will contribute to the evolution of creative, enriching and rewarding lifestyles**

We have created unique brand experiences in terms of time and space using our assets of highly unique brands and connections with customers and communities.

We will remain closely in tune with the true essence of "enriching" as it changes with the times, and contribute to enriching nature, society and people for tomorrow and beyond.

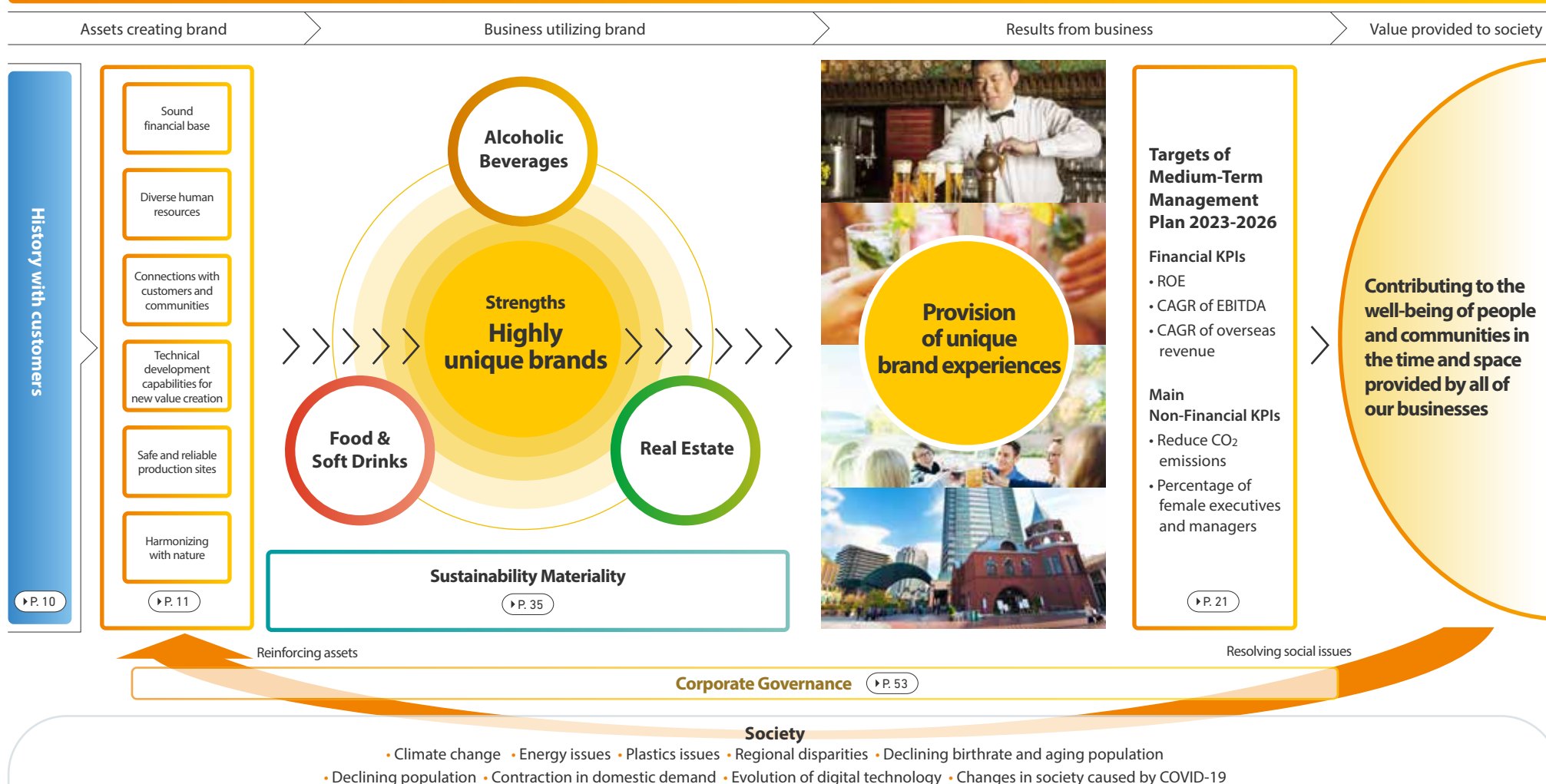
### Value Provided by the Sapporo Group

**Contributing to the well-being of people and communities in the time and space provided by all of our businesses**

## Process of Value Creation

The Sapporo Group provides truly unique brand experiences through close collaboration between its Alcoholic Beverages, Food & Soft Drinks and Real Estate business segments centered around a portfolio of highly unique brands that have withstood the test of time. Going forward, we will achieve our Management Philosophy by contributing to the well-being of people and communities.

**Management Philosophy: As an intrinsic part of people's lives, Sapporo will contribute to the evolution of creative, enriching and rewarding lifestyles**



## History with Customers

In the 140 years since its founding, the Sapporo Group has developed brands and created a culture together with customers and the communities where it began. Looking ahead, we will continue to deepen our relationships and connections to customers and communities by harnessing our highly unique brands.

### Episode 1

#### Sapporo Black Label named by customers

In 1977, we released Sapporo Bin-Nama. The beer became known as "Black Label" among beer customers because of its label design and later this was adopted as the official brand name. Sapporo Black Label, named by customers, continues to gain many fans today.



### Episode 2

#### Yebisu becomes the name of a community

In 1901, a dedicated railway cargo station called Ebisu Railway Station was opened specifically for the shipment of Yebisu Beer, and later the name of the surrounding community was changed to Ebisu. This is a rare example of a product name inspiring the name of a community. Going forward, we will continue to provide enriching time and space together with the community of Ebisu.



### Episode 3

#### Fostering beer culture in Japan

In 1899, we opened the Yebisu Beer Hall in present day Ginza in Tokyo. This was Japan's first-ever beer hall, which became an impetus behind the growing popularity of beer among the masses.



### Episode 4

#### Sapporo Premium Beer goes international

The Sapporo brand has established a strong reputation and high visibility in the United States market thanks to its renowned Japanese quality known for exceptional quality and premium ingredients. Since becoming the best selling Japanese beer in 1985, we have maintained this position in the United States market for 37 years running. Today, our brands are familiar to customers not only in the United States, but around the world as well.



### Episode 5

#### GREEN TEA developed based on customer preferences

In 1998, we released Jasmine Green Tea, a sweetened tea drink featuring the aroma and taste of jasmine tea, targeting the preferences of customers, climate and food culture in Singapore. Since then, the drink has become a favorite among many consumers in Malaysia and other neighboring countries.



### Episode 6

#### Beer brands developed alongside communities in Japan and overseas

We have released a number of unique regional beer brands including Sapporo Classic and Shizuoka Bakusyu in Japan as well as 1516 Lager overseas. In this manner, we are fostering brands together with customers in the community.



## 1876

**1876**  
Opened the Kaitakushi Brewery in Sapporo

**1877**  
Launched Sapporo Lager Beer, the Company's first product

**1889**  
Completed Yebisu Beer Brewery

**1890**  
Launched Yebisu Beer

**1899**  
Opened Yebisu Beer Hall, Japan's first beer hall in Ginza, Tokyo



## 1900

**1914**  
Launched Ribbon brand

**1934**  
Opened Beer Hall Lion Ginza 7-chome, now the oldest existing beer hall in Japan

**1957**  
Launched Pokka Lemon

**1964**  
Began exporting beer to the United States



**1977**  
Released Sapporo Bin-Nama (would later become Sapporo Draft Beer Black Label)

**1977**  
Established POKKA CORPORATION (SINGAPORE) PTE. LTD.

**1988**  
Revived Sleeman brand



**1993**  
Completed construction of Sapporo Factory commercial complex on the former site of Sapporo Brewery

**1994**  
Completed construction of Yebisu Garden Place on the former site of Yebisu Brewery

**1996**  
Launched Jikkuri Kotokoto

**1998**  
Released POKKA Jasmine Green Tea



## 2000

**2006**  
Established the Collaborative Contract Farming System

**2016**  
Completed construction of GINZA PLACE

**2019**  
Opened Sapporo Draft Beer Black Label THE BAR

**2022**  
Remodeled commercial wing of Yebisu Garden Place

## Assets Creating Highly Unique Brands

We continue to increase the value of our highly unique brands, a strength of the Group, by bolstering six financial and non-financial assets that we have built up over our more than 140-year history.

### Sound financial platform

We will carry out well-balanced investments in growth focused on overseas businesses while striking a balance with operating cash flows, following the underlying assumption of securing financial soundness by maintaining current credit ratings.



### Diverse human resources

**Number of employees at the Sapporo Group**

**13,832<sup>\*2</sup>**

**Percentage of women in full-time employee recruitment**

**39.1%<sup>\*3</sup>**

**Ratio of employees overseas**

**26.8%**



We are working to globalize our business operations and promote the management success of women with the aim to achieve our human asset strategy of leveraging diversity to create an organization that transcends boundaries and embraces challenges.

### Connections with customers and communities

Since our founding, we have received a great deal of support from the countries and regions where we operate and worked to deepen connections with our stakeholders. In the future, we will continue to support regional revitalization and solutions to local issues through our businesses.



**Number of countries where our products are sold**

**Approx. 94 countries**

**Number of local partnerships**

**63**

**Number of years in business in Sapporo**

**147 years**

**Number of years in business in Ebisu**

**134 years**

### Technical development capabilities for new value creation

We are promoting joint development with other companies to create innovative new products by combining our core technologies in Alcoholic Beverages and Food & Soft Drinks with knowledge of ingredients including barley, hops and lemons.

**Development of foods with function claims**



**Use of AI in RTD<sup>\*4</sup> development**

**N-Wing★**

**Number of academic papers and external presentations**

**25**

### Safe and reliable production sites

At all of our production sites in Japan and overseas, we pass down our commitment to craftsmanship since our founding and strive to maintain and increase quality. At our overseas sites, we have obtained certifications based on customer preferences and established quality assurance systems tailored to local products and services.

**Number of production sites**

**30 locations**

**in 6 countries**

**Number of soft drink production sites overseas with Halal certification**

**3 locations**



### Harmony with the environment

**Number of years growing barley and hops**

**146 years**

**Number of years cultivating domestically produced lemons**

**3 years**

**Number of years using Collaborative Contract Farming System**

**17 years**



Since our founding, we have grown our own ingredients and employed the Collaborative Contract Farming System for promoting sustainable procurement of ingredients and harmonizing with nature. Going forward, we will focus on growing and farming ingredients that are highly resilient to climate change.

<sup>\*1</sup> Four-year total from fiscal 2023 to fiscal 2026 <sup>\*2</sup> Includes contract workers (non-full-time employees)

<sup>\*3</sup> Five main operating companies: Sapporo Holdings Ltd., Sapporo Breweries Ltd., POKKA SAPPORO Food & Beverage Ltd., Sapporo Lion Ltd., Sapporo Real Estate Co., Ltd. (includes workplaces at subsidiaries and affiliates)

<sup>\*4</sup> Acronym for ready to drink.



## Unique Brand Experiences Offered by the Sapporo Group

Our Alcoholic Beverages, Food & Soft Drinks and Real Estate business segments work together to generate synergies enabling the Sapporo Group to provide customers with truly unique brand experiences.

### Creating unique brand experiences in terms of both time and space

For example...

#### Deepening connections between people through food and alcohol

Food and alcohol are important tools that facilitate communication between people. We are creating time and space that create connections between people and make our daily living more enriching.

In addition to manufacturing and selling beers such as the Black Label, beer-type beverages, RTD, wine and shochu, we also operate restaurants under the Ginza Lion brand among others.



**Alcoholic Beverages**

**Highly unique brands**

**Food & Soft Drinks**

We manufacture and sell soft drinks, soups and plant-based milk centered around the lemon business such as Pokka Lemon 100 as well as Kireto Lemon.



**Real Estate**

We engage in real estate management, operations and development, for Yebisu Garden Place and other properties, centered on three locations with close connections to the Group, including Ebisu, Sapporo and Ginza.



For example...

#### Experiencing the world view of our brands in special spaces

We provide high quality drinking experiences that go beyond taste where customers can enjoy beer while feeling the brand's world view and stories.

For example...

#### Spending quality time in vibrant communities

We provide communities and customers with attractive and relaxing urban developments that are fun for all, mainly in the locations with deep connections to the Group.

For example...

#### Achieving mental and physical health through food and drink

Our daily diet determines our physical and mental health. We support the healthy lifestyles of our customers through lemon products and plant-based ingredients.



## Special Feature:

## Group Synergies Linked to Our Contributions to Well-Being



## The Yebisu brand continues to evolve with the community of Ebisu

Since commencing the manufacture and sales of Yebisu Beer in 1890 in Tokyo's Ebisu neighborhood, the Yebisu brand has continued to evolve with the community. Survey results indicate that people who visited Yebisu Garden Place had an increased desire to drink Yebisu Beer, showing that the development of the Ebisu community has increased the Yebisu brand's value.

Percentage of households with a desire to drink Yebisu Beer depending on whether they visited Yebisu Garden Place\*

Did not visit	Visited
37.8%	45.8%

### Opening of location in the birthplace of Yebisu that offers new interactive brand experiences

At the end of 2023, we plan to open Yebisu Brewery Tokyo in Ebisu to provide Yebisu-inspired brand experiences to customers in a real brewery setting. Ebisu is an important location where the Yebisu brand began. This project was launched with the desire to once again make beer in the birthplace of Yebisu while paving the way for the future of beer. At the same time, we want the new brewery to be a destination that provides live, enjoyable customer experiences with all five senses.

We have implemented a number of initiatives in the community of Ebisu. These include hosting the Yebisu Beer Holiday event to enjoy Yebisu in Ebisu, the grand prix for the best dishes that go great with Yebisu Beer with local chefs, and the grand opening of Taps by Yebisu at the ekinaka - a shopping center inside a train station. We hope to make the entire community of Ebisu a place to experience the Yebisu brand by creating new, attractive ways of providing real life brand experiences. We will also contribute to the revitalization of the Ebisu community by fostering new beer-inspired approaches to engagement.

Going forward, we will continue to provide new experiences only possible by the Sapporo Group thanks to our unique assets of brands and spaces closely linked to the local community.

\*<About the survey>

Targets: 1,000 men and women in Tokyo between the ages of 20 and 69 (including people who do not drink beer)

Method: online survey

Period: January 13 to 15, 2023

### Takako Okii

Brand Manager  
Yebisu Brand  
Beer & RTD Brand Marketing Dept.,  
Marketing Div.  
Sapporo Breweries Limited





## Special Feature:

## Group Synergies Linked to Our Contributions to Well-Being

Alcoholic  
BeveragesFood &  
Soft DrinksStrengthening craftsmanship through  
partnerships in R&D and the supply chain

Sapporo Breweries and POKKA SAPPORO Food & Beverage are pursuing collaborative R&D across business segments and partnering in the supply chain. We will continue to increase the Group's competitiveness by optimizing business functions and creating new value.

Developing new must-have lemon sour products  
alongside lemon professionals

The ready-to-drink (RTD) market has grown to become the largest category in the alcoholic beverages market by volume, driven by the lemon sour boom of recent years. On the flip side of this boom, however, consumers can find themselves overwhelmed by product choices because of the growing number of flavors and types. This has given rise to Sapporo Breweries' drive to create new must-have brands that pursue the real essence of lemon sour, resulting in the best and only option for consumers. Toward this end, the company is collaboratively developing new products alongside POKKA SAPPORO Food & Beverage, which engages in the lemon business. The first new product developed from this partnership is Sapporo Nippon Shin Lemon Sour.

During development, Sapporo Breweries worked alongside POKKA SAPPORO Food & Beverage's lemon masters involved in the development of lemon ingredients and soft drinks, starting by exploring product design concepts. Both companies fully capitalized on brewing knowledge and expertise as a lemon professional to come up with the best product design and select the best lemon ingredients to create the lemon taste perfect for sour.

Through this collaboration, we combined the Group's assets to create a lemon sour only possible by the Sapporo Group. We continue to work together on sales and marketing and hope to build this product's brand into a symbol of the Group's collaborative relationships. I hope to see this partnership expanded to other products and services in the future.



Mariko Kuroyanagi

Brand Manager  
Sapporo Nippon Shin Lemon Sour  
Beer & RTD Brand Marketing Dept., Marketing Div.  
Sapporo Breweries Limited



## Special Feature:

## Group Synergies Linked to Our Contributions to Well-Being

Restaurants

Alcoholic  
Beverages

## Providing premium and special brand experiences

Since opening Japan's first beer hall called Yebisu Beer Hall in August 1899 located in Tokyo's Ginza area in order to spread the delicious taste of beer to the masses, the Restaurants and Alcoholic Beverages business segments have always worked closely together to provide special brand experiences.

## Disseminating the Yebisu brand's world view in a narrative way through products, events, and restaurants



Hiroyuki Mantani

Yebisu Brand Group  
Beer & RTD Marketing Dept., Marketing Div.  
Sapporo Breweries Limited

In the Restaurants business, we are working to create places to experience our diverse lineup of beers from Sapporo Breweries and to foster beer culture, centered around the GINZA LION BEER HALL brand of restaurants. Over the years we have provided unique brand experiences through our products. This includes releasing limited run canned beers curated by Ginza Lion.

My mission today, though, is to deliver premium brand experiences with Yebisu. To fully savor the appeal of Yebisu, we will establish a nationwide network of Yebisu Bar locations born from the vision of both Sapporo Lion and Sapporo Breweries. Also, we will serve Zeppin Yebisu, a beer crafted to even higher quality standards by Sapporo Lion, at Yebisu Beer Holiday, an event launched in 2022. We will use both opportunities to deliver premium experiences to our customers. Furthermore, in 2023 we launched a new line of Yebisu called Creative Brew. The first craft beer Yebisu New Origin under this line is now sold at Yebisu Bar and a limited selection of our restaurants. Going forward, we will continue to take on new challenges using our history, tradition, and strengths of our restaurants to deliver fun and uniquely Yebisu beers to customers to ensure their time with our beers is even more enjoyable. We hope to deliver the many unique brands of Sapporo Breweries along with their stories and world view in an effort to win over even more passionate beer fans.



Release of limited run canned beers curated  
by GINZA LION BEER HALL, Japan's oldest beer hall

Products

Provision of  
unique brand  
experiencesBrand  
connections  
and events

Beer halls where  
all customers of  
drinking age  
can enjoy

Fostering  
of beer  
culture

Enjoyable places for connecting with our brands at anytime  
Hosting of special events using synergies with the Alcoholic  
Beverages business





# Part 2

## Medium- to Long-Term Strategy

Basic Policy of the Medium-Term Management Plan

**Beyond150**  
- Transforming the business  
structure for new growth -

Economic value × Social value



Management platform  
(human resources, DX and R&D)

Value provided  
by the Sapporo Group

Contributing to the  
well-being of people and  
communities in the time  
and space provided by all  
of our businesses

Management Philosophy

As an intrinsic part of  
people's lives, Sapporo will  
contribute to the evolution  
of creative, enriching and  
rewarding lifestyles

2023 to  
2026

2026  
150th anniversary



### Discussion Between Internal and Outside Directors

We will closely monitor the progress of strategy to increase the probability of achieving the targets set out in the medium-term management plan.

**Rieko Shofu**  
Director



**Toshihiro Uchiyama**  
Outside Director

The Sapporo Group kicked off its new medium-term management plan in fiscal 2023. Toshihiro Uchiyama, Chair\* of the Outside Director Committee, and Rieko Shofu, Officer in charge of Strategy, sat down to discuss the process behind discussions at Board of Directors' meetings and future monitoring policies.

\*At the time of the interview

### Formulation of Medium-Term Management Plan 2023-2026 What key topics have been discussed at Board of Directors' meetings?

**Shofu** The major theme of the new medium-term management plan is business structure transformation. While discussions held by the Board of Directors focused on the business portfolio, we also explored which perspectives to use in analyzing and restructuring it as the foundation to this transformation. On top of this, we analyzed and reorganized the business portfolio, while being mindful of both proactive perspectives, such as the Sapporo Group's vision and how to utilize the Company's unique strengths, and objective perspectives, such as capital efficiency, profitability and position in the market.

**Uchiyama** I participated in these discussions soon after I took office. I began by first learning about the Company's business structure, the strengths and weaknesses of each business segment, market environment, and competition. Something that really proved useful during this process was a lecture held for the Outside Director Committee. This lecture provided detailed commentary on the position of each business segment in their respective market based on objective third-party reports. Outside directors were also provided with an opportunity for open and free discussions.

**Shofu** Perhaps because of this objective vantage point, during discussions by the Board of Directors, you asked questions

## Discussion Between Internal and Outside Directors

and pointed out a number of issues, such as how to go about peer comparisons and the actual probability of achieving the plan's targets. I can understand since I have worked at different companies before. In the case of the Sapporo Group, I have the impression that many people adore its brands and products and have trust in its technologies and services. For this reason, the tendency before was to lean toward subjective discussions such as “we prefer to do this or that,” but each time, we were able to correct our course based on the perspective of the market after receiving suggestions from you and other outside directors.

**Uchiyama** Discussions only involving people internally tended to focus, for example, on how much sales increased and whether profits improved over last year. For this reason, on occasion these discussions lacked a broader point of view, such as how markets are changing and how this affects the Company's measures. As such, the Board of Directors looked at objective data on market and competition environments and discussed the validity of the medium-term management plan while asking detailed questions of the business execution side, such as the measures of each business segment and the probability of reaching the targets that were established.

**Shofu** This was a very important finding during the formulation of the medium-term management plan.

**Uchiyama** The key is to ensure that the strategy and measures of the medium-term management plan are convincing. Objective support is essential when sharing what the Company wants to achieve and is attempting to achieve with external stakeholders convincingly. Therefore, we as outside directors need to be convinced and we need to have strict demands of the business execution side.

**Shofu** Outside directors are the mouthpiece of stakeholders, so it is only natural for them to have strict demands. I believe that we were able to create a more convincing plan by embracing these views and having a process of review.

### Basic strategy of the medium-term management plan

#### What are your expectations for the overseas business, which is positioned within the “growth” domain of the business portfolio?

**Uchiyama** Among the Company's overseas business, the Alcoholic Beverages business in North America has the highest expectations for growth. When I joined the Board of Directors, the Company was in the final stages of negotiations with Stone. When I asked what the purpose of the acquisition was, I found the response to be impressionable—strengthening the significance for the Company of acquiring manufacturing sites in the United States. I understood the strategy of acquiring another company to build a local production system to grow the Company's own unique brands instead of simply increasing sales.

**Shofu** Acquiring manufacturing sites in the United States is expected to have various effects in the future, such as rationalizing logistics for one. To maximize these synergies, we are looking toward a business transformation during the post-merger integration process so as to execute reforms of existing businesses while avoiding relying simply on the integration itself. Also, it is important for our operating companies in North America including Canada to work together to pursue even more efficient management.

**Uchiyama** In terms of overseas Beverages, the Company has a top market share in tea drinks in the Singapore market.

**Shofu** Malaysia, which neighbors Singapore, is expected to see strong growth in the future.

**Uchiyama** In the Southeast Asia region, consumers have preferred sweetened soft drinks, but amid rising health consciousness around the world, I believe that more and more will embrace unsweetened tea drinks in the future.

**Shofu** Yes. In Southeast Asia, diabetes has become a major social issue and the number of countries instituting a sugar tax is on the rise. This trend is expected to provide a tailwind to the Sapporo Group because of its strength in healthy tea drinks.



#### What are your thoughts on the domestic Alcoholic Beverages business, positioned in the “strengthen profitability” domain?

**Uchiyama** Revisions to the Liquor Tax Act represent a major turning point for domestic Alcoholic Beverages. Previously, tax revisions had been implemented in stages, but in October 2023, the tax rate on beer is expected to be further lowered and the tax rate applied to beer-type beverages will be unified in 2026. This will make beer more affordable than happoshu and new genres. With its strong brand power in this category, the competition environment is set to benefit the Sapporo Group since it can further harness this strength.

**Shofu** I agree wholeheartedly. Capitalizing on the tailwind of tax revisions, we will be able to accelerate our escape from a low profit structure. Our diverse beer brands, such as Black Label and Yebisu, supported by countless customers are a real strength of the company. The challenge going forward will be how to monetize this brand power and customer support and turn it into greater profits.

**Uchiyama** Competitors, too, will now move to reinforce their



## Discussion Between Internal and Outside Directors

beer products, so the Company will need to further increase the power of the Sapporo brand and product strengths. There are various options available. For example, the Company can add new items within its existing brands or further refine the product strengths of current items. Additionally, I believe creating new customer contact points through the locations of the Real Estate business segment in Ebisu and Sapporo is an effective way to increase brand power.

**Shofu** As for new customer contact points, at the end of 2023, we will open Yebisu Brewery Tokyo, an authentic brewery inside Yebisu Garden Place featuring interactive customer experiences.

**Uchiyama** Creating a brewery to serve freshly brewed beers in the heart of downtown Tokyo, where consumers from different age groups gather, represents a unique opportunity only possible by

the Sapporo Group, which is engaged in community development alongside its business operations. I believe that maximizing the Group's synergies through the Alcoholic Beverages, Food & Soft Drinks, Restaurants and Real Estate business segments to provide customers with unique brand value in terms of time and space will help to set the Sapporo Group apart from its peers.

### What are your views on the financial strategy for “focus on capital efficiency,” one of the important themes of the medium-term management plan?

**Shofu** In terms of capital efficiency, the plan establishes a target to reach ROE of 8% for the entire Group and requires that each business segment use ROIC as a management indicator. However, since ROE and ROIC are not really familiar indicators used by our frontline operations, I believe it is important to break these down further into more detailed targets that employees can understand and embrace.

**Uchiyama** I agree wholeheartedly. It's important to not only establish targets, but also illustrate the process until target achievement. For example, actions and targets at the department level need to be established, such as increasing the ratio of high-priced products, lowering costs or reducing inventories, aimed at achievement of the targets. Furthermore, implementation requires in-depth discussions with frontline operations to establish a clear picture of how daily work correlates to ROIC and ROE. Having a sense of purpose shared among all employees will make it more likely the targets can be achieved.

### How did the Board of Directors discuss the Company's approach to redefining its material issues?

**Shofu** In reviewing materiality, we examined the opportunities and risks of each business segment from the two-way perspective of how changes in the social environment will affect the Company and how the Company's activities will impact society and the environment. The Board of Directors mainly discussed how to monitor these material issues. In the past, the Sustainability Committee conducted all the monitoring, but since sustainability is a theme related to the foundation of management, the Board of Directors has decided to regularly monitor the progress of top priority issues such as “realization of a decarbonized society,” “mutual prosperity with local communities,” and “active participation of diverse human resources.”

**Uchiyama** The material issues reidentified this time around are also essential to realize the Company's value proposition of “contributing to the well-being of people and communities in the time and space provided by all of our businesses.” I hope that this review of materiality will serve as an opportunity to invigorate discussions on sustainability within each organization. If employees can think about their work in terms of the nine material issues and come up with concrete initiatives from the frontline, such as whether more of a certain approach will lead to problem solving, the Company should be able to spur on its activities.





## Discussion Between Internal and Outside Directors

### Strengthening monitoring

#### How will the Board of Directors monitor efforts to achieve the medium-term management plan?

**Shofu** To increase the probability of target achievement, we also reinforced the monitoring mechanism within the Board of Directors. Previously, monitoring has predominantly focused on financial indicators such as sales and profits, but this time we have shifted to detailed action plans and KPIs (see page 23) within each business segment. The Board of Directors has established a system to monitor the progress of these activities on a monthly and quarterly basis. Furthermore, we intend to disclose the results as necessary.

**Uchiyama** The key to monitoring is not only evaluating the progress toward reaching the plan, but also looking back to analyze why and whether measures are reasonable when there is a lack of progress.

**Shofu** That's right; it is important to use monitoring to thoroughly examine issues and quickly implement the PDCA cycle. The Board of Directors is focusing discussions on additional actions with regard to measures that are falling behind or face issues.

**Uchiyama** Furthermore, even measures that are progressing well may require a broader viewpoint or a situational comparison with the market or competitors. If we lose out in the marketplace, we will not be able to enhance corporate value over the medium to long term.

#### What are the key points of strengthening corporate governance?

**Shofu** We took the opportunity of formulating the medium-term management plan to also review the skills matrix for the Board of Directors (see page 57). Essentially, we again identified the skills and experiences required of members of the Board of Directors to

ensure that we steadily implement and achieve the plan.

**Uchiyama** After examining the skills and experience required by the Company in the future, one outside director was newly added in fiscal 2023 with experience in the capital markets and real estate industry.

**Shofu** As a result, outside directors now occupy a majority of the Board of Directors.

**Uchiyama** This majority means that there is greater objectivity and the Board of Directors should go about its work with a greater sense of tension.

**Shofu** I feel this is a major step forward in terms of strengthening supervision functions and ensuring the transparency and fairness of management.

### Expectations toward the future

#### Finally, what are your expectations and requests of the Sapporo Group going forward?

**Uchiyama** The previous medium-term management plan was greatly affected by the COVID-19 pandemic and as a result, the Company fell short of the targets. However, even in this severe business environment, executive management used a sense of urgency as a springboard to accelerate structural reforms and boldly implement overseas M&A as a growth strategy, responding appropriately to the drastic changes in the environment. I also commend the decision to revise the plan midway through in light of market recovery and changes in the Company's situation. It has been more than a year since I was appointed as an outside director. As you pointed out, everyone, from executive management to frontline employees, maintain a strong attachment to brands such as Sapporo, Yebisu, Pokka Sapporo, and Lion, and remain passionate about further increasing brand value. Another strength is the ability to form

deep connections with stakeholders through the Company's brands and products. I hope that the Company will continue to leverage the strengths of these brands and connections with customers and communities to achieve sustainable growth not only in Japan but also around the world.

## Overview of the Medium-Term Management Plan

**We will accelerate new growth centered on the three strategies of business strategy, financial strategy and sustainability.**

The Sapporo Group formulated a new medium-term management plan spanning from 2023 to 2026 in order to keep demonstrating its exclusive value up to fiscal 2026, our 150th anniversary, and beyond. The key points of this plan entail the reorganization of our business portfolio and achieving Group management in line with the positioning of each business segment to increase asset efficiency and enhance corporate value.

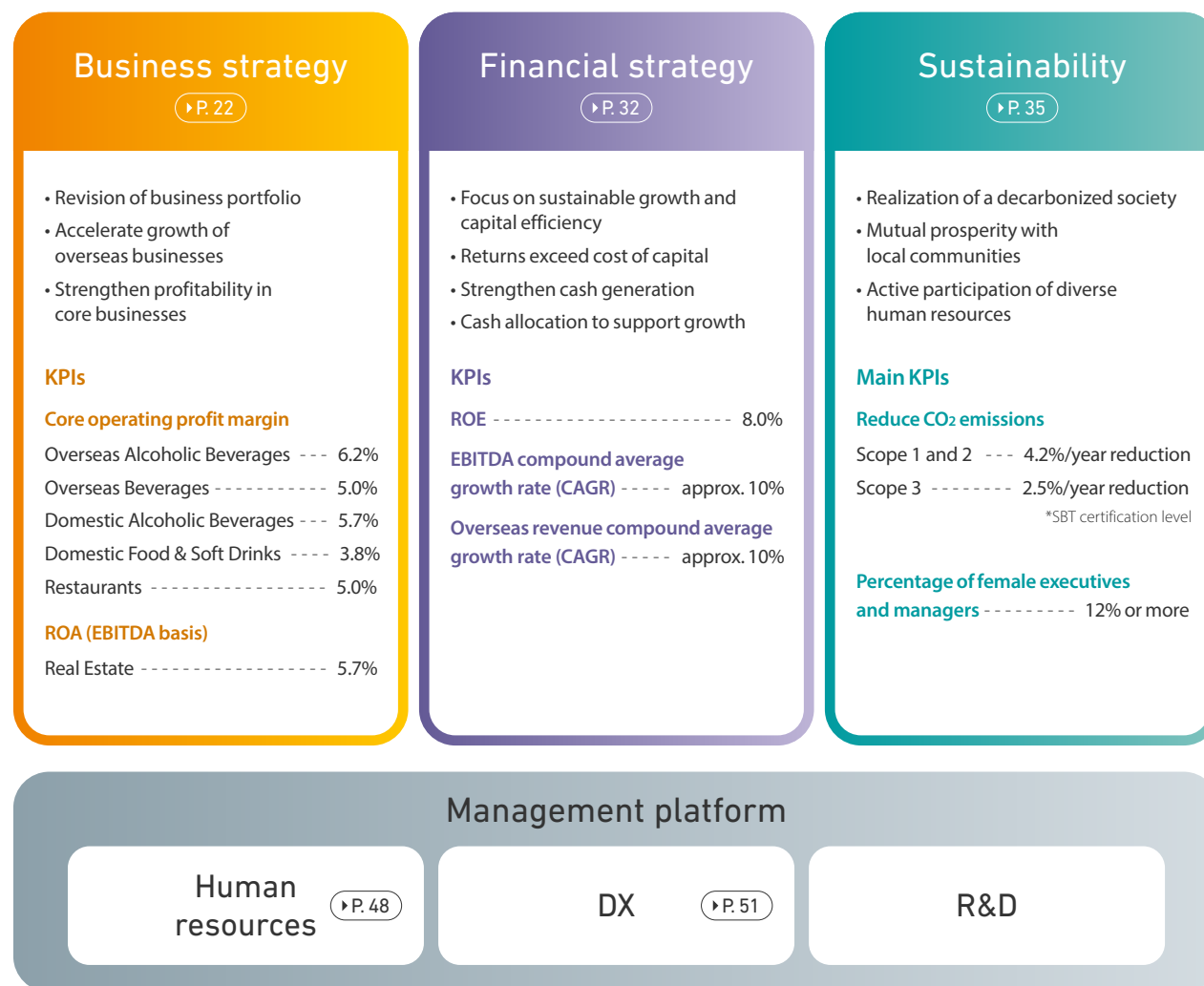
Under the plan's business strategy, we will clarify the positioning and issues of each business segment after business portfolio reorganization and quickly address issues that are found. Business segments subject to structural reforms will complete their transformation by fiscal 2024. In addition, we will increase the cash generation capability and capital efficiency of our domestic businesses and position overseas businesses as growth drivers so that we can make a greater leap forward.

Under the plan's financial strategy, we will promote growth by focusing investments on overseas businesses while striking a balance with operating cash flows, following the basic approach of securing financial soundness by maintaining current credit ratings.

As for sustainability, we completely revamped our material issues taking into account changes in the social situation and business environment. Given the correlation with our business operations and the large degree of impacts of risks and opportunities, "realization of a decarbonized society" "mutual prosperity with local communities" "active participation of diverse human resources" have been positioned as top priority issues. We will now implement initiatives while monitoring the progress of our efforts. Looking ahead, drawing from partnerships between employees of the Sapporo Group and stakeholders around the world, we are working to realize a sustainable society by creating both social and economic value.

### Medium-Term Management Plan (2023-2026)

## Beyond150 - Transforming the Business Structure for New Growth -



## Business Strategy

### Drastic reorganization of unprofitable businesses and shifting of resources to growth domains

In terms of business portfolio reorganization, to adapt to an uncertain environment, we positioned each business segment into the four domains of growth, strengthen profitability, restructuring, and divestment based on an evaluation from the six areas of market environment, proprietary strengths, sustainability, profitability, synergies, and resource allocation.

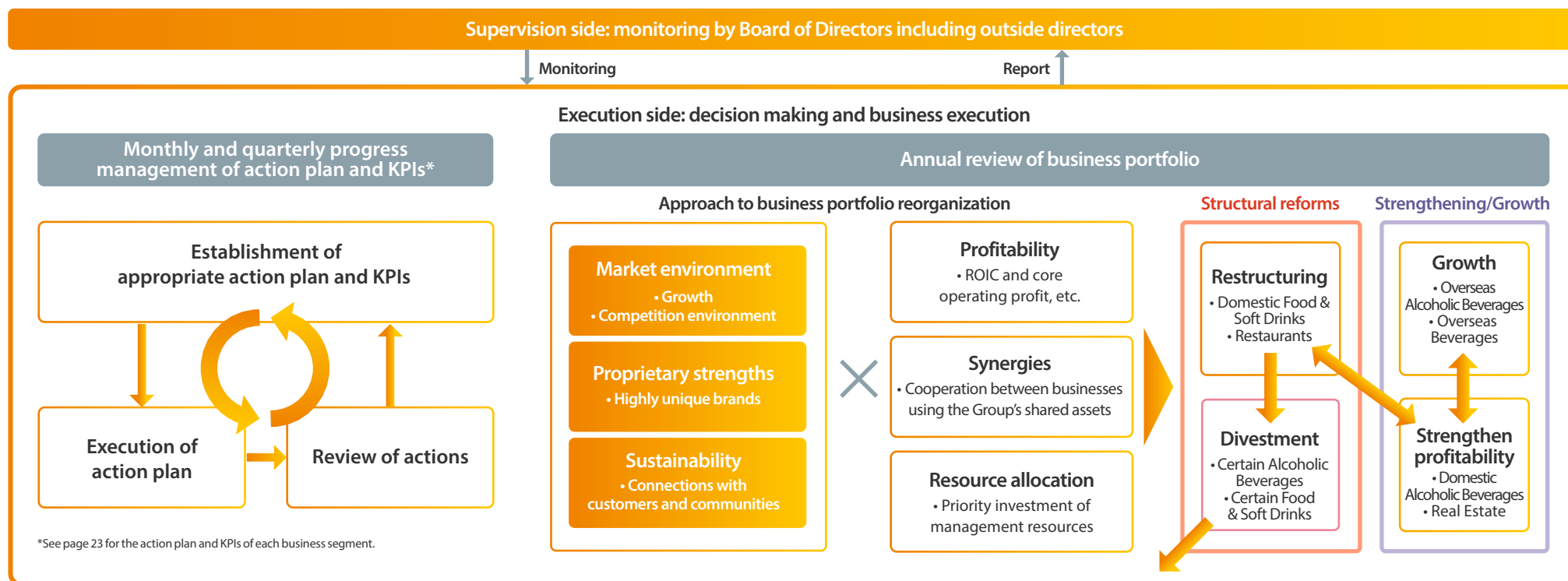
Businesses positioned in divestment will be promptly

liquidated, while businesses positioned in restructuring, strengthen profitability and growth will undergo extensive reviews of their direction annually using ROIC and achievement level of business plan as decision-making criteria.

Additionally, we have reorganized our monitoring system to increase the probability of plan achievement. The execution side (operating companies) will make decisions and execute business operations, while the supervision side (Board of Directors including outside directors) will regularly monitor

the business portfolio as well as the progress of KPIs and action plan achievement. Monitoring results will be disclosed at an appropriate time, such as financial results announcements.

Under this plan, we will drastically reform unprofitable businesses and shift resources to growth domains in order to increase capital efficiency. Appropriate monitoring of these processes will elevate our execution capabilities and increase corporate value.



## Business Strategy

### Establishment of action plans and KPIs for each business segment

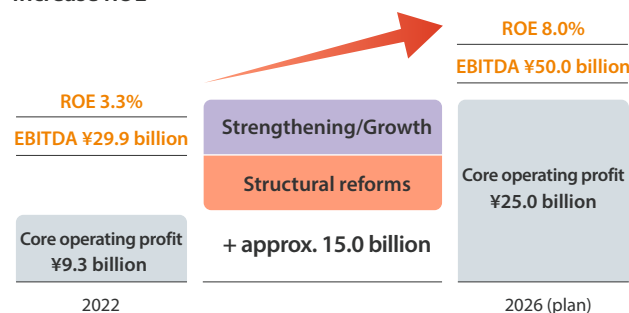
To achieve the medium-term management plan, we will establish KPIs for each business segment and carry out appropriate monitoring of progress.

In the growth domain of overseas Alcoholic Beverages, we will generate synergies with Stone, a wholly owned subsidiary acquired at the end of August 2022, in terms of manufacture and sales of Sapporo Premium Beer to accelerate our growth in the United States market. In overseas Beverages, we aim to grow sales in Malaysia and the Middle East using our strong presence in Singapore.

As for the strengthen profitability domain, in domestic Alcoholic Beverages we will turn around the current situation of low profitability by further reinforcing beers and RTDs. In Real Estate, with a long-term time horizon, we will shift from a rental focused business structure to one that comprehensively increases asset value in an effort to boost profitability and asset efficiency.

As for the restructuring domain, in domestic Food & Soft Drinks we push ahead with drastic structural reforms of low profit businesses with the exception of lemon business. In terms of Restaurants, we will speed up the segment's revival by profit base reinforcement and exploiting synergies between domestic Alcoholic Beverages and Restaurants.

#### Increase ROE



	Business segment	Action plan/KPIs	2022	2023 (plan)	2026 (targets)
Growth domain	Overseas Alcoholic Beverages	Stone acquisition synergy/Sapporo brand growth Sapporo brand sales volume Cost synergies*1	6,610,000 cases -	7,470,000 cases \$4 million	10,000,000 cases \$23 million
	Overseas Beverages	Sales growth Overseas sales value*2 (vs. 2022)	-	+3%	+30%
Strengthen profitability domain	Domestic Alcoholic Beverages	Reinforcement of beer business / Improving profitability of beer-type beverages Reinforcement of beer business: beer composition ratio Improving profitability: selling price excluding alcohol tax (vs. 2022)	68% -	71% +9%	79% +11%
		RTD business growth and production streamlining, etc. RTD business growth: RTD sales value (vs. 2022) Production streamlining: in-house production rate	- 73%	+23% 64%	+74% 88%
	Real Estate	Revenue structure diversification Asset composition ratio of securitization business	3.7%	7.2%	19.2%
		Increase value of Yebisu Garden Place Rate of increase in average rent (vs. 2022)	-	+0.4%	+2.5%
Restructuring domain	Domestic Food & Soft Drinks	Cost structure reforms (profit improvement vs. 2022)	-	¥1.0 billion	¥2.0 billion
Others	Entire Sapporo Group	Fundamental restructuring of business portfolio (effectively improve core operating profit)	¥1.0 billion (YoY)	¥0.5 billion (YoY)	-

\*1 Forex assumption: \$1 equals ¥130 \*2 Local currency basis



## Business Strategy - Growth Domain

### ① Overseas Alcoholic Beverages

#### Aim for dramatic growth by generating synergies with Stone

We have positioned the United States market as a growth driver because of our strong standing as a premium beer brand and we will seek out greater growth following the acquisition of our new production site.

### ② Overseas Beverages

#### Establish sales system in Southeast Asian markets

We will grow sales in Southeast Asia, which has ample room for growth, centered on the Singapore market, where the POKKA brand has a high penetration rate.

##### Market environment

- Markets in North America and Vietnam are growing because of increasing populations
- In the United States, in addition to growing demand for canned products, import beers are growing
- In Canada and Vietnam, the on-trade market is recovering following the easing of COVID-19 restrictions
- Total demand in Canada is stagnant due to changes in lifestyle patterns
- Protracted inflationary environment and changes in consumer behavior in the United States

##### Strengths

- Sales network built in the United States market and our position as the best-selling Asian beer 37 years running
- Experience and know-how in growing the market share of Sleeman products in Canada from 4% to 9% following the acquisition in 2006

##### Action plan

- Establish an Sapporo Premium Beer production and logistics system leveraging Stone facilities
- Build an effective marketing and sales system
- Maintain and increase market share and improvement of product mix

Core Operating  
Profit Margin

Fiscal 2022 (0.4%) → Fiscal 2026 6.2%

##### Market environment

- Maturation of Singapore's soft drink market
- Market growth in Malaysia, Middle East and Asian countries due to rising populations

##### Strengths

- Brand power and sales and logistics networks in Singapore established with top market share in tea drinks
- Strong presence of POKKA brand in neighboring countries including Malaysia
- Products and sales capabilities in the UAE built on top market share in energy drinks

##### Action plan

- Maintain high market share established in Singapore and expand products to neighboring countries
- Strengthen sales system in Malaysia
- Marketing in Middle East where we have strong presence in energy drinks
- Increase operational efficiencies by consolidating warehouses and offices

Core Operating  
Profit Margin

Fiscal 2022 3.6% → Fiscal 2026 5.0%



## TOPICS

**Acquisition of production sites as a growth driver in the United States**

In August 2022, the Sapporo Group acquired Stone of the United States. In the United States, the Sapporo brand has maintained the distinction as the best-selling Asian beer 37 years running. In fiscal 2022, the brand continued to grow steadily, recording its highest ever sales in that market.

However, we have had none of our breweries in the United States produced Sapporo Premium Beer before; instead, relying on products imported from our locations in Vietnam and Canada. This raised the issues of lowering logistics costs and stabilizing product quality. Going forward, we will lower costs and increase profits by manufacturing products at Stone's two breweries located on the West and East coasts.



## KEY PERSON INTERVIEW

**As a member of the Sapporo Group, Stone will help to build a production system for Sapporo Premium Beer locally in the United States**

Through this partnership, we have acquired three important advantages. First is our presence in the United States beer market. I believe that by working together, Sapporo and Stone can wield an even greater influence. Second is that we will increase the utilization rate of Stone's two breweries located on the West and East coasts. By fully utilizing both breweries, we will generate even greater synergies by integrating warehousing and logistics and lowering procurement costs. Third is building a team for continuous growth. I am happy to know that working with Sapporo's team will provide growth opportunities for our own people, the very heart of our company.

Following the merger, we have held a number of discussions on future goals and we have already found common ground. We have a great deal of confidence that we can achieve our long-term goals aimed at the growth of the entire Sapporo Group.

**Maria Stipp**

CEO  
Stone Brewing Co., LLC





## KEY PERSON INTERVIEW

## Aiming to expand our market share of soft drinks outward from Singapore to Malaysia and other Southeast Asian markets

POKKA enjoys a more than 50% market share of tea drinks in Singapore, having established a solid presence in the category. In recent years consumers in Singapore have become more aware of their health due to stricter regulations on high sugar drinks. To meet this demand from the marketplace, we are stepping up investment in R&D of health and wellness products and expanding our product lineup. In Singapore, we plan to establish POKKA Logistic Hub in 2024 to consolidate and streamline our logistics, office and R&D functions, which will create the infrastructure to unlock even greater growth.

Regarding exports to Malaysia, Southeast Asia, and the Middle East, which we see as the pillar of our future growth, we will improve our product mix to concentrate on focus areas and deepen our existing and new channels in an effort to maximize our distribution and sales networks.

## Rex Macaskill

Group CEO  
POKKA PTE. LTD.



## Overseas business vision for fiscal 2026

The overseas Alcoholic Beverages business segment expects to see sales of around ¥100.0 billion in North America and ¥7.0 billion in Asia-Pacific and Europe. The overseas Beverages business segment plans to reach ¥33.0 billion in sales. Combined, both business segments are expected to achieve a compound annual growth rate (CAGR) of 10%.

## Overseas Alcoholic Beverages Revenue

Fiscal 2022

¥74.0 billion

Plan for 2026

¥100.0 billion

## Export Revenue (Asia-Pacific and Europe)

Fiscal 2022

¥3.7 billion

Plan for 2026

¥7.0 billion

## Overseas Beverages Revenue

Fiscal 2022

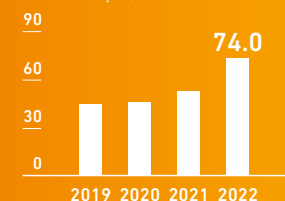
¥24.6 billion

Plan for 2026

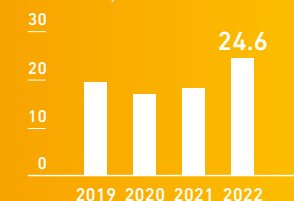
¥33.0 billion

Overseas Alcoholic  
Beverages revenue

(Billions of yen)

Overseas Beverages  
revenue

(Billions of yen)



## Business Strategy - Strengthen Profitability Domain

### ① Domestic Alcoholic Beverages

#### Shift resources to beer, RTD\*1 and RTS\*2

We will further strengthen the beer business symbolized by the Black Label and Yebisu brands while also focusing on the growing RTD category.

### ② Real Estate

#### Shift profit structure from rental business dominated over the medium to long term

We will continue to add value to our core rental business and expand the asset turnover business model to shift the Real Estate business segment's profit structure over the medium to long term.

#### Market environment

- Shift in demand to beer and RTDs following higher taxes on new genres and happoshu and lower taxes on beer due to the consolidation of liquor taxes on beer and beer-type beverages
- Price revisions based on surging cost of sales, including raw materials, logistics and energy
- Total demand is declining due to changes in customers' lifestyle patterns
- Diversification of consumer needs including RTD, RTS, non-alcoholic and low alcohol products

#### Strengths

- Highly unique brands such as Black Label, Yebisu, Koime no Lemon Sour and Otoko Ume Sour, etc.
- High product mix of beers amid the expected shift to greater demand for beer
- Beer business closely rooted in Hokkaido and Ebisu, locations with historic ties to the Group
- Speeding up development and reinforcement of product proposals using AI-driven product development

#### Action plan

- Further appeal the Black Label and Yebisu brands strengthened ahead of Liquor Tax Act revisions
- Increase revenue by reinforcement of high-unit-price, high-profit products
- Expand customer contact points using real and digital effectively
- Release new products that create markets and conduct focused marketing on core brands
- Reinforce Koime no Lemon Sour and Otoko Ume Sour

Core Operating  
Profit Margin

Fiscal 2022 **3.5%** → Fiscal 2026 **5.7%**

\*1 Ready to Drink

\*2 Ready to Serve

#### Market environment

- Loosening occupancy rate and average rent levels for downtown offices caused by changes in lifestyle patterns, etc.
- Growing demand for small offices and co-working spaces
- Rising demand for offices with good environmental performance, such as decarbonization measures and use of renewable energy

#### Strengths

- Connections with the local communities in Ebisu, Sapporo and Ginza, locations with historic ties to the Group
- Relationships of co-creation in urban development with local governments and other partners

#### Action plan

- Enhance our competitiveness by increasing the value of Yebisu Garden Place and promoting community building
- Improving the value of Sapporo area assets ahead of the extension of the Hokkaido Shinkansen line to Sapporo
- Promote equity investments and Value Add securitization business\*3 (investments up to 30% of asset value)
- Establish investment advisory firm in 2023 and make preparations for structuring of private placement funds and private placement REIT by 2025 to build the asset turnover business model\*4

ROA  
(EBITDA basis)

Fiscal 2022 **4.9%** → Fiscal 2026 **5.7%**

\*3 A business that increases the value of newly acquired real estate and then sells.

\*4 Private placement funds and private placement REIT focus on properties other than core properties such as Yebisu Garden Place.



## TOPICS

Sustained growth of  
the Black Label brand

Sapporo Draft Beer Black Label was born in 1977 as a pioneer of the draft beer era. For more than four decades, the brand has been one of our longest and best selling beers. Over the past ten years, sales have risen steadily, increasing 163% compared to fiscal 2012. The purchase rate among entry-level customers in their 20s has increased 70%, carving out a unique growth band.

In addition, since revamping customer platform CLUB Black Label in April 2022, the number of registered users has risen by more than 100,000. The number of registered users exceeded 400,000 at the end of 2022 and we are now working to increase this number to one million by 2026.



## KEY PERSON INTERVIEW

A desire to make Japanese beer  
more appealing with  
the Black Label brand  
as the driver

Black Label aspires to be a draft beer brand that taps into more sophisticated drinkers who seek out higher quality things in life through our focus on the ingredients that go into making draft beer taste great. We have developed our own unique worldview for the brand over many years through our strategy focused on Sapporo draft beer for sophisticated drinkers, symbolized by the “Otona Elevator” television commercial series. I feel that empathy for this worldview has broadened the reach of customers to include younger people and led to growth.

In 2023 and beyond, we will work to obtain new customers and create passionate fans by fostering empathy in our worldview and creating more opportunities for people to experience the great taste of draft beer. At the same time, we will expand our brand marketing outward from both the real and digital worlds and implement measures that allow customers to experience the fun of Black Label using various contact points. Going forward, through Black Label, we will increase the appeal of Japanese beer and experience-based value, with the hope of contributing to market revitalization and making customers’ lives more enriching.

Aiko Saito

Brand Manager\*  
Sapporo Draft Beer Black Label  
Beer & RTD Brand Marketing Dept., Marketing Div.  
Sapporo Breweries Limited

\*At time of interview





## TOPICS

**Grand opening of Center Plaza  
at Yebisu Garden Place**

Yebisu Garden Place opened in 1994 as a large mixed-use facility delivering a higher quality living experience. In November 2022, ahead of its 30th anniversary, we completed a remodel of the entire commercial wing. The commercial wing was reborn as a new facility housing both retail (26 unique specialty outlets) and an office area enabling new work styles.

The main target of the remodel was defined as “life creators” (people who live, work and visit Ebisu and get the most out of life). The goal for the commercial wing is to serve as a hub for these people to gather and interact.

**KEY PERSON INTERVIEW****Further adding value to Yebisu Garden Place  
as the symbol of the Ebisu community**

Yebisu Garden Place (YGP) has primarily targeted older consumers, but with the remodeling of Center Plaza we have seen a broader range of age groups and the number of visitors increased. While increasing the appeal of the retail space, we also are working to update the office tower's HVAC system and increase security, and we plan to renovate each residence in the residential wing in stages. In this manner, we are working to provide greater value to not only visitors, but also the people who work and live here.

Ebisu consistently ranks among the top places to live. The community of Ebisu and YGP have a shared image best described with the words urban, fashionable, and premium. At the same time, we understand the development faces some challenges. This includes creating a local community for living and raising children and a lack of facilities for families and multi-purpose spaces. By resolving these challenges involving not only us who manage and operate YGP, but also the local community, we hope to make Ebisu a place where people want to live, the best place to work in Tokyo, and an enjoyable community for all.

**Takaharu Yamamoto**

Ebisu Business Division  
Rentals Team 2, Rental Management Department,  
Sapporo Real Estate Co., Ltd.



## Business Strategy - Restructuring Domain

### ① Domestic Food & Soft Drinks

#### Escape from low profitability by focusing on the lemon business

We will undertake fundamental structural reforms by fiscal 2024 that include exiting non-core businesses and restructuring production bases and seek to improve profitability by concentrating resources on the core lemon business.

### ② Restaurants

#### Generate synergies with the domestic Alcoholic Beverages business

We will close unprofitable restaurants and shift resources to business lines expected to generate synergies with the domestic Alcoholic Beverages business, such as YEBISU BAR and Ginza Lion.

#### Market environment

- Rising health consciousness toward food and growing demand for lemon-based products
- Changing consumer needs caused by changing lifestyles including telework and working from home, etc.
- Surging cost of sales, including raw materials and energy, and price revisions in response

#### Strengths

- Dominant share in domestic lemon market
- Brands with unique value such as Pokka Lemon 100 and Kireto Lemon, etc.

#### Action plan

- Shift management resources to lemon business to achieve growth as profitability improves
- Reestablish revenue foundation by reducing SKUs\* in low profit businesses and restructuring certain production bases

#### Resource shift

- Concentrate resources on lemon business

**Core Operating  
Profit Margin**

Fiscal 2022 **0.9%** → Fiscal 2026 **3.8%**

#### Market environment

- The number of people going out and in-bound tourism demand are expected to continue to recover moderately following the downgrade of the novel coronavirus to a Category V Infectious Diseases under the Infectious Diseases Control Law.

#### Strengths

- Commitment to provide customers with the highest quality draft beer
- Provision of special brand experiences at beer halls in Japan

#### Action plan

- Open restaurants with high investment efficiency and close unprofitable restaurants
- Work more with domestic Alcoholic Beverages business to disseminate brands
- Increase revenue by restructuring the business in the Hokkaido area

#### Resource shift

- Shift from large restaurants to focus areas of "Medium, Small, and Suburban" restaurants

**Core Operating  
Profit Margin**

Fiscal 2022 **(3.3%)** → Fiscal 2026 **5.0%**

## Business Strategy | Creation of New Businesses

### Case 1 UchiRepi seeks to create an ecosystem around “food” at home

UchiRepi is an app that uses AI to propose recipes that can be made from ingredients already at home and supports family meals by fostering communication around cooking and creating a recipe book unique to each home. I helped launch this service along with another co-worker from a concept born of our strong commitment to help out with the cooking to reduce the workload of our spouses. Our goal has expanded beyond just reducing the workload of the person cooking to deliver a new service where the entire family can enjoy a meal together at home. The app was officially launched as a business in fiscal 2022 following three years from concept in 2019 to release of the official version in July 2022. In its debut fiscal year, UchiRepi achieved targets set for both users and sales, marking a strong beginning.

Looking ahead, we will collaborate with various companies from different industries to establish a food tech service that seamlessly connects the series of actions required for cooking from shopping to food preparation. At the same time, we intend to explore a host of other business monetization methods using consumption data gleaned from UchiRepi.

#### Masashi Hosaka

New Business Preparation Office,  
Corporate Planning Department  
SAPPORO HOLDINGS LTD.



### Case 2 Creating new businesses by working with local governments on “regional revitalization”

The regional revitalization business seeks to contract services from local governments for expanding the sales channels or branding of local food ingredients to promote the community's local industries. In turn, this will contribute to the revitalization of the local economy by holding exhibitions and fairs to match producers with restaurants. In the past, we have introduced food ingredients as part of our assistance offered to restaurants, and using the experience gained there, we hope to contribute to solutions to local issues.

In fiscal 2022, we signed five contracts for projects with local governments. As part of the scope of work, we organized events to match producers and restaurants and supported the development of new menu ideas, which in turn encouraged restaurants to continue tapping into sales channels for local

ingredients and contributed to sales in the local community.

In the future, we will not only work on projects commissioned by local governments, but also develop activities to create new avenues for commissions that resolve regional issues. We want our local government partners and people facing regional revitalization challenges to think of Sapporo Breweries first when thinking of what to do next. This presence will enable us to increase corporate brand value and promote co-prosperity with society.

#### Takeki Hirano

Regional Revitalization Business Group,  
Business Creation & Development Department  
Sapporo Breweries Limited



## Financial Strategy

We will enhance corporate value by executing a financial strategy focused on sustainable growth and capital efficiency.



**Yoshitada Matsude**  
Managing Director  
(Member of the Board)

### Aiming to increase our ability to generate cash flow and enhance corporate value in a sustainable manner

Group Management Plan 2024, our previous medium-term management plan, was launched at the same time as the outbreak of the COVID-19 pandemic, which had a major impact on the Group's performance, especially the Restaurants business segment. To overcome this challenging business phase, we exited unprofitable businesses and undertook cost structure reforms. Following this, we were able to steadily restore our financial condition starting in fiscal 2021. Nevertheless, the fact is that these rapid changes in the business environment exposed weaknesses; namely, vulnerable profitability and low risk resilience. Under the new medium-term management plan starting in fiscal 2023, we will pursue a financial strategy focused on sustainable growth and capital efficiency to resolve these issues.

Sustainable growth requires increasing our business segment's profitability and we have two approaches to make this happen. First, we will implement cost structure reforms in each business segment and transform into a business structure that can generate profits no matter the business environment. Second, we will actively grow the areas where the Group now excels. We will use these two approaches to increase the profitability of each business segment.

At the same time, our financial strategy emphasizing capital efficiency will involve reviewing the balance sheet to increase returns on invested capital and build a robust financial structure. Toward this end, we need to continuously review the business portfolio in line with environmental changes and reshuffle the Group's assets into ones that are more capable of generating cash. In addition to finding ways to improve non-operating assets and low-turnover assets, we will sell underperforming businesses and assets to generate cash for

use in growth investment to heighten our ability to generate cash flows.

### Achieving ROE of 8% and living up to the expectations of capital markets

Under the new medium-term management plan, we have positioned ROE as an important financial target from the standpoint of emphasizing capital efficiency. We anticipate shareholder equity costs will be around 6% and for this reason we have set our ROE target at 8% by adding a 2% equity spread\* to these costs. In fiscal 2023, our ability to increase ROE will be somewhat limited due to cost structure reforms, but we intend to achieve this target as quickly as feasible to become an appealing company for both shareholders and the capital markets.

\*Equity spread: ROE - Shareholder capital costs

### Financial Targets

	Results for 2022	Plan for 2023	Targets for 2026
<b>ROE</b>	<b>3.3%</b>	<b>3.3%</b>	<b>8.0%</b>
(Standard) Core operating profit*	¥9.3 billion	¥13.5 billion	¥25.0 billion
<b>EBITDA (CAGR)</b>	-	<b>16%</b>	<b>Around 10%</b>
(Standard) EBITDA*	¥29.9 billion	¥34.7 billion	¥50.0 billion
<b>Overseas revenue (CAGR)</b>	-	<b>9%</b>	<b>Around 10%</b>
(Standard) Overseas revenue*	¥102.2 billion	¥111.8 billion	¥140.0 billion

\*A standard used to measure achievement of financial targets



## Financial Strategy

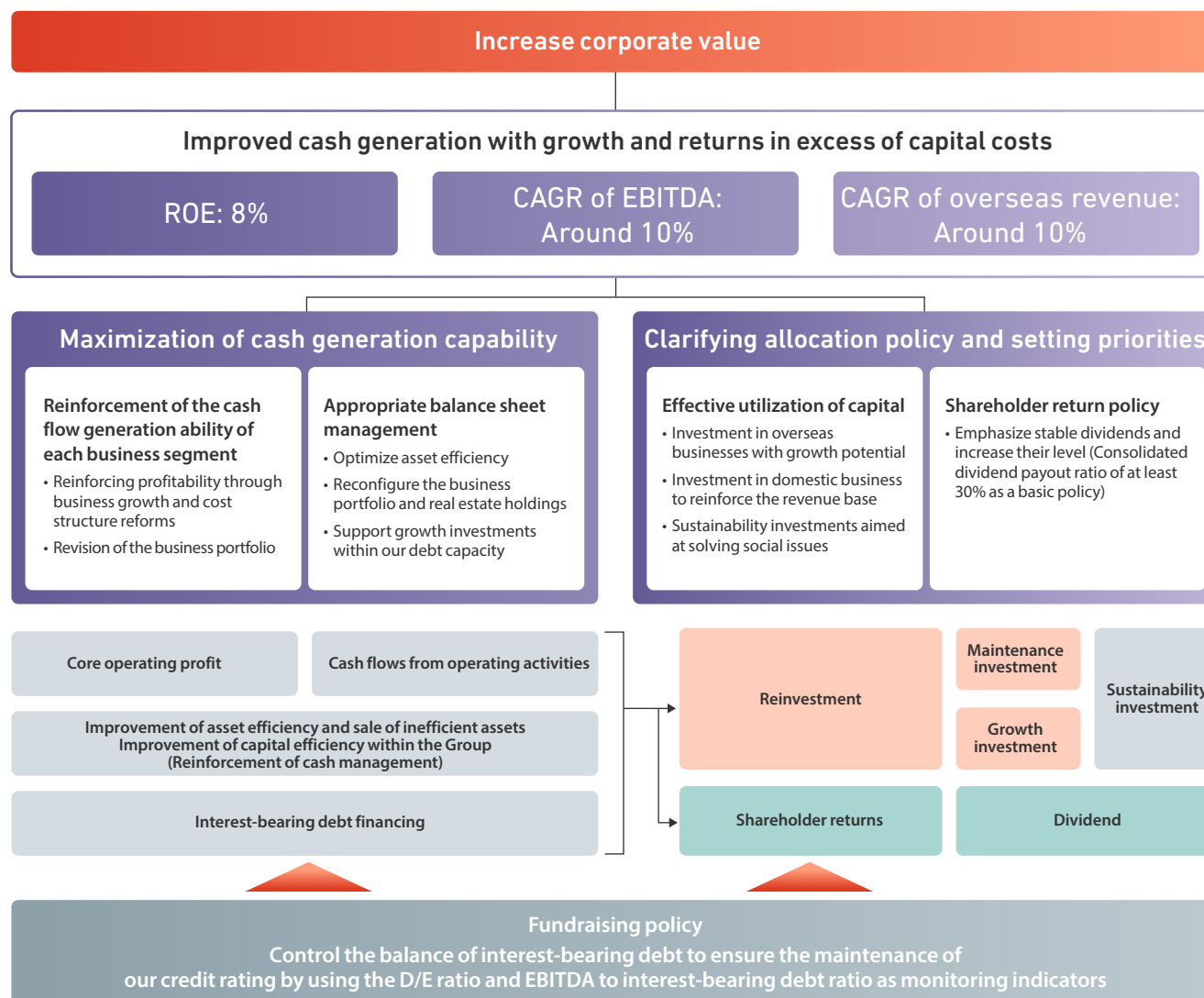
In terms of cash flow volume, we have established CAGR of EBITDA of around 10% as an important financial indicator, and toward this end, we will work to reinforce our ability to generate cash flow.

Under the plan, we have classified our business portfolio into growth, strengthen profitability, restructuring, and divestment, and we will manage each business segment according to this positioning. Within this, the overseas Alcoholic Beverages and overseas Beverages business segments have been positioned as key drivers of the Group's medium- to long-term growth. To inform outside stakeholders about the pace at which we intend to grow overseas businesses, we have established a target to achieve a CAGR of overseas revenue of approximately 10%.

Furthermore, in organizing and classifying our business portfolio, we will establish a quantitative hurdle rate for each business segment such as ROIC or core operating profit. At the same time, we will also analyze and assess the business portfolio taking into account qualitative elements such as market growth potential, how we utilize our strengths, and the synergies we create between business segments. Going forward, monitoring will be conducted every fiscal year to constantly review the business portfolio.

Our fundraising policy is to control the balance of financial liabilities at a level that enables us to maintain our current credit rating, using D/E ratio and EBITDA/interest-bearing liabilities margin as monitoring indicators. We will flexibly address opportunities for growth investment including M&A by utilizing financial leveraging within a scope where we can maintain our current credit rating.

### Financial Strategy Focused on Sustainable Growth and Capital Efficiency



## Financial Strategy

### Actively investing in growth areas while maintaining financial soundness

Next, under our cash allocation policy, we will strike a balance between cash inflows and cash outflows, with cash flows from operating activities totaling ¥150 billion and cash outflows from investing activities ¥130 billion.

As for cash outflows, we plan to distribute these roughly evenly among growth investment and maintenance investment. About 50% of growth investment will prioritize investment in overseas Alcoholic Beverages and overseas Beverages. Our allocation plan for each business segment is 60% for Alcoholic Beverages, 30% for Real Estate, and 10% for Food & Soft Drinks. For the promotion of sustainability, one of the basic strategies of the medium-term management plan, we plan to use about

10% of cash outflows to invest in the reduction of environmental impacts, such as by improving energy efficiency.

At the same time, we will work to reduce assets from the following two angles to improve the balance sheet. First, we will build an asset turnover business model in the Real Estate business segment. In Real Estate, we will focus on equity investment and the Value-Added Real Estate Securitization business to diversify the revenue structure and increase asset efficiency. To secure funding for this approach, we plan to sell off between ¥20 and ¥30 billion from our current non-core real estate holdings. Second, we will sell off strategic holdings of shares. We intend to divest around ¥10 billion of these holdings between 2023 and 2026 to reduce the share of total capital to less than 20%. In addition to these, we will sell certain company-owned employee housing and plant sites, reduce

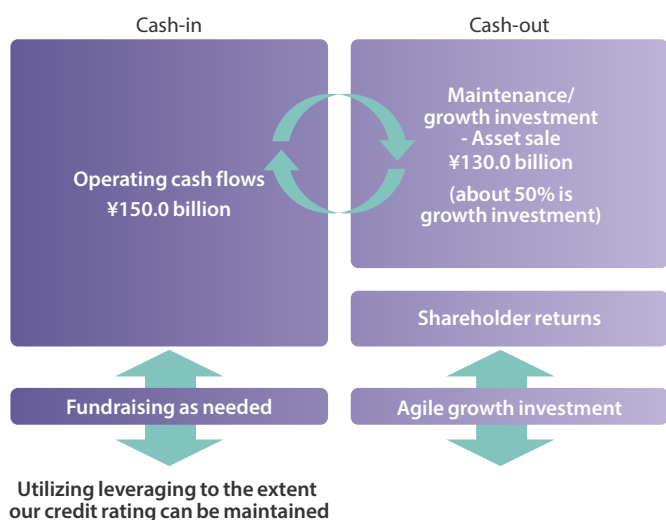
cash on hand, and review inventories, and then reallocate these funds to growth investment to increase capital efficiency.

### Aiming to increase the dividend in line with profit growth with a basic policy to keep the dividend payout ratio at 30% or higher

We regard the appropriate return of profits to shareholders as an important management policy and intend to provide a stable dividend in consideration of business performance and financial condition. Dividends will be based on a dividend payout ratio of 30% or more, excluding temporary special factors such as fixed asset sales or impairment losses. We will aim to increase the dividend in line with profit growth while maintaining stable dividend with the current dividend as the lower limit. Under this policy, we plan to hike our annual dividend for fiscal 2023 by ¥3 to ¥45 per share.

Following the basic policy of our medium-term management plan, we will increase the profitability of each business segment, reinforce our ability to generate cash, as well as improve asset efficiency and strengthen financial standing in an effort to enhance corporate value over the medium to long term. As Managing Director (Corporate Finance), I will support the Group's management from a financial perspective, while at the same time actively disclosing information and engaging with stakeholders to ensure that they understand our true value. I ask for your continued support and understanding going forward.

### Cash Allocation during the Four-Year Period (2023-2026 Plan)



#### Policy on investment

- Actively promote growth investment to accelerate the speed of business growth
- Priority targets for growth investments are the overseas Alcoholic Beverages and overseas Beverages businesses
- Sustainability-related investment will be promoted while considering the return on investment from a long-term perspective

#### Asset reduction policy

- **Real Estate** Promote securitization through the advancement of the Value-Added Real Estate Securitization business and reconfiguration of the property portfolio
- **Strategic holding of shares** Achieve a ratio of less than 20% of capital and continuously improve the ratio

#### Policy for shareholder returns

- We will aim to increase the dividend in line with profit growth over the medium to long term while maintaining stable dividend with the current dividend level as the lower limit.
- Consolidated dividend payout ratio of at least 30% as a basic policy (excludes temporary special factors such as the reorganization of the business portfolio and the sale of real estate holdings)

#### Agile growth investment (M&A, etc.)

- Respond flexibly to profitable growth investment opportunities

## Sustainability

### Aiming to Enhance Corporate Value in Terms of Both Financial Condition as Well as Society and the Environment

The Group has been working to address the conventional priority issues first identified as CSR priority issues in 2017 through its business activities. During the process of formulating Medium-Term Management Plan 2023-2026, we extensively reviewed priority issues in response to changes in the social and business environmental situation surrounding the Group. This review entailed the identification of new sustainability material issues by assessing a broad range of social issues

and their correlation with our business segments in terms of the impacts our business operations have on society and the environment along with the social and environmental impacts on our financial condition, using the perspectives of risks and opportunities. Given the correlation with our business operations and the large degree of impacts of risks and opportunities, “realization of a decarbonized society”, “mutual prosperity with local communities”, and “active participation of diverse human

resources” have been positioned as top priority issues.

Under our Sustainability Policy “with the earth, in harmony with society, from the start, to bring smiles to people,” we are now working on the newly identified nine sustainability material issues while monitoring progress to ensure the targets of each are achieved. This will position us to contribute to a sustainable society and balance this with the Group’s sustainable growth at a much higher degree.

### Contributing to the well-being of people and communities in the time and space provided by all of our businesses



## Sustainability

## Identifying Material Issues

STEP 1  
Identifying challenges

- Created an exhaustive list of sustainability issues based on international frameworks such as the GRI Standards, SASB, and ESG rating criteria
- Identified items from this list with strong correlation to the Sapporo Group's business segments and formats

STEP 2  
Setting priorities

- Scored each identified issue for the impacts our business operations have on society and the environment along with the social and environmental impacts on our financial condition in terms of the risks and opportunities for each business segment
- Set priorities taking into account the correlation with the vision and management strategy of Sapporo Holdings and its main operating companies

STEP 3  
Advice from outside experts

- Held dialogues with outside experts from the perspectives of our investors and multiple other stakeholders in order to receive objective advice on priority issues



Discussion with outside experts

## Outside experts who participated in dialogue

- Mr. Minoru Matsubara, Executive Officer and General Manager of Responsible Investment Division, Resona Asset Management Co., Ltd.
- Ms. Makiko Akabane, CSR Asia Japan Representative

## Participants from Sapporo Holdings

- Masaki Oga, President and Representative Director
- Rieko Shofu, Director

**In addition to recognizing the veracity of the identified priority issues, outside experts shared their reviews from the following perspectives taking into account the Sapporo Group's business operations.**

- Linkages between business strategy and sustainability material issues
  - Meaning of each issue in business development using natural capital
  - Impact on financial condition from both risks and opportunities
- Importance of stating specific initiatives being undertaken by the Sapporo Group in response to each issue
  - Value of initiatives for raw ingredients and communities
  - Disclosure of specific strategy on human capital

STEP 4  
Approval of priority issues

- Finalized priority issues were approved by the Management Council and Board of Directors

## Sustainability

## Assessment of Risks and Opportunities of Each Material Issue

Classification	Most Important Issues	Material Issues		Impact on society and the environment			Impact on our financial condition			Correlation with our business		
				Small	Medium	Large	Small	Medium	Large	Alcoholic Beverages	Food & Soft Drinks	Real Estate
Harmony with the environment	★	Realization of a decarbonized society	Risks	<div></div>			<div></div>			High	High	Mid
			Opportunities	<div></div>			<div></div>					
		Creating a recycling society	Risks	<div></div>			<div></div>			High	High	Mid
			Opportunities	<div></div>			<div></div>					
		Realization of a society in harmony with nature	Risks	<div></div>			<div></div>			Mid	Mid	Mid
			Opportunities	<div></div>			<div></div>					
Co-prosperity with society	★	Mutual prosperity with local communities	Risks	<div></div>			<div></div>			High	High	High
			Opportunities	<div></div>			<div></div>					
		Providing health value	Risks	<div></div>			<div></div>			Mid	High	Mid
			Opportunities	<div></div>			<div></div>					
		Building a sustainable supply chain	Risks	<div></div>			<div></div>			High	High	Mid
			Opportunities	<div></div>			<div></div>					
Success of human resources	★	Active participation of diverse human resources	Risks	<div></div>			<div></div>			High	High	High
Promote responsible drinking			Risks	<div></div>			<div></div>			High	Low	Low
			Opportunities	<div></div>			<div></div>					
Providing safe products and facilities			Risks	<div></div>			<div></div>			High	High	Mid
			Opportunities	<div></div>			<div></div>					



## Sustainability



For details, please visit our website.  
<https://www.sapporoholdings.jp/en/sustainability/policy/systems/>

## Target setting company notation

SH: Sapporo Holdings, SB: Sapporo Breweries, PS: POKKA SAPPORO Food & Beverage, SRE: Sapporo Real Estate, SLN: Sapporo Lion, SGF: Sapporo Group Foods, SBL: Sleeman, SUSA: Sapporo USA, SVL: Sapporo Vietnam, YSM: Yasuma, FBS: Foremost Blue Seal, PK: Pokka, SSI: Shinsyu-ichi Miso

## Targets and Indicators for Each Material Issue

Material Issues	Specific Initiatives	Indicators	Targets	Targets Setting Companies	Target Year	Connection to Economic Value
Harmony with the environment						
<div>★ Most important issue</div> <div>1 Realization of a decarbonized society</div> <div>→ P. 42</div>	<ul style="list-style-type: none"> <li>Reducing CO<sub>2</sub> emissions at group-owned bases and supply chains</li> </ul>	CO <sub>2</sub> emissions reduction	Scope 1, 2 Zero CO <sub>2</sub> emissions	Common to all operating companies	2050	<ul style="list-style-type: none"> <li>Reduction in energy consumption through energy conservation, etc.</li> <li>Reduction of cost increase when carbon tax is introduced in the future</li> </ul>
			Reduction of CO <sub>2</sub> emissions at the Scope 1 and 2 SBT certification level (= 4.2%/year from the base year) *Commitment letter submitted to SBT initiative, accepted		2030	
			Reduction of CO <sub>2</sub> emissions at the Scope 3 SBT certification level (= 2.5%/year from the base year) *Commitment letter submitted to SBT initiative, accepted	SB, PS, SBL	2030	
<div>2 Creating a recycling society</div>	<ul style="list-style-type: none"> <li>Realization of containers and packaging compatible with a recycling-oriented society</li> <li>Reduction and recycling of plastic resources</li> </ul>	Usage rate of recycled materials in PET bottle products	Domestic production of wine PET bottles: Recycled material usage rate 50%	SB	2030	<ul style="list-style-type: none"> <li>Stable procurement of materials</li> <li>Creation of new business models based on resource recycling</li> </ul>
		Usage rate of recycled materials in PET bottle products	Domestic sales of PET products: Recycled material usage rate 50%	PS	2030	
		Reduction of plastic used in advertisement products	Single-use plastic advertising products derived from fossil fuels: abolished in principle domestically	SB	2030	
	<ul style="list-style-type: none"> <li>Reduction of waste and food loss</li> </ul>	Implementation rate of food recycling, etc.	Implementation rate of food recycling, etc. 50%	SLN	2024	<ul style="list-style-type: none"> <li>Profit generation by providing lean services</li> <li>Elimination of disposal costs</li> </ul>
		Waste recycling rates at production sites	Waste recycling rate of 100% at domestic production bases	SB, PS		
	<ul style="list-style-type: none"> <li>Conservation of water resources</li> </ul>	Water usage reduction rate	Reduce water usage at domestic production bases by 10% (compared to 2013)	SB, PS	2030	<ul style="list-style-type: none"> <li>Reduce risks such as securing high-quality water resources, etc.</li> </ul>
<div>3 Realization of a society in harmony with nature</div>	<ul style="list-style-type: none"> <li>Crop cultivation that responds to climate change</li> <li>Facility/community development that coexists with nature</li> </ul>	Progress in developing ingredients to respond to climate change	Application for registration of domestic varieties of barley and hops with characteristics that can respond to climate change	SB	2030	<ul style="list-style-type: none"> <li>Long-term stable procurement of raw materials through implementation of climate change adaptation measures</li> <li>Creation of added value through collaboration with raw material producers</li> </ul>

Material Issues	Specific Initiatives	Indicators	Targets	Targets Setting Companies	Target Year	Connection to Economic Value	
Co-prosperity with society							
<div>★ Most important issue</div> <div>4 Mutual prosperity with local communities</div> <div>→ P. 46</div>	<ul style="list-style-type: none"><li>Improvement of regional value</li><li>Resolution of local issues using company resources</li></ul>	Progress in sustainable urban development that contributes to improving area brand value	Improving the value of properties and creating excitement	SRE		<ul style="list-style-type: none"><li>Generate profit by increasing real estate value</li><li>Creation of new sales opportunities based on regional development</li><li>Stable procurement of high value-added domestic raw materials</li></ul>	
		Progress of our “regional revitalization business”	Community formation, strengthening, and expansion with stakeholders in the vicinity of properties				
			Creating facilities that are friendly to everyone				
		Progress in building an environment for lemon production in Japan	In order to create sustainable regions in cooperation with local governments, we will conduct matching between local food suppliers and companies at food business meetings	SB	PS		2030
			Expansion of cultivated land not only in-house but also with partners				
			Taking over farmland without a successor				
			Implementation of initiatives to regenerate abandoned farmland				
Number of regional learning programs (food education, on-site classes, factory tours, etc.) related to the Food & Soft Drinks business	Ten times as many as 2021 (400 cases)	PS, SGF					
<div>5 Providing health value</div>	<ul style="list-style-type: none"><li>Provision of health value through business activities</li></ul>	Results of the value penetration survey of lemon foods and beverages in the market (Purchasing experience and frequency of use in the last 6 months)	Doubling of the total demand for lemons by disseminating information on the health benefits of lemons and proposing applications and usage scenarios	PS	2030	<ul style="list-style-type: none"><li>Profit generation by providing health value</li></ul>	
		Development status of products that contribute to customer health	Development and market penetration of new products focused on health, with the target of reaching 10% of total sales (Pokka products only)	PK	2030		
		Status of acquisition of certifications for properties that contribute to the provision of health value	Acquisition of certification for owned properties that contribute to the provision of health value	SRE			
		<div>6 Building a sustainable supply chain</div> <div>→ P. 47</div>	<ul style="list-style-type: none"><li>Respect for Human Rights in the supply chain</li><li>Reduction of environmental impact in the supply chain</li><li>Stable procurement</li></ul>	Compliance rate with the Sustainable Procurement Guidelines	Implementation of measures to promote and disseminate the Procurement Basic Policy and Sustainable Procurement Guidelines		SB, SBL, SUSA, SVL, PS, YSM, SGF (FBS, PK, SSI), SLN
100% compliance rate with the Sustainable Procurement Guidelines of major suppliers	SB, PS						

Material Issues	Specific Initiatives	Indicators	Targets	Targets Setting Companies	Target Year	Connection to Economic Value
Co-prosperity with society						
<div>6</div> <div>Building a sustainable supply chain</div> <div>→ P. 47</div>	<ul style="list-style-type: none"><li>• Respect for human rights in the supply chain</li><li>• Reduction of environmental impact in the supply chain</li><li>• Stable procurement</li></ul>	Progress of human rights DD process	Establishment and implementation of a scheme* that can confirm respect for human rights in the supply chain (Priority implementation from major raw materials and high-risk raw materials)  * ① Compilation of a list of the supply chain for each raw material ② Confirmation of daily activities through questionnaires, etc. ③ Investigation of the situation, etc. as necessary ④ Confirmation of corrective actions as necessary	SB, SBL, SUSA, SVL, PS, YSM, SGF (FBS, PK, SSI), SLN		• Reduce risk from supply chain instability
			Confirmation that human rights are respected when procuring major raw materials and high-risk raw materials	SB, PS	2025	
			Understanding the actual situation regarding respect for human rights in the value chain in the Real Estate business	SRE		
Success of human resources						
<div>★ Most important issue</div> <div>7</div> <div>Active participation of diverse human resources</div> <div>→ P. 48</div>	• Promoting Diversity and Inclusion (D&I)	Development status of systems and environments that match diverse values and new workstyles	Work engagement* 54 or higher  * Index <deviation value> based on stress checks and employee awareness surveys	SH, SB, PS, SRE, SLN	2026	• Increasing productivity by enhancing work engagement  • Creating new value by improving individual skills and integrating diverse values
			• Ratio of employees completing D&I training: 100%	SBL		
			• Ratio of employment leaders completing conscious inclusion training: 100%			
			• Comprehension of D&I: 6.0 points* • Number of locally hired employees among executive management: 2 • Organizational culture survey: 6.00 points*  *Index created using the organizational culture survey conducted by SVL (out of 7 points)	SVL		
		• Engagement* 80%  *Index created using the employee survey conducted by PK (benchmark of 76%)	PK			
		Progress status of promotion of women's empowerment	Percentage of female executives 12% or more and percentage of women in management positions 12% or more	SH, SB, PS, SRE, SLN	2026	
Percentage of female executives 20% or more and percentage of women in management positions 20% or more	SH, SB, PS, SRE, SLN		2030			



Material Issues	Specific Initiatives	Indicators	Targets	Targets Setting Companies	Target Year	Connection to Economic Value
Success of human resources						
<p>★ Most important issue</p> <p>7 Active participation of diverse human resources</p> <p>→ P. 48</p>	<p>Investing in human capital for growth and productivity improvement</p>	Progress in fostering a challenging culture for future value creation	<p>Integrated survey "Challenges for future value creation"* 3.0 or higher</p> <p>*Sapporo Group's own survey index based on stress checks and employee awareness surveys &lt;1.0 to 4.0 digitized&gt;.</p>	SH, SB, PS, SRE, SLN	2026	<p>Increasing productivity by enhancing work engagement</p> <p>Creating new value by improving individual skills and integrating diverse values</p>
		Progress status of human resource development through active investment (management human resources/global core human resources/DX/IT core human resources)	<p>Sufficient personnel to provide successor candidates for management positions</p> <p>100 persons of global core human resources</p> <p>200 persons of DX/IT core human resources</p>	SH, SB, PS, SRE, SLN	2026	
		Degree of improvement in productivity due to improved mental and physical health	<p>Presenteeism loss rate* 33.4% or less</p> <p>*An index based on stress checks and employee awareness surveys The average of SH and the four operating companies</p>	SH, SB, PS, SRE, SLN	2026	
<p>8 Promote responsible drinking</p> <p>→ P. 47</p>	<p>Awareness-raising of responsible drinking</p>	Progress in the labeling of pure alcohol content	100% display of pure alcohol content (g) per bottle on canned alcoholic beverages and lightly alcoholic beverage containers produced and sold domestically	SB	2025	<p>Building a foundation to support stable business continuity</p>
		Percentage of employees participating in awareness-raising activities related to responsible drinking through e-learning, etc.	Education through e-learning, etc. for all domestic employees (more than once a year) 100% participation	SB, SLN	2023	
		Number of incidents of accidental ingestion of alcohol at restaurants	0 cases	SLN	2023	
		Display rate of messages to prevent drinking under the age of 20 on restaurant menus and at the POP	100%	SLN	2023	
<p>9 Providing safe products and facilities</p>	<p>Food safety</p>	Operation and continuous improvement of the food safety assurance system	Reflecting the voices of customers and other stakeholders (including inside the company) in the food safety assurance system	SB, SBL, SUS, SVL, PS, SGF (FBS, PK, SSI), SLN		<p>Building a foundation to support stable business continuity</p>
		Number of serious food accidents	Reduction of the occurrence of serious food accidents			
	<p>Building safe facilities</p>	Status of initiatives for promoting facility safety	Securing appropriate emergency power sources for properties	SRE		
			Reliably secure seismic performance of properties			
			Periodical review of contingency plans and execution of drills			

## Sustainability



For details, please visit our website.  
<https://www.sapporoholdings.jp/en/sustainability/environment/>

Most Important Issue **01** Realization of a Decarbonized Society

## Impact on society and the environment

## Risks

Certain degree of CO<sub>2</sub> emissions across the entire supply chain

## Opportunities

Contribute to society's decarbonization by working directly with business partners and suppliers

## Impact on our financial condition

## Risks

Rising procurement costs of renewable energy and raw materials and introduction of carbon taxes in the future

## Opportunities

Establish efficient production and logistics systems by transitioning to business that produces less CO<sub>2</sub>

Reducing CO<sub>2</sub> emissions at group-owned bases and supply chains

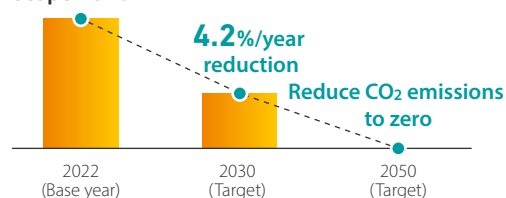
## Targets

The Sapporo Group is deeply aware of its role as a company working to resolve these issues in order to create a decarbonized society. With regard to reducing CO<sub>2</sub> emissions, we have set targets of "Scope 1 and 2: 4.2%/year reduction" and "Scope 3: 2.5%/year reduction" for SBT\* certification and stated our commitment to the SBT initiative as science-based targets. To achieve these targets, we are promoting reductions of CO<sub>2</sub> emissions across the entire supply chain.

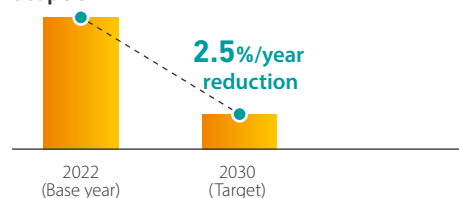
Going forward, we will continue to accelerate our initiatives, including proactively introducing energy-saving equipment to our production sites and restaurants, streamlining processes, utilizing renewable energy, and improving efficiency in logistics. In addition, we aim to achieve zero CO<sub>2</sub> emissions at our own sites by 2050.

CO<sub>2</sub> Emissions Reduction Targets

## Scope 1 and 2



## Scope 3



## Key Initiatives

Group companies are working to switch to electricity generated from renewable energy. Sapporo Breweries has introduced a solar power generation system at its Gunma Plant and Hokkaido Brewery.

Additionally, Sapporo Real Estate has established a medium-term renewable energy roadmap in order to decarbonize all electricity it procures for its properties starting in April 2023, aiming to address environmental issues and increase the value of its properties.



\* Science Based Targets (SBT): Targets set by companies to reduce greenhouse gas emissions that are consistent with the levels set out in the Paris Agreement.

## Sustainability



For details, please visit our website.  
<https://www.sapporoholdings.jp/en/sustainability/environment/nature/climate/>

### Information Disclosure Following the TCFD Recommendations

Sapporo Holdings agrees with the recommendations put forth by the Task Force on Climate-related Financial Disclosures, which encourage companies to evaluate and manage risks and opportunities associated with climate change and to disclose related information, and is therefore actively promoting such information disclosure.

At the same time, we recognize climate change as a highly important issue requiring a global effort. Therefore,

we conduct scenario analyses to derive multiple hypothetical business environments as a means of resolving issues, both in terms of mitigation and adaptation. This process identifies risks and opportunities, and the results thereof are reflected in our strategies and initiatives.



Item	Details
Governance	We established the Group Sustainability Committee, chaired by the President of Sapporo Holdings, as an advisory body to the Management Council to aid the environmental management initiatives of each operating company and to promote and control the environmental conservation activities. Along with this, operating companies have been developing environmental conservation frameworks that align with their business characteristics.
Strategy	We aim for business structural reforms targeting decarbonization and comprehensive energy conservation measures. We are also working to prevent global warming by utilizing renewable energy. In response to climate change, we seek to become a resilient corporate group that contributes to a sustainable society by helping to resolve these issues in terms of both mitigation and adaptation.
Risk Management	We recognize risks that crop yields could decrease due to abnormal weather, regulations could be tightened, and quality could decline due to pests and diseases. We will address the decreasing trend of yields in each area by looking at the differences in each area and securing a diverse range of suppliers. In addition, we intend to utilize the Collaborative Contract Farming System and promote the development and practical application of new cultivars to address stronger restrictions on chemical fertilizers and yield reduction and deterioration in quality from crop diseases.
Indicators and Targets	For mitigation measures, which aim to control greenhouse gas emissions, we have set medium- to long-term targets for reducing CO <sub>2</sub> emissions. We have set targets for other climate change-related items, listed under “Sustainability Materiality,” and are promoting efforts to reach these targets throughout the Group.

### Indicators and Targets

#### Mitigation

- Reduce CO<sub>2</sub> emissions (Scope 1 and 2) SBT certification level: 4.2%/year from the base year
- Reduce CO<sub>2</sub> emissions (Scope 3) SBT certification level: 2.5%/year from the base year
- Aim to reduce CO<sub>2</sub> emissions from Group-owned bases to zero by 2050
- Work to reduce CO<sub>2</sub> emissions throughout value chain  
 – Activities to reduce CO<sub>2</sub> emissions to be carried out at all domestic production areas utilizing the Collaborative Contract Farming System by 2030

#### Adaptation

- Apply to register new cultivars of hops and barley by 2030 as a means to adapt to climate change
- Commercialize new cultivars of hops and barley domestically by 2035 as part of efforts to adapt to climate change
- Commercialize new cultivars in Japan and overseas (in addition to the cultivars above) by 2050



## Sustainability

### Information Disclosure Following the TCFD Recommendations

#### Scenario Analyses

We have conducted scenario analyses within our core beer business, targeting procurement areas for raw materials used in beer, with the expectation that climate change will affect these areas. Based on scenario analysis data from the Food and Agricultural Organization of the United Nations (FAO) and other sources, and with adjustments made to account for abnormal weather and other factors, we anticipate three scenarios in which yield amounts could change by 2050, each with differing climate change, socioeconomic, and production related factors.

#### Forecast for Procurement Yields by Area / Country

In Scenario 1—Progress, it is assumed that agricultural yields will be negatively affected by restrictions on chemical fertilizers and other changes. In countries and areas where yield estimates are trending upward, yields may increase or stay level even under the negative factors in the table at top right.

↑ : Over 5% increase

➡ : Between 5% increase and 5% decrease

↓ : Over 5% decrease

Yield estimates are presented in comparison with yields in 2018 to determine whether levels will have increased, stayed even, or decreased by 2050.

+: Positive effect on agricultural yield –: Negative effect on agricultural yield

	Temperature increase	Extreme weather (typhoons, floods, droughts, etc.)	Agricultural trends	Other social trends
<b>Sustainability Scenario 1—Progress</b>	Rise in global temperature kept within 2 °C	Extreme weather increases to some degree (–)	Stricter regulations on use of chemical fertilizers, etc. (–)	Population growth, improved living standards, increased food demand, and higher food prices to a certain degree
<b>Sustainability Scenario 2—Level</b>	Rise in global temperature cannot be kept within 2 °C	Frequent extreme weather causes widespread damage (–)	Selective breeding and increased capital investment (+)	Population growth, improved living standards, increased food demand, and higher food prices
<b>Sustainability Scenario 3—Stagnation</b>	Rise in global temperature greatly exceeds 2 °C	Extreme weather grows in severity (–)	Agricultural damage grows due to rampant crop disease (–)	Soaring food prices, greater difficulty for those from poorer backgrounds to attain food

#### Barley

	Progress	Level	Stagnation
Europe	↓	➡	↓
North America	↓	↑	↑
Oceania	➡	↑	➡
East Asia	↓	➡	↓

#### Corn

	Progress	Level	Stagnation
North America	↓	↓	↓
South America	↑	↑	↑

#### Hops

	Progress	Level	Stagnation
Europe	➡	➡	↓
North America	➡	➡	↓
Oceania	↑	↑	↑
East Asia	↑	↑	↑

#### Rice

	Progress	Level	Stagnation
East Asia	↓	➡	↓

## Sustainability

## Information Disclosure Following the TCFD Recommendations

## Plan for Adaptation Measures up to 2050

We are developing beer prime ingredients, which are assumed to be heavily impacted by climate change, in an effort to commercialize highly pest-resistant cultivars with stable yield and quality even during extreme weather.



Barley

## 2023

- Cultivation of varieties resistant to Fusarium head blight and pre-harvest sprouting and begin characteristic assessments
- Assessment and verification of new qualities resistant to climate change, elucidation of a mechanism, development of technologies for genetic distinction and commencement of cross-breeding

## 2025

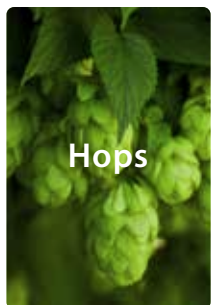
- Cultivation of varieties with new qualities resistant to climate change and characteristic assessments and selection
- 2026**
- Selection of varieties with resistance either to Fusarium head blight or pre-harvest sprouting
- 2027**
- Assessment of cultivar candidates in public testing
- 2029**
- Application for registration of cultivars resistant to pre-harvest sprouting in Canada

## 2030

- Application for registration of cultivars resistant to Fusarium head blight or pre-harvest sprouting in Japan
- 2031-2034**
- Cultivation and brewing testing of registered cultivars
  - Commercialization of cultivars resistant to pre-harvest sprouting in Canada
- 2035**
- Commercialization of cultivars resistant to Fusarium head blight or pre-harvest sprouting in Japan

## 2036-2049

- Selection of cultivar candidates with new qualities resistant to climate change
- 2050**
- Commercialization of new cultivars with new qualities resistant to climate change



Hops

## 2023

- Development of simple assessment system for hops roots
  - Selection and assessment of useful genetic resources
  - Cross-breeding using parents resistant to powdery mildew and selection
  - Development of technology for genetic distinction for powdery mildew resistance
- 2024**
- Establishment of simple assessment system for hops roots

## 2025

- Cross-breeding using parents with useful genetic capacity concerning roots and cultivation of varieties
- 2027**
- Establishment of technology for genetic distinction for powdery mildew resistance
- 2028**
- Brewing testing of cultivar candidates

## 2030

- Application for registration of cultivars highly resilient to water stress
  - Application for registration of cultivars highly resistant to powdery mildew
- 2035**
- Considering expansion of cultivation area of new cultivars with qualities resistant to climate change

## 2036-2049

- Cultivation of cultivars with multiple forms of resistance to powdery mildew
- 2050**
- Commercialization of new cultivars with new qualities resistant to climate change

## Sustainability



For details, please visit our website.  
<https://www.sapporoholdings.jp/en/sustainability/society/>

Most Important Issue **02** Mutual Prosperity with Local Communities

## Impact on society and the environment

**Opportunities** Contribution to regional revitalization through products, services and facility operations

## Impact on our financial condition

**Opportunities** Creation of new business opportunities in partnership with local communities

## Progress in sustainable urban development that contributes to improving area brand value (SRE)

## Targets

- Improving the value of properties and creating excitement
- Community formation, strengthening, and expansion with stakeholders in the vicinity of properties
- Creating facilities that are friendly to everyone

## Progress of Initiatives (2022)

November 2022 marked the grand opening of Yebisu Garden Place's Center Plaza and the redevelopment project at the former sight of the No. 4 Parking Lot of Sapporo Factory is scheduled to be completed in May 2024.



## Promoting regional revitalization business (SB)

## Targets

- In order to create sustainable regions in cooperation with local governments, we will conduct matching between local food suppliers and companies at food business meetings

## Progress of Initiatives (2022)

In 2022, we received five projects, concluded contracts from 42 of 246 business meetings, and hosted restaurant fairs at 62 restaurants. The satisfaction level of governments, suppliers and buyers in business matching was 93.4%.



## Supporting lemon production in Japan (PS)

## Targets

- Expansion of cultivated land not only in-house but also with partners
- Taking over farmland without a successor
- Implementation of initiatives to regenerate abandoned farmland

## Progress of Initiatives (2022)

We operated our own farms with partners in Hiroshima Prefecture, an epicenter of domestic lemon growing. We are working to expand production by newly leasing 2,000 m<sup>2</sup> of farmland from farmers who are reducing their own growing due to aging.



## Regional learning programs related to the food and beverage business (PS, SGF)

## Targets

- Number of regional learning programs (food education, on-site classes, factory tours, etc.) related to the food and beverage business : Ten times as many as 2021 (400 cases)

## Progress of Initiatives (2022)

In June, which is food education month, we established the Pokka Sapporo Food Education Policy following government guidelines. We provided 131 learning programs following this new policy, including lemon classes to share the health value of lemons.





## Sustainability

### Building a Sustainable Supply Chain

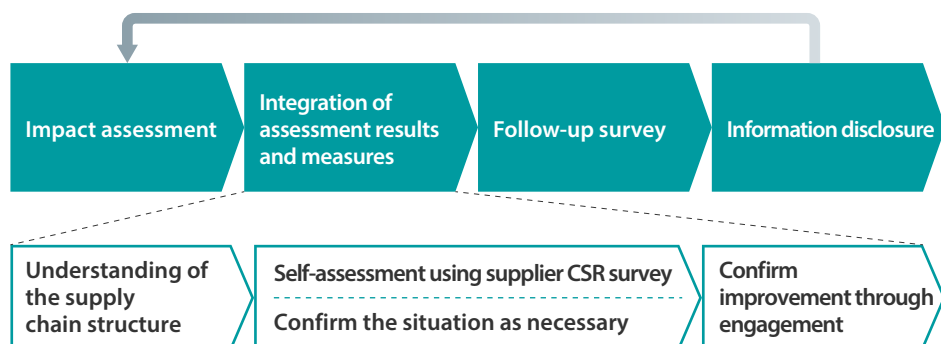
#### Joined Sedex to share information on human rights assessments of suppliers

The Sapporo Group prioritizes compliance checks for human rights and environmental conservation with regard to its main raw ingredients of barley, hops, grapes and grape juice, and lemon, along with raw ingredients\* determined to pose a high risk in terms of human rights. Specifically, we share the Group Procurement Policy and Procurement Guidelines and assess compliance by working closely with suppliers using the sustainability procurement survey. Going forward, we will continue to implement the human rights due diligence process while working together with suppliers.

Furthermore, in October 2022, we joined the Supplier Ethical Data Exchange (Sedex), which offers an online platform for managing and improving labor conditions in the supply chain, as a method for ensuring this check system is implemented reliably and expanding its coverage.

Additionally, we participate in the Japanese Food & Beverage Industry Buyer Members Sedex Working Team, comprising 10 companies in the food and beverage industry from among the more than 70,000 Sedex members. Utilizing such mechanisms involving peers, we will seek the collaboration of suppliers using Sedex in order to promote solutions to human rights issues in the supply chain going forward.

#### Human Rights Due Diligence



\*Priority raw ingredients: Palm oil, tea leaves, coffee beans, soybeans, cocoa beans, liquid sugar, crude alcohol.

### Promote Responsible Drinking

#### Developing non-alcoholic and low alcohol products based on our global slogan to promote responsible drinking

In 2021, the Sapporo Group adopted “Promote Responsible Drinking” as its global slogan to combat alcohol-related problems worldwide. Based on the Sapporo Group Policy Related to Proper Drinking, we are working to raise awareness of appropriate drinking and to prevent inappropriate drinking, with each and every employee playing a role in promoting the initiatives laid out in the Sapporo Group Action Guidelines for Proper Drinking.



Sapporo Breweries is a staunch supporter of responsible drinking in various situations based on customers diverse needs. To popularize and grow our non-alcoholic and low alcohol beer-like beverages, it is important that these products feature flavor, quality, and functionality that will satisfy customers. In April 2023, we released a non-alcoholic IPA beer. This product is a non-alcoholic beer (0.00% alcohol) made from barley, hops, and yeast. It utilizes a yeast brewing method blended with IPA flavors, utilizing our more than 100 years of hop research and beer making experience. Its 0.00% alcohol content and the name “Yowanai Craft” at center indicates that this is a non-alcoholic craft beer.

In January 2022, we began labeling the amount of pure alcohol (g) on canned alcoholic beverages and low alcohol beverages manufactured and sold in Japan. At the end of December 2022, we had rolled out these labels for 91% of applicable products. We also promote the labeling of pure alcohol content on the cartons and sleeves (6-can packs) of canned products.

## Management Platform | Human Resources Strategy

Aiming for leveraging  
diversity to create a go  
beyond Boundaries,  
challenging positive change



**Masashi Sato**  
Director

### Defining the three pillars of human assets strategy based on the basic policy

The Sapporo Group's strength since its founding has been our dedication to nurturing people and things given our roots as Hokkaido's development commissioner. Following the philosophy of "human resources are the source of all our value creation," the Sapporo Group has actively developed a work environment that enables human assets to actively participate, including initiatives on diversity and inclusion, which have yielded many tangible results.

On the other hand, as the social environment changes rapidly, it is essential to grow human assets at an accelerated speed for the management platform with a focus on encouraging active participation of diverse human resources in order to steadily implement our medium-term management plan.

Guided by the basic policy of "leveraging diversity to create a go beyond Boundaries, challenging positive change," the Group has defined three pillars for its human assets strategy within the medium-term management plan. The Group strives to enhance its adaptability to change and ability to develop products and businesses with further added-value by promoting the cross-boundary nature and active participation of human assets with diverse knowledge, experience and career backgrounds pursuing optimal human resources allocation.

#### Strategy 01

#### Enhancing diversity, creating a more dynamic workplace, and challenging positive change

I believe, in the active participation of diverse human resources, individual characteristics will together make up the Group's strength. As such, it is of the utmost importance to develop an organizational structure and workplace environment to enable this vision.

I believe encouraging active participation by women is the first step to promoting diversity. In order to achieve the KPI for

the ratio of female board members and managers, we must first ensure the work environment enables all female employees to remain active and feel satisfied under fair and consistent conditions. To this end, we have taken an active role in providing opportunities for dialogue to allow diverse human assets, not limited to women, to discuss their ideas, including career vision and any concerns. While this process can take time, we are steadily making progress.

The Group also promotes the mobility of human assets both within and outside the Group to adapt to the business portfolio. The advantage of this policy is that it will develop synergies through effective use of knowledge and skills acquired by each operating company and promote diversification and cross-boundary human assets, which departs from linear career development by business type. In fiscal 2020, we unified the various human resource platforms across operating companies into one, which facilitates the transfer of personnel between operating companies. Furthermore, we have introduced programs such as side-job system for internal and external jobs and in-house internships, through which we are expanding our back-up such that encourages each and every employee to cross boundaries with a strong sense of purpose and take on new challenges.

Going forward, we will continue to move ahead with the concept of "cross boundaries" by implementing systems that both inspire and propel a sense of purpose.

#### Strategy 02

#### Investing in human capital to increase growth and productivity, making individuals and organizations stronger

The Sapporo Group's objective for investing in human assets is speedy growth, including DX human resources and global human resources, based on proactive career development. This strategy leads to personal growth as well as increased corporate value.

## Management Platform | Human Resources Strategy

As for DX human resources, the Group is implementing initiatives aimed at fostering DX human resources among all employees. The DX Human Resource Development Program consists of three steps: All Employees, Supporter Step, and Leader Step. In 2023, participants in the first step that targets all employees within the Group reached 6,000 people, which grew by 1.5 times from the previous year. Moreover, the final step, namely the Leader Step, aims to cultivate around 200 core DX personnel.

Next, we have set KPI for global human resources to cultivate 100 core global personnel, including future management personnel. While Sapporo has been operating business with close regional contacts in North America for over 50 years, we recognize that there are still deficiencies in terms of human resources who have capabilities to play a central role in business globally. We are strengthening the development of globally competent human resources through programs including global human asset training, international internships, and using English as the official language within the international division.

The cultivation of management personnel is systematically implemented with the criteria for future management personnel clearly identified. Specifically, the directives for training, assessment, dispatch for external training, and strategic placement of all candidates nominated by board members of each operating company and Sapporo Holdings are determined by the management human resources development committee through regular meetings, where their progress is shared.

Other human resources development programs include expanded training for employees to acquire new skills and fostering of mindsets to encourage taking the first step toward crossing boundaries. We strive to improve corporate value not through individual efforts, but through collective organizational strengths.

### Strategy 03

**Promoting health, safety and security,  
and respect for human rights,  
demonstrating individual potential 100%**

The Sapporo Group has formulated the Medium-Term Health and Productivity Management Plan under the Sapporo Group Health Creation Declaration, with the President of Sapporo Holdings serving as the officer responsible. The Group is committed to strengthening initiatives aimed at improving the health of all Group employees, and has set numerical KPI targets on health management for work engagement and presenteeism.

Work engagement is not only a measure of employees' vitality and enthusiasm, but is also considered an important indicator for achieving high productivity in a workplace and company.

Following the revision of our human resources system in 2020, we have abolished the ranking system (ratings) as well as encouraged proactive one-on-one sessions between superiors and subordinates to encourage independence and strengthen support for individual growth. Moreover, the Group provides training to enhance psychological safety in the workplace and training on unconscious bias in hopes of cultivating a corporate culture that encourages new challenges and crossing boundaries.

Improving presenteeism means enhanced labor efficiency and productivity from the corporate perspective. The Group is developing a foundation for physical and mental health by improving each employees' health literacy and has established indicators aimed at ensuring employees can consistently work with vigor. We believe that enhancing job satisfaction, sense of purpose in life, and happiness of our employees will lead to the growth of the Group and contribute to society.

## Integrate human assets strategy with business strategy to enhance strategic corporate value

The active participation of diverse human resources is one of the key elements in sustainability management. As the officer in charge of human assets, I am responsible for thinking about approaches to human capital management that will contribute to the realization of our management philosophy and enhancement of corporate value by working between the employees and the Company. Moreover, it is my mission to oversee each operating company from the perspective of human assets to consider and suggest strategies that will bring out the maximum value in our diverse workforce in addressing management issues and developing businesses across each operating company, and turn these ideas into action.

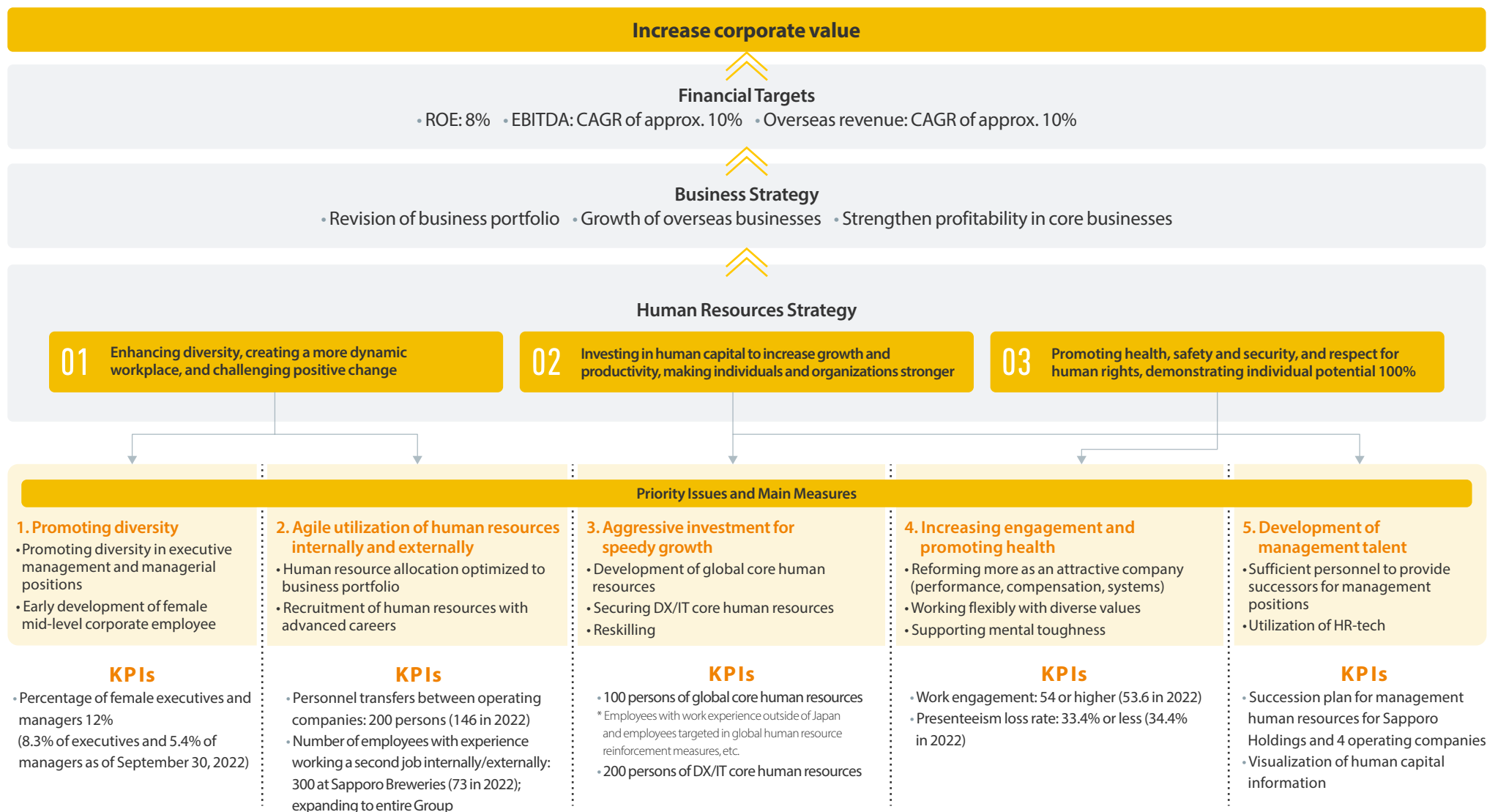
Going forward, I will further quantify the Group's human resources data accumulated to date using HR tech, and apply this information not only in the disclosure of information on human assets, but to also strategically tie the information to maximizing value creation and improving employee motivation.

I notice that the basic policy in human assets strategy which states that we shall leverage diversity to create a go beyond Boundaries, challenging positive changes has steadily taken root within the Group. To achieve the medium-term management plan, it is imperative that we integrate the human assets strategy with business strategy to make both a reality. With 2026 the 150th anniversary of the Company, human resources will be vital to our continued development as we look toward the future. The Sapporo Group will continue to value human assets as the source of all value creation and develop with human resources at its core.



## Management Platform | Human Resources Strategy

### Priority Issues in Human Resources Strategy and Main Measures



## Management Platform | DX Strategy

### We are laying the groundwork where DX will enable us to create value.

#### Sapporo Group's DX Promotion Strategy

Digital transformation (DX) has been positioned as an important action for building a management platform underpinning our business strategy, financial strategy and sustainability. We are now promoting DX strategy under the Sapporo Group DX Policy established in March 2022.

#### Progress on DX business environment improvements

##### Cultivate and secure human resources

With the target to develop 900 human resources for DX promotion over a two-year period, in the first fiscal year we completed

training of 700. In addition, we are also working to recruit new employees and hire outside human resources, including recruiting data scientists from new university graduate hires.

##### Improve the organizational structure for DX promotion

In March 2023, we established the DX and IT Management Division and transferred the IT Management Department to this division, while also newly establishing the DX Planning Department therein. We strengthened our structure for promoting DX strategy across the entire Group.

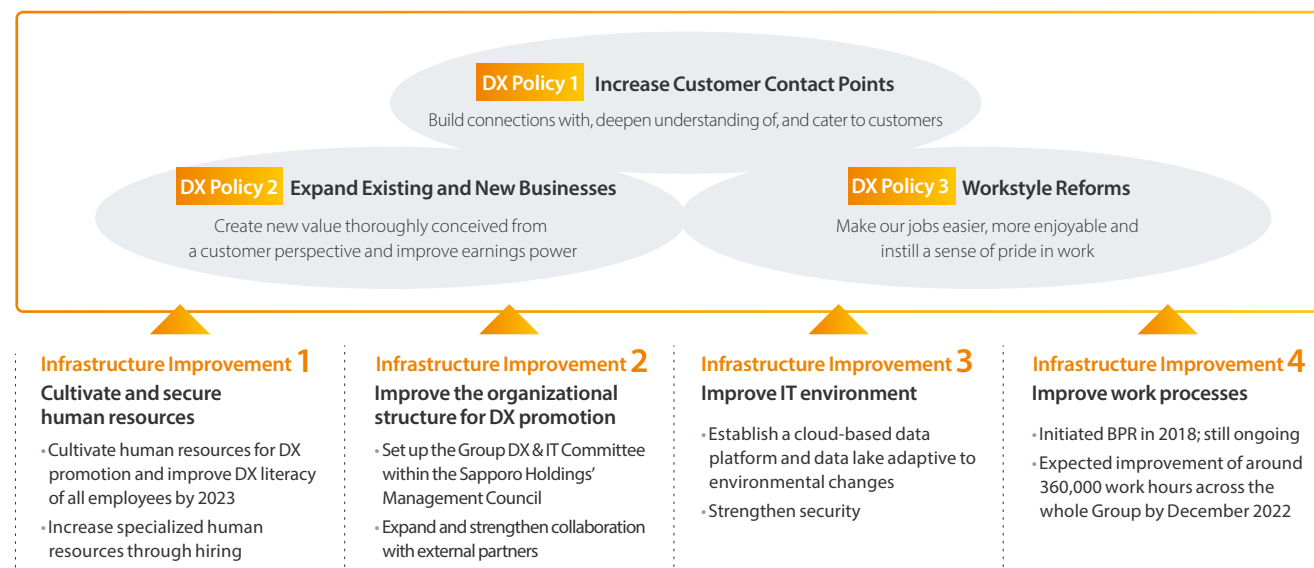
##### Improve IT environment

By around 2025, we will expand our public cloud, aiming to establish a data platform enabling us to flexibly respond to changes in the business environment. We are also implementing appropriate security measures and linking systems up with our core IT system.

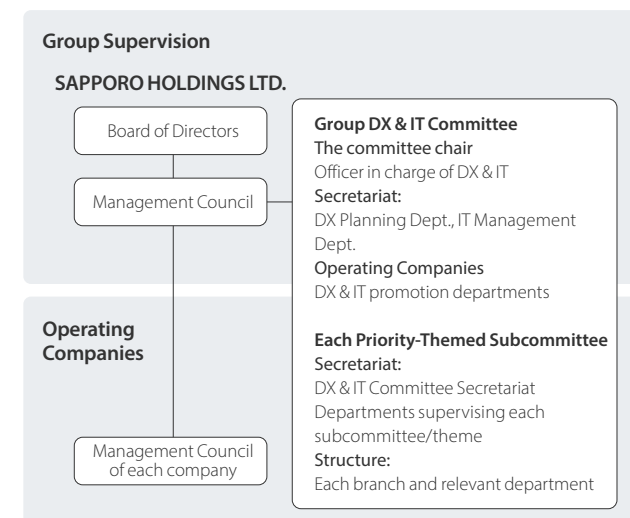
##### Improve work processes

We automated around 100 business processes by introducing RPA. This has produced a number of results, including freeing up human resources involved in simple tasks to engage in more creative works.

#### Three DX Policies and Four Infrastructure Improvements



#### DX Promotion Structure



## Management Platform | DX Strategy

### CASE 1

#### RTD product development utilizing AI

At Sapporo Breweries, we rolled out the complete version of N-Wing Star, an AI-powered system for RTD product development. This system learns large numbers of recipes, including blends and ingredient information explored in previous products, to propose a recipe of a combination of ingredients or blends based on the required parameters, such as product concept. Since recipe development is left to AI to a certain degree, developers can spend their limited time on exploring and testing new ingredients and technologies. During the system development process, there are cases where recipes are created that would never have been thought up by a person, so we expect that by working together with AI we will be able to expand the variation of new product development. Going forward, we will speed up product development to ensure that we can always provide new value to customers.



**Ryuuichi Takizawa**

Chief Innovation Expert  
Product and Technology Innovation Department, Sapporo Breweries Limited

### CASE 2

#### Transforming soy milk manufacturing know-how into shared data using AI

POKKA SAPPORO Food & Beverage's soy yogurt is made from carefully crafted soy milk. However, there was one issue—the fact that basic principles and know-how for making soy milk relied on highly experienced technicians and was not shared as an asset of the company. To resolve this issue, we developed a “brain model” to digitize the knowledge and thinking of highly experienced technicians and developed a knowledge sharing platform on soy milk manufacturing with the aim of using it on the factory floor. With this system, employees with less experience can understand the overall process for making soy milk, which in turn shortens the human resource training period as well as increases productivity of the entire plant and helps to pass down techniques internally. Looking ahead, we will contribute to “creating the new future of food by carefully studying the needs of people and society,” while maintaining and enhancing product quality.



**Masanobu Aoyanagi**

Manufacturing Section 3, Gunma Factory, POKKA SAPPORO Food & Beverage Ltd.

### CASE 3

#### Using DX to develop offices in tune with the needs of today

At Sapporo Real Estate, we are incorporating DX into our property development in order to provide office buildings that fit the workstyles of the new normal. For instance, our latest office building named Sreed EBISU +t, which was completed in January 2023, is equipped with the latest IoT equipment and services, such as a cloud-based access control system with facial recognition, elevators with contactless sensor-based buttons, and AI-equipped unmanned vending machines. During development, we faced various difficulties amid the ongoing COVID-19 pandemic, but tenants and visitors have commented that the building is a great space that is comfortable and easy to use. We will continue to provide workplaces that respond to the needs of the times and realize workstyles characterized by well-being.



**Satoshi Kano**

Technology Department, Sapporo Real Estate Co., Ltd.



# Part 3

## Governance

### Format

The Company has transitioned to a Company with an Audit & Supervisory Committee, a governance system with appropriate capabilities in terms of the audit and supervision of the Board of Directors. The transition was made in order to bring the transparency and effectiveness of corporate governance to a higher level and to increase corporate value by leveraging stronger monitoring functions over management to achieve management targets. Sapporo Holdings voluntarily established the Nominating Committee and the Compensation Committee in November 1998 in order to improve the transparency of management related to the membership and treatment of the Board of Directors and maintain a sound management structure.

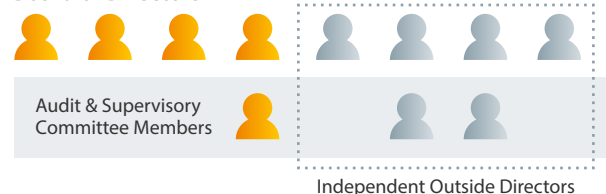
### Overview of corporate governance

Format	Company with an Audit & Supervisory Committee
Director	11 (including 6 independent outside directors)
Directors who are members of the Audit & Supervisory Committee	3 (including 2 independent outside directors)
Concurrent postings of Managing Officers	0
Chairperson of the Board	Masaki Oga
Directors' term of office in the Articles of Incorporation	1 year (2 years for directors who are Audit & Supervisory Committee Member)
Committees by type	Audit & Supervisory Committee, Nominating Committee, Compensation Committee, Outside Director Committee

## Corporate Governance Digest

### Composition of Board of Directors, Nominating Committee and Compensation Committee

#### Board of Directors



#### Nominating and Compensation Committees

The committee chair



### Meetings of the Board of Directors and each Committee

#### Board of Directors

Number of meetings held 16  
Attendance rate 99.4%

#### Audit & Supervisory Committee

Number of meetings held 23  
Attendance rate 98.6%

#### Compensation Committee

Number of meetings held 5  
Attendance rate 100%

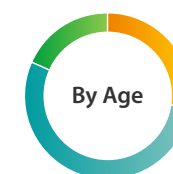
#### Nominating Committee

Number of meetings held 5  
Attendance rate 97.1%

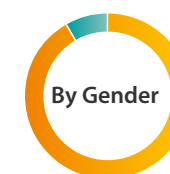
#### Outside Director Committee

Number of meetings held 7  
Attendance rate 100%

### Diversity of directors

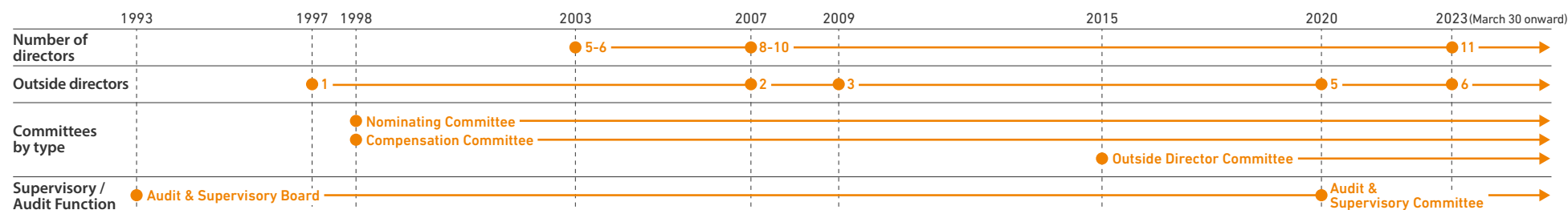


3 in their 50s  
6 in their 60s  
2 in their 70s



10 men  
1 woman

### History of Corporate Governance Reforms



\* The Company transitioned to a pure holding company structure in 2003.

\* The term of office of directors was shortened to one year from March 2005. (Note) As the Company established an Audit & Supervisory Committee on March 27, 2020, the term of office of directors (excluding directors who are Audit & Supervisory Committee Members) became one year.

\* As of March 30, 2023, the Company's Board of Directors consists of 11 directors, including 6 Independent Outside Directors. As a result, Independent Outside Directors account for a majority of the Board of Directors.

## Board of Directors, Directors Who Are Audit & Supervisory Committee Members, and Group Operating Officers (As of March 30, 2023)

### Board of Directors



**Masaki Oga**  
**President and Representative Director**  
**(Chairperson of the Board)**

Nominating Compensation

#### Years in office: 6

(December 2, 1958)

Apr. 1982 Joined the Company  
Oct. 2006 Director, Tokyo Headquarters Office, Tokyo Metropolitan Area Sales and Marketing Division of Sapporo Breweries Limited  
Mar. 2009 Operating Officer, Director of Hokkaido Sales & Marketing Division of Sapporo Breweries Limited  
Mar. 2010 Director (Member of the Board) and Managing Officer, Director of Marketing Department of Sapporo Breweries Limited  
Mar. 2013 President and Representative Director of Sapporo Breweries Limited  
Director (Member of the Board) and Group Operating Officer of the Company  
Mar. 2015 Group Operating Officer of the Company  
Jan. 2017 President and Group Operating Officer of the Company  
Mar. 2017 President and Representative Director of the Company (up to the present)  
Mar. 2022 Director (Member of the Board) of Sapporo Real Estate Co., Ltd. (up to the present)



**Masashi Sato**  
**Director**

#### Years in office: 1

(February 15, 1967)

Apr. 1989 Joined the Company  
Mar. 2011 Director of Engineering Department of Sapporo Breweries Limited  
Mar. 2016 Director of Sendai Brewery of Sapporo Breweries Limited  
Jul. 2019 Director of Sendai Brewery of Sapporo Breweries Limited, Director of Sendai Factory of SCM Headquarters of POKKA SAPPORO Food & Beverage Ltd.  
Mar. 2020 Director (Member of the Board) and Executive Officer of Sapporo Breweries Limited  
Mar. 2022 Director (Member of the Board) of the Company (up to the present)



**Mackenzie Clugston**  
**Outside Director**  
**(Chair of Outside Director Committee)**

Nominating Compensation

#### Years in office: 5

(June 19, 1950)

June 1982 Joined Ministry of Foreign Affairs, Trade and Development of Canada  
Aug. 2000 Consul General of Canada in Osaka  
Aug. 2003 Minister, Embassy of Canada in Japan  
Aug. 2009 Ambassador of Canada to the Republic of Indonesia, to the Democratic Republic of Timor-Leste and to the Association of Southeast Asian Nations (ASEAN)  
Nov. 2012 Ambassador Extraordinary and Plenipotentiary of Canada to Japan  
Sept. 2016 Consultant of the Company  
Mar. 2018 Outside Director (Member of the Board) of the Company (up to the present)



**Yoshitada Matsude**  
**Managing Director**

#### Years in office: 1

(January 2, 1966)

Apr. 1988 Joined the Company  
Sept. 2010 Director of Accounting & Finance Department of the Company  
Mar. 2011 Director of Accounting & Finance Department of the Company, Director (Member of the Board) and Director of Group Accounting & Finance Department of Sapporo Group Management Co., Ltd.  
Mar. 2012 Director of Accounting & Finance Department of Sapporo Breweries Limited  
Sept. 2016 Vice President and Representative Director of Miyasaka Brewery Co., Ltd. (currently, Shinsyu-ichi Miso Co., Ltd.)  
Mar. 2018 President and Representative Director of Shinsyu-ichi Miso Co., Ltd.  
Mar. 2019 Director of Accounting & Finance Department of the Company, Director (Member of the Board) and Director of Accounting & Finance Department of Sapporo Group Management Co., Ltd.  
Oct. 2019 Director of Accounting & Finance Department of the Company, Director (Member of the Board) and Director of Accounting & Finance Department of Sapporo Group Management Co., Ltd., Director (Member of the Board) and Executive Officer of Sapporo Real Estate Co., Ltd.  
Mar. 2020 Group Operating Officer and Director of Accounting & Finance Department of the Company, Director of Accounting & Finance Department of Sapporo Breweries Limited  
Mar. 2022 Managing Director (Member of the Board) and Director of Accounting & Finance Department of the Company, Director (Member of the Board) of Sapporo Breweries Limited  
Jul. 2022 Managing Director (Member of the Board) of the Company, Director (Member of the Board) of Sapporo Breweries Limited (up to the present)



**Rieko Shofu**  
**Director**

#### Years in office: 1

(July 13, 1967)

Apr. 1990 Joined Hakuho Inc.  
June 2007 Executive Manager of Corporate Design Department of Hakuho Inc.  
Aug. 2011 Corporate Officer and Executive Manager of Hakuho Consulting Inc.  
May 2015 President and CEO of Sensing Asia Ltd. (up to the present)  
Apr. 2016 Deputy Director of Corporate Planning Headquarters and Director of Corporate Planning Department of POKKA SAPPORO Food & Beverage Ltd.  
Mar. 2017 Director of Corporate Planning Headquarters and Director of Corporate Planning Department of POKKA SAPPORO Food & Beverage Ltd.  
Mar. 2018 Group CEO of Pokka Corporation (Singapore) Pte. Ltd.  
Jan. 2020 Group CEO of Pokka Pte. Ltd.  
Jul. 2020 Director (Member of the Board) and Senior Executive Managing Director of Sapporo Group Foods Ltd.  
Mar. 2022 Director (Member of the Board) of the Company, Director (Member of the Board) of POKKA SAPPORO Food & Beverage Ltd.  
Jan. 2023 Director (Member of the Board) of the Company, Vice President and Representative Director of POKKA SAPPORO Food & Beverage Ltd., President, Representative Director of Sapporo Group Foods Ltd. (up to the present)



**Tetsuya Shoji**  
**Outside Director**  
**(Chair of Nominating Committee)**

Nominating Compensation

#### Years in office: 2

(February 28, 1954)

Apr. 1977 Joined Nippon Telegraph and Telephone Public Corporation  
June 2006 Senior Vice President, General Manager of the Personnel Department of Nippon Telegraph and Telephone West Corporation  
June 2009 Senior Vice President, Head of General Affairs of Nippon Telegraph and Telephone Corporation  
June 2012 Senior Executive Vice President, Representative Member of the Board of NTT Communications Corporation  
June 2015 President & CEO, Representative Member of the Board of NTT Communications Corporation  
June 2020 Corporate Advisor of NTT Communications Corporation (up to the present)  
Mar. 2021 Outside Director (Member of the Board) of the Company (up to the present)



## Board of Directors, Directors Who Are Audit & Supervisory Committee Members, and Group Operating Officers (As of March 30, 2023)

### Directors Who Are Audit & Supervisory Committee Members



Toshihiro  
Uchiyama

**Outside Director**  
(Chair of Compensation  
Committee)

Nominating Compensation

#### Years in office: 1

(November 28, 1958)  
Apr. 1981 Joined NSK Ltd.  
June 2008 Vice President, Deputy Head of Corporate Planning Division HQ of NSK Ltd.  
June 2009 Vice President, Head of Corporate Planning Division HQ of NSK Ltd.  
June 2010 Senior Vice President, Responsible for IR and CSR Offices, Head of Corporate Planning Division HQ of NSK Ltd.  
June 2012 Director, Senior Vice President of NSK Ltd.  
June 2013 Director, Executive Vice President of NSK Ltd.  
June 2015 Director, President and CEO of NSK Ltd.  
June 2017 Director, President and CEO of NSK Ltd. (Position name in Japanese changed with English unchanged)  
Apr. 2021 Chairman and Director of NSK Ltd. (up to the present)  
Mar. 2022 Outside Director (Member of the Board) of the Company (up to the present)

#### Years in office: -

(March 13, 1957)  
Apr. 1979 Joined The Fuji Bank, Limited  
June 2011 Deputy President & Executive Officer, Branch Banking Division of Mizuho Bank, Ltd.  
June 2011 Representative Director, Deputy President & Executive Officer, Head of Branch Banking Division of Mizuho Bank, Ltd.  
Apr. 2012 Representative Director, Deputy President & Executive Officer, Head of Branch Banking Group of Mizuho Bank, Ltd.  
Mar. 2013 Representative Director, President & CEO of Tokyo Tatemono Real Estate Sales Co., Ltd.  
Jul. 2015 Senior Executive Managing Officer and Division Director of Real Estate Solution Service Division of Tokyo Tatemono Co., Ltd.  
Oct. 2015 Senior Executive Managing Officer, Division Director of Real Estate Solution Service Division, and Division Director of International Business Division of Tokyo Tatemono Co., Ltd.  
Mar. 2016 Senior Executive Managing Officer, Director and Division Director of Real Estate Solution Service Division, and Division Director of International Business Division of Tokyo Tatemono Co., Ltd.  
Jan. 2017 Representative Director, Chairman & Executive Officer of Tokyo Tatemono Co., Ltd. Chairman of the Board of Tokyo Tatemono Real Estate Sales Co., Ltd.  
Mar. 2019 Representative Director, Chairman of the Board of Tokyo Tatemono Co., Ltd. (up to the present)  
Jan. 2021 Director of Tokyo Tatemono Real Estate Sales Co., Ltd. (up to the present)  
Mar. 2023 Outside Director (Member of the Board) of the Company (up to the present)



Makio  
Tanehashi

**Outside Director**

Nominating Compensation



Toshio  
Mizokami

**Director**  
(Chair of Audit &  
Supervisory  
Committee, Statutory  
Audit & Supervisory  
Committee Member)

Nominating Compensation

#### Years in office: 3

(April 16, 1959)  
Apr. 1984 Joined the Company  
Mar. 2008 Director of Accounting & Finance Department of Sapporo Breweries Limited  
Mar. 2011 Managing Officer, Director of Accounting & Finance Department of Sapporo Breweries Limited  
Mar. 2012 Director of Accounting & Finance Department of the Company, Director (Member of the Board), Director of Group Accounting & Finance Department of Sapporo Group Management Co., Ltd.  
Sept. 2013 Director (Member of the Board) of Sapporo Group Management Co., Ltd.  
Mar. 2014 Director (Member of the Board), Director of Corporate Finance and Business Management Department of the Company  
Mar. 2016 Managing Director (Member of the Board) of the Company, President and Representative Director of Sapporo Group Management Co., Ltd.  
Mar. 2017 Executive Group Operating Officer of the Company  
Mar. 2019 Statutory Audit & Supervisory Board Member of the Company  
Mar. 2020 Director (Member of the Board) who is a Statutory Audit & Supervisory Committee Member of the Company (up to the present)

#### Years in office: 4

(December 20, 1951)  
Apr. 1974 Joined Onoda Cement Co., Ltd. (currently Taiheiyo Cement Corporation)  
Apr. 2008 Executive Officer, General Manager of Human Resources Department and General Manager of Personnel Business Operations Center of Taiheiyo Cement Corporation  
Oct. 2008 Executive Officer and General Manager of Human Resources Department of Taiheiyo Cement Corporation  
Aug. 2010 Director, Managing Executive Officer and General Manager of Human Resources Department of Taiheiyo Cement Corporation  
Oct. 2010 Director and Managing Executive Officer of Taiheiyo Cement Corporation  
Apr. 2012 President and Representative Director of Taiheiyo Cement Corporation  
Apr. 2018 Chairman and Director of Taiheiyo Cement Corporation  
Mar. 2019 Outside Director (Member of the Board) of the Company  
Mar. 2022 Outside Director (Member of the Board) who is an Audit & Supervisory Committee Member of the Company (up to the present)  
June 2022 Corporate Advisor of Taiheiyo Cement Corporation (up to the present)



Shuji Fukuda

**Outside Director**  
(Outside Audit &  
Supervisory Committee  
Member)

Nominating Compensation



Kohtaro  
Yamamoto

**Outside Director**  
(Outside Audit &  
Supervisory Committee  
Member)

Nominating Compensation

#### Years in office: 3

(October 19, 1955)  
Apr. 1985 Registered as a Lawyer (Daichi Tokyo Bar Association) Joined Yamashita & Oshima Law Offices  
Sept. 1991 Registered as a Lawyer in the State of New York  
Jan. 1994 Established Yamamoto Law Office (currently Yamamoto & Shibasaki Law Offices) (up to the present)  
Apr. 2012 Vice-President of Daiichi Tokyo Bar Association  
Mar. 2020 Outside Director (Member of the Board) who is an Audit & Supervisory Committee Member of the Company (up to the present)

### Group Operating Officers

Hiroyuki Nose

**Executive Group  
Operating Officer**

President and Representative Director of Sapporo Breweries Limited

Hiroshi Tokimatsu

**Executive Group  
Operating Officer**

President and Representative Director of POKKA SAPPORO Food & Beverage Ltd.

Shinichi Soya

**Group Operating Officer**

Yuichiro Miyake

**Executive Group  
Operating Officer**

President and Representative Director of Sapporo Lion Limited

Takanari Miyazawa

**Executive Group  
Operating Officer**

President and Representative Director of Sapporo Real Estate Co., Ltd.

Hiroshi Wada

**Group Operating Officer**

**Board of Directors, Directors Who Are Audit & Supervisory Committee Members, and Group Operating Officers** (As of March 30, 2023)**Directors' Skills Matrix**

Name	Position and roles	Corporate management	Financial accounting	Legal, compliance and risk management	Human resources, human assets	Global operation	Marketing	IT and DX	Sustainability
<b>Masaki Oga</b>	President and Representative Director	✓		✓			✓		✓
<b>Yoshitada Matsude</b>	Managing Director	✓	✓	✓					✓
<b>Masashi Sato</b>	Director				✓		✓	✓	✓
<b>Rieko Shofu</b>	Director	✓	✓			✓	✓		
<b>Mackenzie Clugston</b>	Outside Director			✓	✓	✓			✓
<b>Tetsuya Shoji</b>	Outside Director	✓			✓	✓		✓	
<b>Toshihiro Uchiyama</b>	Outside Director	✓		✓		✓	✓		
<b>Makio Tanehashi</b>	Outside Director	✓	✓	✓					✓
<b>Toshio Mizokami</b>	Director (Chair of Audit & Supervisory Committee, Statutory Audit & Supervisory Committee Member)	✓	✓			✓		✓	
<b>Shuji Fukuda</b>	Outside Director (Outside Audit & Supervisory Committee Member)	✓	✓	✓	✓				
<b>Kohtaro Yamamoto</b>	Outside Director (Outside Audit & Supervisory Committee Member)			✓		✓			✓

\*In order to clarify the skill balance of the Board of Directors, we have listed only the skills possessed by each Director that the Company "expects." These skills do not represent all of the skills (knowledge, experience, abilities) possessed by each Director.

In the medium-term management plan running from 2023 to 2026, our basic policy will be to review our business portfolio, transform the business structure, and move toward new growth.

To achieve the medium-term management plan, we have reviewed the skills required of the Board of Directors, ensured the effectiveness and diversity of the Board of Directors, added "sustainability," and classified the necessary knowledge, experience, and abilities into eight items.

In addition, with regard to the skills of each Director, we have decided to list up to a maximum of four skills possessed

that are "expected" by the Company in particular.

The skill items that we have decided to add or change and their reasons are as follows.

**Marketing**

Directors with knowledge and experience in market research, sales, R&D, and production engineering are required to provide products and services that exceed consumer expectations.

**IT and DX**

Directors with IT and DX knowledge and experience that leads to business process transformation and development of new business fields are required.

**Sustainability**

Directors with the knowledge and experience to address ESG issues surrounding the Company and work in collaboration with stakeholders are required to continuously improve the Group's corporate value.

## Corporate Governance

### Basic Policy on Corporate Governance

The Sapporo Group has enacted the Basic Policy on Corporate Governance for the purpose of specifying its thinking and operational policy regarding corporate governance, with the goal of attaining sustained growth and enhanced corporate value over the medium to long term, and in light of the purport and spirit of the Corporate Governance Code set forth in the Listing Rules of the Tokyo Stock Exchange.

As part of the policy, the Group's basic philosophy is to regard strengthening and enhancing corporate governance as

one of its top management priorities. The Group is working to clarify supervisory, business execution, and auditing functions throughout the Group under the holding company framework. The Group is also working to strengthen management supervisory functions to increase management transparency and achieve management goals.

For details on the Company's basic approach to corporate governance, management direction, and other policies, please refer to the Basic Policy on Corporate Governance.

#### Basic policy on Corporate Governance

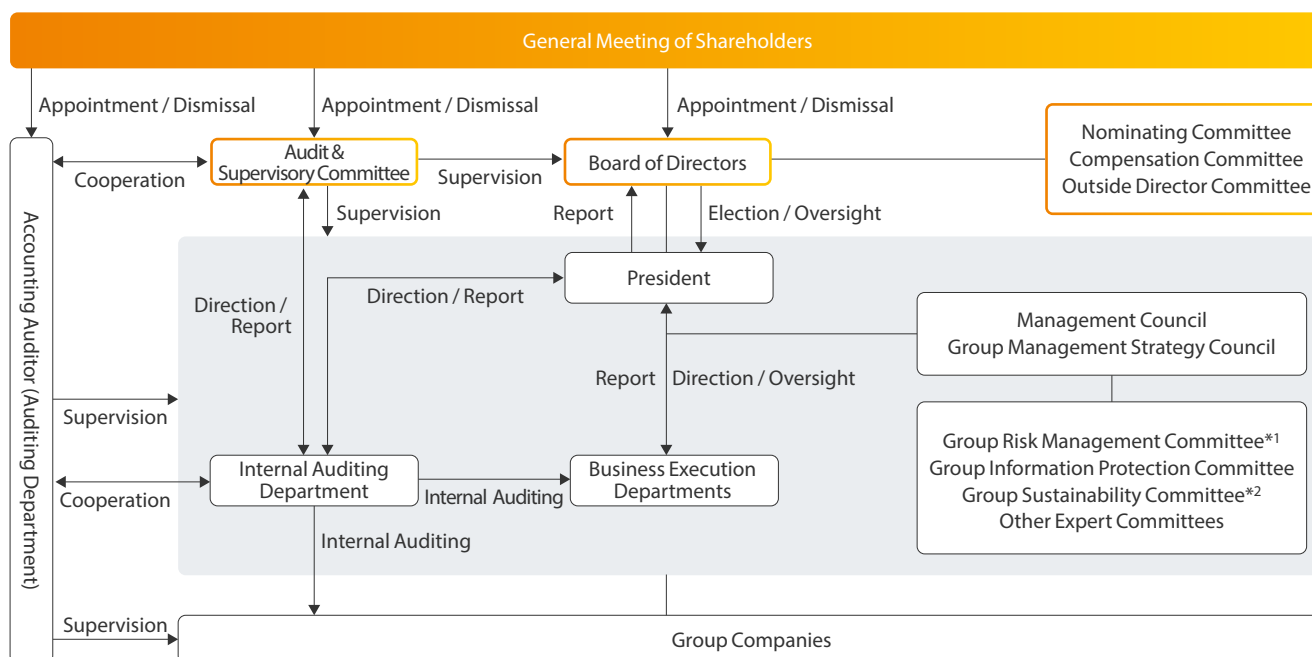
[https://www.sapporoholdings.jp/en/sustainability/governance/policy/pdf/basic\\_governance\\_approach\\_2022.pdf](https://www.sapporoholdings.jp/en/sustainability/governance/policy/pdf/basic_governance_approach_2022.pdf)

### Board of Directors

The Board of Directors performs a supervisory role and makes decisions on statutory matters and important matters related to business execution stipulated by the Board's regulations. The Board of Directors also nominates and supervises the business execution of the representative director, president, other directors with special titles, Group operating officers, and other key personnel.

Meetings held in fiscal 2022: 16

### Corporate Functions and Internal Control Relationships



#### Matters discussed by the Board of Directors

- Formulation of Medium-Term Management Plan 2023-2026 (including sustainability and human resources strategy)
- Business portfolio
- Acquisition of Stone
- Risk management and internal control system
- Strategic holding of shares
- Board of Directors' effectiveness assessment

\*1 Group Risk Management Committee chair: President and Representative Director \*2 Group Sustainability Committee chair: President and Representative Director



## Corporate Governance

### Sustainability Management by the Board of Directors

We have formulated an overall policy for implementing the Sapporo Group's sustainability management and have established a Group Sustainability Committee. This committee is chaired by the president and representative director of the Company, who is responsible for coordination and adjustment within the Group.

During the process of formulating Medium-Term Management Plan 2023-2026, the Sapporo Group extensively

reviewed its sustainability materiality in response to changes in the social and environmental situation surrounding the Group. We have established specific indicators and targets for each of the nine material issues, and we are implementing measures, and the Board of Directors monitors the progress.

Drawing from partnerships between employees of the Sapporo Group and stakeholders around the world, we are working to realize a sustainable society by creating both social and economic value.

### Audit & Supervisory Committee

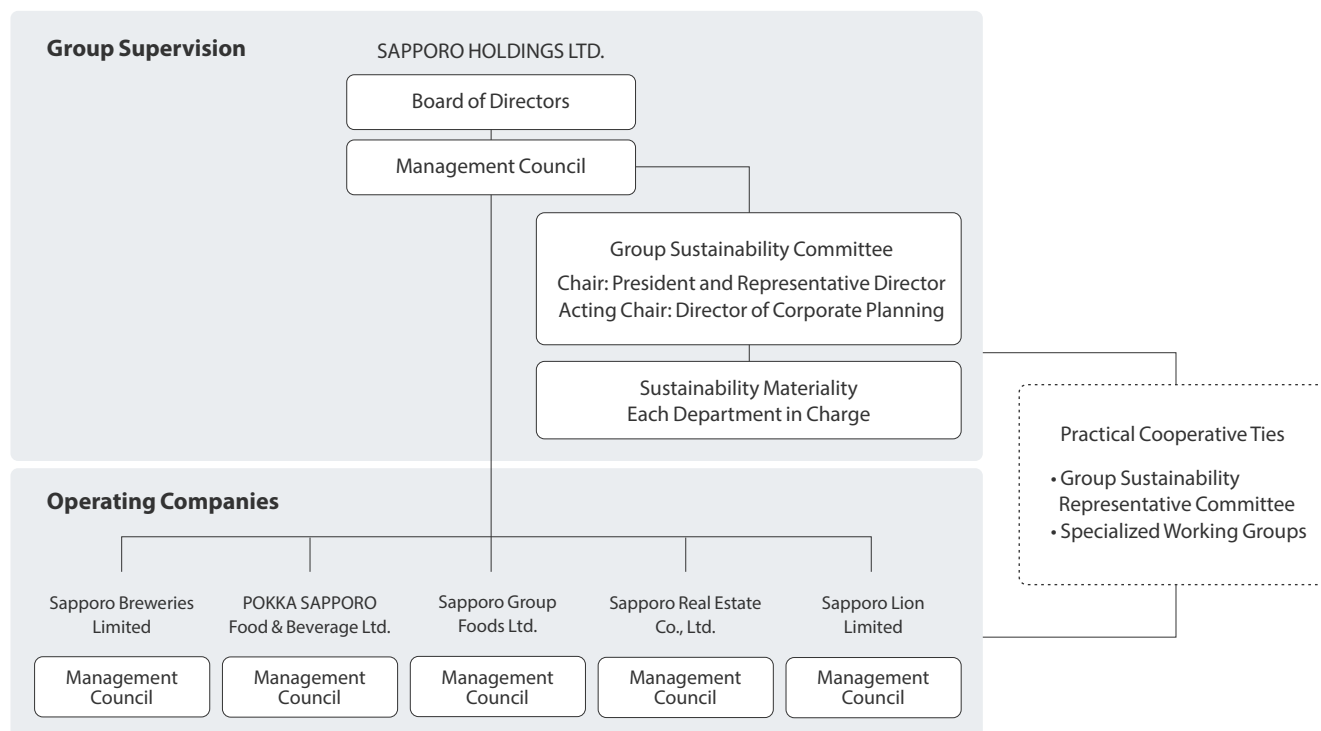
The Audit & Supervisory Committee is comprised of three directors who are Audit & Supervisory Committee members (two independent outside directors and one internal director). The members work with the Internal Audit Department to conduct audits on the performance of duties by each director following the audit policy established by the Audit & Supervisory Committee and the audit plan that contains priority audit items and division of duties.

The Audit & Supervisory Committee obtains and shares information by having its members attend meetings of the Board of Directors, Management Council, Group Management Strategy Council, and other important meeting bodies. The committee selects a Statutory Audit & Supervisory Committee Member to ensure the effectiveness of its auditing and supervision functions through close collaboration with the Internal Audit Department. Meetings held in fiscal 2022: 23

### About Independent Outside Audit & Supervisory Committee Members

Independent outside directors who are Audit & Supervisory Committee members are each independent officers pursuant to the rules of the Tokyo Stock Exchange and the Sapporo Securities Exchange. They attend meetings of the Board of Directors, Nominating Committee, Compensation Committee, and Outside Director Committee as well as participate in discussions with the representative directors, directors, and executive group operating officers (presidents of operating companies) together with the Statutory Audit & Supervisory Committee Member. During these meetings, they provide appropriate recommendations and advice from objective and neutral standpoint independent from executive management, playing an effective role in ensuring the legality and validity of decision making.

### The Sapporo Group's Sustainability Implementation Structure



## Corporate Governance

### Nominating and Compensation Committees

Although Sapporo Holdings is a Company with an Audit & Supervisory Committee, it has also established a Nominating Committee and a Compensation Committee with the goals of increasing transparency with respect to the nomination and remuneration of directors and the presentation of a sound management structure. All independent outside directors not concurrently serving on the Audit & Supervisory Committee, all directors concurrently serving on the Audit & Supervisory Committee, and the president and representative director comprise the seven members of both committees (eight members after March 30, 2023). Each committee is chaired by an independent outside director not concurrently serving on the Audit & Supervisory Committee.

#### Nominating Committee

The Nominating Committee meets to recommend candidates for director and substitute director to the Board of Directors, monitor formulation and implementation status of the succession plan of the President, and hold discussions. Meetings held in fiscal 2022: 5

#### Compensation Committee

The Compensation Committee meets to formulate the compensation plan for and determine individual compensation amounts of directors (excluding directors who are Audit & Supervisory Committee members) pursuant to resolutions of the Board of Directors. Meetings held in fiscal 2022: 5

### Outside Director Committee

In December 2015, the Company established the Outside Director Committee. This committee works to share information with the Company's independent outside directors pertaining to Groupwide management strategies, corporate governance policies, and other matters, in order to increase the quality of business execution supervision. In 2022, discussions focused on the formulation of the medium-term management plan and training sessions that had been postponed due to the COVID-19 pandemic were resumed. Meetings held in fiscal 2022: 7

#### Standards and Policies Regarding Independence of Outside Directors and Outside Audit & Supervisory Committee Members

Candidates for independent outside director positions, whether they be positions for members of the Board of Directors who serve concurrently on the Audit & Supervisory Committee or for members of the Board who do not, are recommended by the Nominating Committee, chaired by an independent outside director. These candidates meet the Standards for Independence of Outside Directors established by the Company, while they have a wealth of experience, track record, and insight into corporate management or certain specialist fields that will enable them to offer accurate proposals and advice on the Company's management issues.

### Management Council

The Management Council meets to ascertain the situation of each operating company and convey management information, and ensure that Sapporo Holdings, as the holding company, is able to make decisions in a swift and agile manner.

The council discusses and approves important matters concerning management as a whole besides those handled by the Board of Directors.

### Group Management Strategy Council

The Group Management Strategy Council discusses and approves important matters related to the execution of business operations by Group companies in order to ensure consistent, swift and agile decision making within the Group to maximize the Group's corporate value.

### Group Operating Officers

The president oversees business execution across the entire Group based on the resolutions of the Board of Directors. Regarding business execution, the scope of authority afforded to management has been clarified, and there is a system in place that leverages advisory bodies such as the Management Council and the Group Management Strategy Council to facilitate flexible decision-making at the management level within the scope of said authority.

Furthermore, the Group's executive officers, who also serve concurrently as presidents and representative directors at major operating companies, commit to achieving the management goals applicable to their designated department and, after the responsibilities for achieving the Group's management goals have been clarified, to reporting to the president and representative director of Sapporo Holdings regarding the operational status of their department.

## Corporate Governance

### Board of Directors' Effectiveness Assessment

Every year, the Company conducts an analysis and assessment of the effectiveness of the Board of Directors based on the self-evaluations of each director. The Company also discloses an overview of the results of the analysis and assessment.

#### Initiatives in Fiscal 2022 in Response to the Results of the Board of Directors' Effectiveness Assessment for Fiscal 2021

The assessment for fiscal 2021 found that certain forward progress was made in terms of ascertaining and monitoring the progress of the medium-term management plan and investment projects as a whole. However, feedback showed the further need to deepen discussions on the Group's management concepts and the strategies of each business segment.

Therefore, in fiscal 2022, we made the following efforts to clarify the points to be discussed at board meetings and improve the effectiveness:

##### Formulation of Medium-Term Management Plan 2023-2026

In formulating Medium-Term Management Plan 2023-2026, which was announced in November 2022, we engaged in ample discussions on the future direction of the Group and reviewed Group Management Plan 2024, the previous medium-term management plan, incorporating the objective and specialist knowledge of outside directors, along with the views of outside advisors and institutional investors inside and outside of Japan.

Additionally, given the important role that outside directors play on the Board of Directors, we organized observation training for outside directors at major business sites in our medium- to long-term strategy and held active discussions at meetings of the Outside Director Committee, reflecting these findings in the formulation of the plan.

##### Executing of Investment/Loan Projects and Risk Taking

For investment and loan projects of a certain size, such as the acquisition of Stone Brewing Co., LLC by Sapporo U.S.A., Inc., a consolidated subsidiary of the Company, in August 2022, we examined and discussed matters so that we will ensure sufficient lead time and take risks in accordance with the reporting and deliberation process instituted in 2021 as well as clarify the points of discussion in the negotiations.

In addition, for other projects within the Group involving risk, we further enhanced approaches by continuing to report regularly to the Board of Directors and providing feedback on discussions at the Board of Directors meetings to related parties.

#### Results of Board of Directors' Effectiveness Assessment for Fiscal 2022

With respect to the Board of Directors' effectiveness assessment for fiscal 2022, in continuation of similar practices in fiscal 2021, all directors took an anonymous survey. Feedback on the results of the survey was provided early, allowing for sufficient time to discuss the current situation and raise awareness of issues at the board meeting held in January 2023.

As a result, following the aforementioned process of formulating Medium-Term Management Plan 2023-2026, overall scores improved for survey questions on enhancement of discussions on management plans, strategies, and investments from a medium- to long-term perspective, which were considered issues in the past.

At the same time, we identified establishment and operation of a monitoring system by the Board of Directors for the reliable execution and achievement of Medium-Term Management Plan 2023-2026 as a future important issue and shared this with relevant parties.

##### Assessment Items (Examples)

- Does the Board of Directors as a whole maintain an appropriate balance of knowledge, experience and skills concerning the Company's management and other relevant matters?
- Is the timing of distributing materials for Board of Directors meetings appropriate in terms of having ample time to review the materials in advance?
- Are the opinions of outside directors actively considered and do meetings provide a venue for constructive, open and easy discussions?
- Is a system in place that provides sufficient time for deliberations and extensive discussions regarding company strategy and medium- to long-term management policies such as the medium-term management plan?

## Corporate Governance

### President's Successor Development Plan

The Nominating Committee, an advisory body to the Board of Directors, every year reviews the formulation and implementation status and conducts discussion on the selection of a successor for the President and Representative Director. Based on this, the Board of Directors determines the successor.

The selection and dismissal of President and Representative Director is based on the right candidate with a wealth of experience, a rich track record, and great insight as an executive who can promote Group management and strengthen the corporate governance of the Company.

The Company works toward systematic cultivation of candidates, clarifying the requirements of corporate management to secure the next-generation of candidates who can respond swiftly to changes in the business environment. Officers decide a policy for the cultivation of all candidates and strengthen development through assessments, dispatching to outside training, and strategic assignments, etc.

### Cultivation of Next-Generation Management Candidates



### Compensation for Board Members

The Company determines the amount of compensation paid to individual directors (excluding directors who are Audit & Supervisory Committee members) through the Compensation

Committee based on resolution of the Board of Directors.

At the board meeting held on February 10, 2021, a resolution was passed on the policy for determining the compensation of individual directors (hereinafter, "policy on determination of officer compensation"), which was later revised at the board meetings held on March 30, 2021 and February 10, 2022. A summary of the policy on determination of officer compensation is presented below.

#### Basic policy

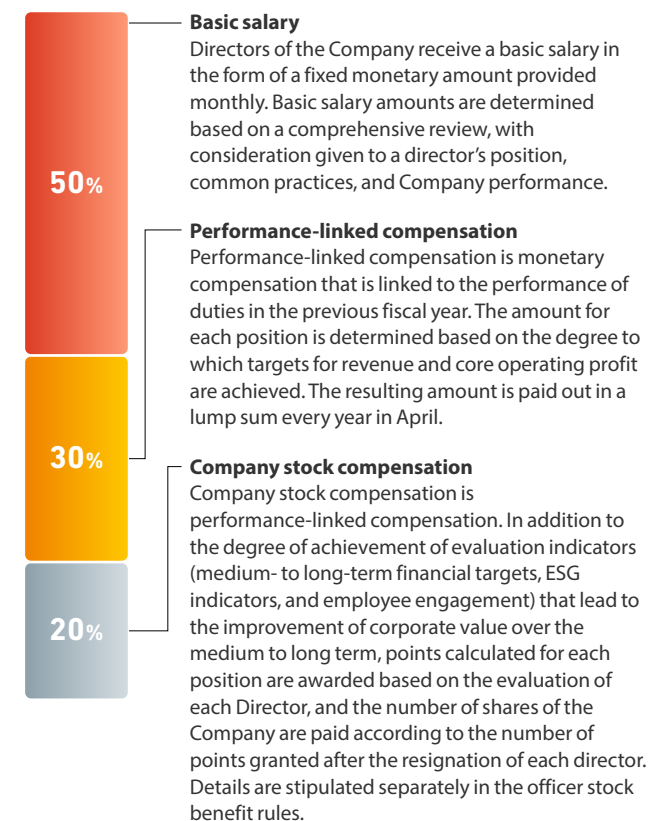
- The basic compensation policy for directors of the Company (excluding directors who are Audit & Supervisory Committee members; hereinafter the same shall apply) is to employ a system under which compensation is linked to business performance and medium- to long-term corporate value, accomplished by combining monetary compensation and company stock compensation for the purpose of contributing to the sustainable growth of the Company. Individual compensation is set at a level appropriate to the responsibilities of each director.
- Compensation for executive directors shall comprise monetary compensation and company stock compensation.
- Monetary compensation shall comprise (1) basic salary (fixed compensation) (2) performance-linked compensation within the maximum amount of compensation approved by the General Meeting of Shareholders.
- Company stock compensation shall basically comprise a performance-linked stock-based compensation system.
- Outside directors shall be paid basic salary only.

#### Determination of compensation

- Decisions regarding the compensation paid to each director are delegated to the Compensation Committee. The Compensation Committee determines the basic salary of individual directors, amount of performance-linked compensation, and the number of points to grant for performance-linked stock-based compensation.
- As a measure to ensure the appropriate execution of this authority, the Compensation Committee comprises all independent outside directors not concurrently serving on the Audit & Supervisory Committee, all directors who are the members of the Audit & Supervisory Committee, and the president and representative director. The chair of the Compensation Committee is selected from among the independent outside directors not concurrently serving on the Audit & Supervisory Committee.

### Composition of compensation

The standard ratio of basic salary to performance-linked compensation to company stock compensation is 5:3:2, when the degree of achievement of performance targets is the highest possible.





## Corporate Governance

### Evaluation Criteria for Performance-Linked Compensation and Company Stock Compensation

Classification	Indicator*1		Results, etc.
Performance-linked compensation	Revenue (vs. plan)	Level of achievement of results versus targets in each business year	Results: ¥478.4 billion/ Plan: ¥478.7 billion
	Core operating profit (vs. plan)	Level of achievement of results versus targets in each business year	Results: ¥9.3 billion/ Plan: ¥10.0 billion
Performance-linked stock-based compensation	Medium- to long-term financial target	ROE Evaluation based on annual evaluation criteria versus the target in the medium-term management plan (8%)	Fiscal 2022 results: 3.3%
	ESG indicators	1. FTSE ESG Rating*2 2. MSCI ESG Rating*2 Establishment of annual evaluation criteria for scores and ratings of each indicator	Fiscal 2022 results: 1. 3.0 2. A
	Employee engagement	Work engagement*3 Establishment of annual evaluation criteria using deviation from external institution surveys	Fiscal 2022 results: 53.6
	Individual evaluations	Performance of each officer	Determined by the Compensation Committee based on the evaluation indicators of each individual

\*1 The Company chose these indicators because it aims to contribute to the sustainable growth of the Company by making performance-linked compensation based on the results of the performance of duties in each fiscal year and performance-linked stock-based compensation linked to the Company's medium- to long-term corporate value.

\*2 Scores and ratings by international external evaluation agencies that collect, analyze, and evaluate ESG-related information of companies.

\*3 A state in which employees have positive feelings about their work and feel fulfilled.

### Compensation Amounts for Board Members in Fiscal 2022

Officer classification	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by type (Millions of yen)			Number of eligible officers (People)
		Basic salary	Performance-linked compensation	Performance-linked stock-based compensation	
Directors (excluding directors who are Audit & Supervisory Committee members)(includes outside directors)	210 (32)	164 (32)	26 (-)	20 (-)	11 (4)
Directors (including directors who are Audit & Supervisory Committee members)(includes outside directors)	46 (21)	46 (21)	- (-)	- (-)	4 (3)
<b>Total (includes outside officers)</b>	<b>256 (53)</b>	<b>210 (53)</b>	<b>26 (-)</b>	<b>20 (-)</b>	<b>15 (7)</b>

### Internal Audits

The Internal Audit Department, an internal auditing organization independent of the executive chain of command, receives instructions from the representative director or the Audit & Supervisory Committee and audits all operations of the Company and its subsidiaries regarding compliance with laws, the Articles of Incorporation, and internal regulations, enabling dual reporting. Moreover, when performing duties assigned by the Audit & Supervisory Committee, employees of the Internal Audit Department are required to follow the instructions and orders of the committee exclusively.

### Upgrading Internal Control Systems

To ensure thorough implementation of the basic policies decided by the Board of Directors and carry out ongoing development and strengthening of systems across the entire Group, the Board of Directors formulated the Sapporo Group Internal Control System Development Guidelines outlining specific matters in relation to internal control systems at the Group and promotes specific actions with the officer in charge responsible.

## Corporate Governance

### Strategic Holding of Shares

#### Policy on strategic holding of shares

The Company strategically holds the shares of other companies in situations where it judges that this will contribute to the medium- to long-term enhancement of corporate value from the standpoint of facilitating business continuity and increasing profits by strengthening commercial relationships. The Company determines whether to hold individual strategically-held shares every year based on verification by the Board of Directors following Company rules. With regard to the benefits and risks associated with strategically-held shares, the Company comprehensively judges the business feasibility that evaluates qualitative aspects such as the scale of the

transactions and future development potential and investment feasibility that evaluates quantitative aspects such as comparison with the cost of capital, and then reduces its holdings of those listed company stocks it has decided to sell.

During the period of Medium-Term Management Plan 2023-2026 (fiscal years ending December 2023 to 2026), the Company plans to reduce strategically-held shares so that the ratio of the book value of shares held to the total equity attributable to owners of the parent is less than 20%.

#### Exercise of Voting Rights Pertaining to Strategic Holding of Shares

In the exercise of voting rights pertaining to strategically-held shares, the Company will comprehensively weigh the pros and

cons from a medium- and long-term perspective, taking into consideration the Company's strategic holding policy and the common interests of the shareholders involved in investments. Regarding the contents of agenda and other issues pertaining thereto, the Company will, whenever necessary, have dialogues with the investee companies.

### Promoting Compliance

The Group has set out the Sapporo Group Code of Corporate Conduct to provide a solid set of ethical guidelines to direct the conduct of all executives and employees. The Group Risk Management Committee has created a Groupwide compliance system and established Whistleblower Hotlines and a Helpline to help with the prevention and early detection of misconduct, with the General Affairs Department serving as secretariat. In addition, the Internal Auditing Department, which is an internal auditing body that is independent of the executive chain of command, audits the general business operations of Sapporo Holdings and its subsidiaries to ensure compliance with laws and regulations, the Company's Articles of Incorporation, and internal rules.

#### Internal Reporting System

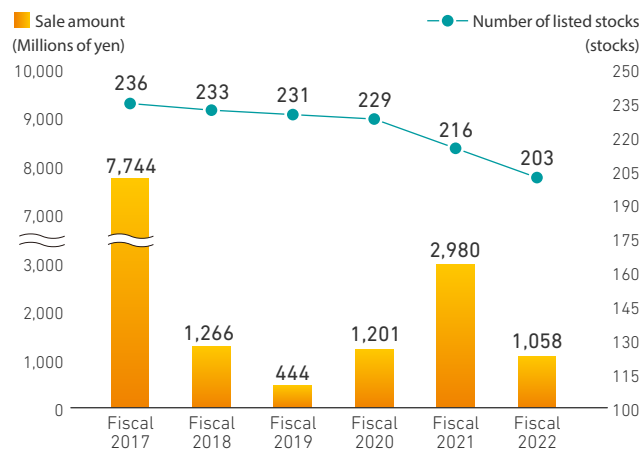
The Company established the Sapporo Group Corporate Ethics Hotline Regulations in order to prevent or quickly discover acts of fraud within the Group and foster a high level of ethical values. The regulations were revised following amendments to Japan's Whistleblower Protection Act made in June 2022 in an effort to strengthen the internal reporting system by enhancing confidentiality and expanding prohibitions on unfair treatment of whistleblowers.

### Number of Listed Stocks, Amount Recorded on Balance Sheet, and Total Equity Attributable to Owners of Parent

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Target for Fiscal 2026
Number of listed stocks	231	229	216	203	
Amount recorded on balance sheet (a)	¥55,736 million	¥45,213 million	¥44,196 million	¥47,047 million	
Total equity attributable to owners of parent (b)	¥174,071 million	¥149,781 million	¥162,570 million	¥166,310 million	
Ratio (a÷b)	32%	30%	27%	28%	Under 20%

\*The number of listed stocks and the amount recorded on the balance sheet are for the Company and Sapporo Breweries Limited (the companies with the largest balance sheet of investment shares among the Company and its consolidated subsidiaries).

### Sale Amount and Number of Listed Stocks



\*The sale amount and number of listed stocks are for the Company and Sapporo Breweries Limited (the companies with the largest balance sheet of investment shares among the Company and its consolidated subsidiaries).

## Risk Management

### Basic Approach to Risk Management

The Sapporo Group ensures the longevity of its businesses by gaining a comprehensive understanding of the potential risks to both its businesses and the operating environment and by providing a high-priority response. We define risk as a “phenomenon that creates uncertainty for the future.” In turn, we classify risks as either an opportunity or threat. Risks are further divided into “broad risks” that have yet to materialize and “narrow risks” that have already come to light. Organizations address each type of risks they are in charge of in an effort to minimize threats and maximize opportunities by making risk management a focal point of operations.

The Management Council, Group Sustainability Committee, and Group Risk Management Committee maintain an awareness of their respective roles and set action plans according to their specific functions in order to address the risks of opportunities and threats. The Board of Directors and the Management Council receive reports from each organization on a quarterly or semiannual basis and monitors risk

management activities.

As a measure to prevent risk during normal times, a Group cross-functional subcommittee meets monthly to monitor the progress of efforts to address risk, share risk events, and share ways to prevent risk recurrence or risks from occurring.

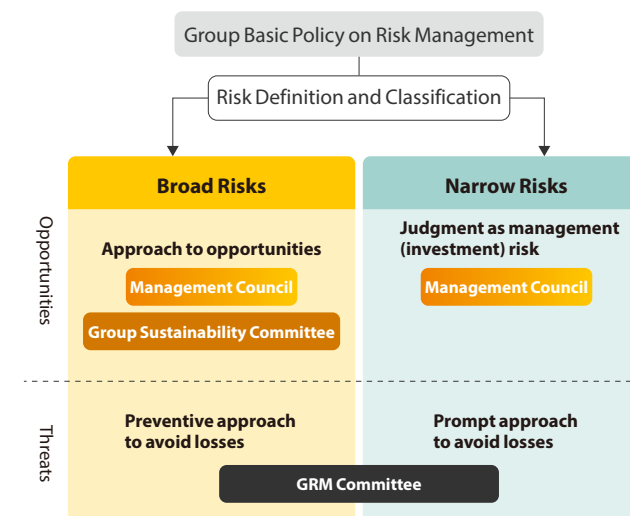
### The Group's Risk Management Structure and Operational Flow

The Sapporo Group manages latent risks in important decision-making for business execution or in business execution through the Management Council. A system is in place where administrative departments such as corporate planning, general administration, finance and accounting, and legal analyze expected risks in response to the deliberations and reports of the Management Council and necessary reporting is carried out.

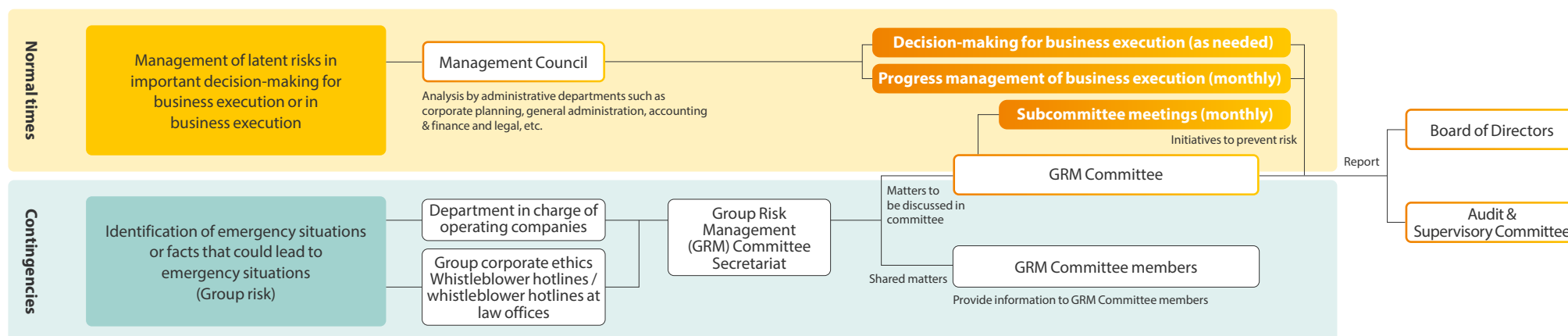
Upon identification of emergency situations or facts that could lead to emergency situations, the Group Risk Management Committee works with crisis management

organizations at each operating company to discuss countermeasures including disclosure, address risks swiftly and properly in an effort to quickly resolve risks and mitigate risks.

### Risk Definition and Classification



### Operational Flow Regarding the Sapporo Group's Risk Management



## Risk Management

### Major Business-Related Risks (Threats) and Countermeasures

Following is a list of risks applicable to the Sapporo Group, potential threats posed by these risks, and countermeasures.

Classification		Events	Details	Countermeasures
—		COVID-19 pandemic and other infectious diseases	If the negative economic impacts of a pandemic become protracted and serious in nature, surging prices of raw ingredients and supplies, a decline in consumption, weak sales in the restaurant industry, and weaker demand for industrial-use products could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>Respond based on new work rules, such as recommendations for remote work based on a government guide, etc.</li> <li>In the Real Estate business, undertake initiatives and reminders for preventing the spread of infections at commercial facilities, office buildings, etc. that are managed/operated by the Sapporo Group.</li> </ul>
Strategic risks	Groupwide risks	Changes in economic conditions and population dynamics	There is a possibility that a worsening global economy caused by changes in economic conditions could lead to changes in shipments of main products, or decline in value of owned assets. These situations could have a negative impact on operating results or financial condition as a result of a more challenging competition environment. In addition, the Group may not be able to secure or cultivate the required human resources due to market contraction caused by declining birthrate and aging population or tougher competition for the hiring of employees.	<ul style="list-style-type: none"> <li>Gain an understanding of these trends and analyze their effects on business, and formulate a response plan and execute.</li> <li>Develop products that are appropriate for these shifting trends.</li> <li>Promote Groupwide utilization of human resources, personnel allocation plans, workstyle reforms, redouble BPR efforts, and the employment and flourishing of senior personnel.</li> <li>Develop environment that embraces diversity and inclusion and promote measures that increase work and engagement.</li> </ul>
		Climate change risks	If primary raw materials or necessary water resources cannot be secured due to future climate change, the Group may face opportunity loss due to cessation of operations. These situations could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>Promote measures to achieve harmony with the environment, coexistence with society, active participation of human resources, responsible drinking, and the provision of safe products and facilities.</li> <li>Carry out research and development in order to mitigate climate change-related risks to primary raw materials, and consider climate change risks when selecting growing areas.</li> </ul>
		Impacts of legal systems	The establishment of new legal systems, etc., could have a negative impact on operating results or financial condition due to a drop in demand caused by restrictions on business activities or new costs for compliance with the new systems.	<ul style="list-style-type: none"> <li>Continually monitor the situation of legal systems and implement forward-looking measures.</li> <li>Ensure proper understanding of and thorough compliance with laws and regulations through in-house training on legal affairs.</li> </ul>
		Dependence on specific business fields	A decline in sales could be caused by factors such as price competition with competitors amid declining demand in the domestic market, changes in alcohol tax rates, changes in consumer preferences, price hikes of products due to surging costs of raw materials, supplies and energy, or a cooler than normal summer or longer than normal rainy season. These situations could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>Review of business portfolio.</li> <li>Expand business activities into other business fields and international markets.</li> </ul>
		International business activities	In addition to changes in economic trends, competition environment or foreign exchange rates, factors such as changes in legal systems concerning investment, trade, tax and foreign exchange, differences in business practices, labor relations, regional armed conflict, terrorism, infectious diseases or other political, social or economic disruptions could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>Work closely with overseas subsidiaries to undertake appropriate management and support of business operations based on local operating environment.</li> <li>Establish business management and risk management structures.</li> <li>Decentralize risks by dividing portfolio by country.</li> </ul>
		Impacts of R&D	Changes in consumer preferences, technological innovations or legal revisions could have a negative impact on operating results or financial condition in case of unpredictable changes in the business environment and declining competitiveness in the marketplace.	<ul style="list-style-type: none"> <li>Continually engage in R&amp;D and propose products that can deliver value commensurate with changes in consumer needs and lifestyle patterns.</li> </ul>
		Food safety	If a quality or labeling problem related to our products or raw materials occurs, a product recall, shipment of defective products, or product liability claims might occur. In the Restaurants business, if food poisoning occurs, we might be ordered to suspend operations for a certain period of time, which could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>Analyze possible society-wide risks and develop preventive measures.</li> <li>Undertake initiatives to establish a quality assurance system by, for example, raising awareness and providing training on risk management and risk communication to relevant departments of Group Companies.</li> <li>Conduct quality audits, etc.</li> </ul>
		Safety of contract manufactured products and purchased products	The occurrence of quality issues beyond the scope of safety initiatives could have a negative impact on operating results or financial condition due to suspension of sales, product recalls, etc.	
		Procurement of raw materials and supplies and prices	The cost of sales could increase due to a rise in the price of raw materials and supplies caused by volatility in product prices and foreign exchange rates, which could have a negative impact on operating results or financial condition. Additionally, ongoing regional conflict will negatively impact the global supply chain.	



## Risk Management

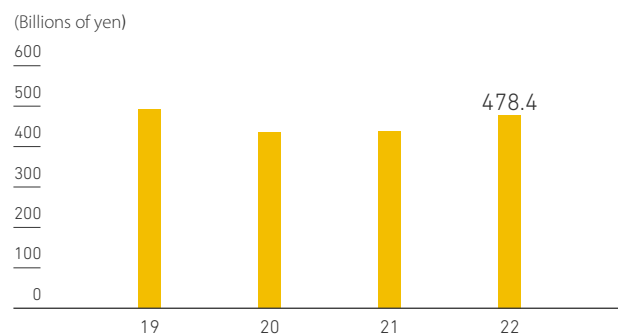
### Major Business-Related Risks (Threats) and Countermeasures

Classification		Events	Details	Countermeasures
Strategic risks	Groupwide risks	Risks in the supply chain	Rising costs and declining functions across the supply chain or the occurrence of human rights violations and environmental damages in the supply chain could make it impossible to maintain a stable supply chain, which could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>• Gather information from suppliers related to crop conditions and cultivation of raw materials.</li> <li>• Diversify transportation methods, such as use of co-deliveries.</li> </ul>
		Business and capital alliances	Deterioration in the management and assets of the business of alliance partners or investee companies because these companies' results fell short of initial forecasts due to changes in market environment or business environment could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>• Implement detailed due diligence on financial details or contractual relationships with the said companies.</li> <li>• Implement monitoring and appropriate risk assessments.</li> </ul>
	Unique risks to each business	Alcoholic beverage issues	Tighter regulations on alcoholic beverages worldwide and a contraction in consumer demand for alcoholic beverages caused by rising health consciousness could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>• Promote educational programs aimed at eliminating inappropriate drinking, including underage drinking, drunk driving and alcohol harassment.</li> </ul>
Financial risks		Impairment of fixed assets	Impairment losses on fixed assets or goodwill from business combinations caused by weakened profitability or a downturn in market prices due to significant worsening in operating environment could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>• Take a careful approach to investment based on business environment and profitability.</li> </ul>
		Financial liabilities	Financial liabilities may increase due to large-scale investments for growth strategy, and, if market interest rates rise or ratings agencies downgrade the Company's credit rating, the Company's interest burden could increase or financial conditions worsen, which could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>• Diversify sources of financing, rationalize borrowing periods, and procure necessary funds based on market rate environment.</li> <li>• Execute foreign exchange forward and interest rate swap transactions to limit volatility risks.</li> </ul>
		Retirement benefit obligations	Major changes in assumptions, such as fluctuations in the fair value of plan assets, fluctuations in interest rates, or changes in pension assets, could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>• Monitor investment returns of the corporate pension fund.</li> </ul>
Operational risks		Risks from natural disasters	The Group's buildings and facilities could be damaged in the event of earthquake, wind or water damage, or landslide greatly exceeding assumptions due to a large-scale natural disaster or secondary disasters. Additionally, product supply issues caused by the temporary suspension of operations or disruptions in logistics networks resulting in opportunity loss or losses on the disposal of products could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>• Strengthen safety and management systems at offices, commercial complexes, residences, and other facilities under possession.</li> <li>• Ensure that a distribution network is in place for when a disaster occurs.</li> </ul>
		Corporate governance risks	Deficiencies in the Group's corporate governance or internal control could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>• Strengthen operational supervision functions within the Group and develop/implement internal control at Group Companies.</li> </ul>
		Compliance risks	The occurrence of acts within the Group in violation of laws, regulations or social requirements, such as illicit or criminal actions or bribery, could have a negative impact on operating results or financial condition. Additionally, the Company's brand and credibility could be negatively impacted if there is criticism of such actions on social media or in other media.	<ul style="list-style-type: none"> <li>• Raise awareness among employees and implement measures to prevent compliance violations by strengthening internal control.</li> <li>• Make known legal curriculum and information on laws and regulations internally in a timely manner.</li> </ul>
		Risks of litigation or fines	There is a possibility of litigation involving product liability law, intellectual property law or tax issues or levying of fines, irrespective of actual violations of laws or regulations during the course of business activities in Japan and abroad. Depending upon the matter of litigation or the results of litigation, there could be negative impacts on the Group's operating results or financial condition.	<ul style="list-style-type: none"> <li>• Promote compliance through training that raises employee awareness, etc.</li> <li>• Establish a system for litigation supported by specialized lawyers able to provide accurate advice and support for each legal field.</li> </ul>
		Information security risks	Falsification of important information or divulgence of personal information due to cyberattack, etc., could have a serious impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>• Establish multi-tiered defense and monitoring systems for external attacks.</li> <li>• Raise awareness among employees using targeted email attack training.</li> </ul>
		Credit risk of customers	Trouble collecting receivables due to the sudden, unforeseen bankruptcy of a business partner or affiliate could have a negative impact on operating results or financial condition.	<ul style="list-style-type: none"> <li>• Conduct credit management and monitoring as well as appropriate risk assessment of customers and related parties.</li> </ul>

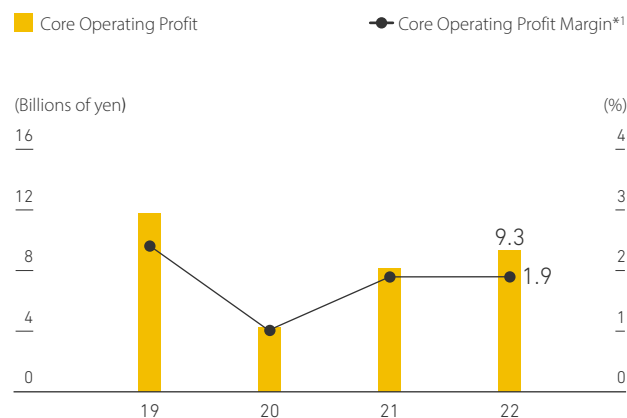
## Financial Highlights \*Figures are prepared based on IFRS.

### Profitability

#### Revenue (Including Liquor Tax)



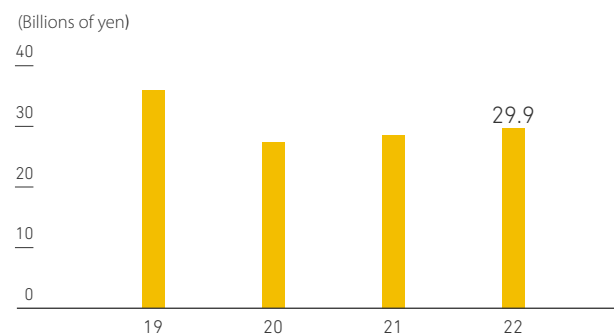
#### Core Operating Profit / Core Operating Profit Margin\*<sup>1</sup>



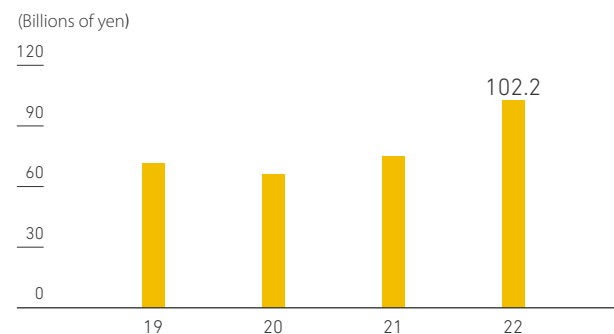
\*<sup>1</sup> Core operating profit margin is calculated as core operating profit ÷ revenue (including liquor tax).

### Growth

#### EBITDA

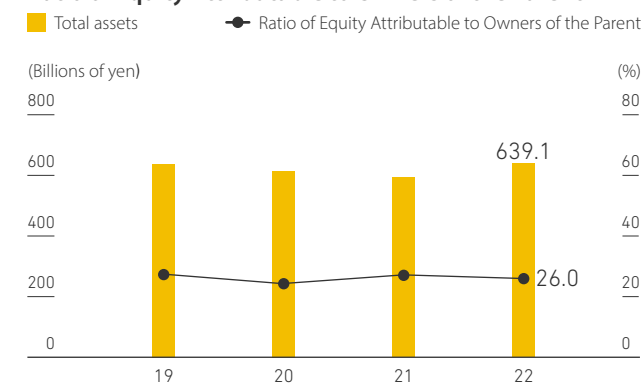


#### Overseas Revenue

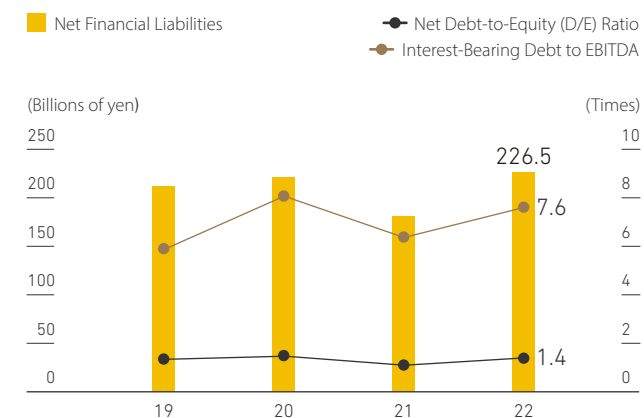


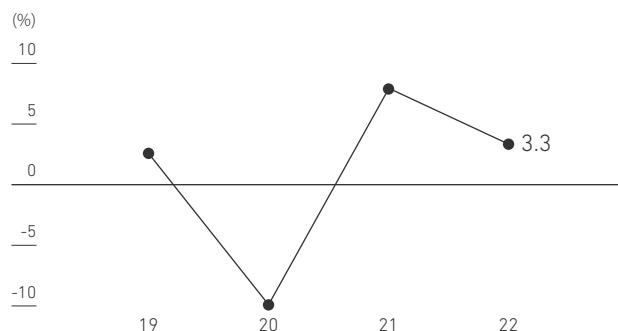
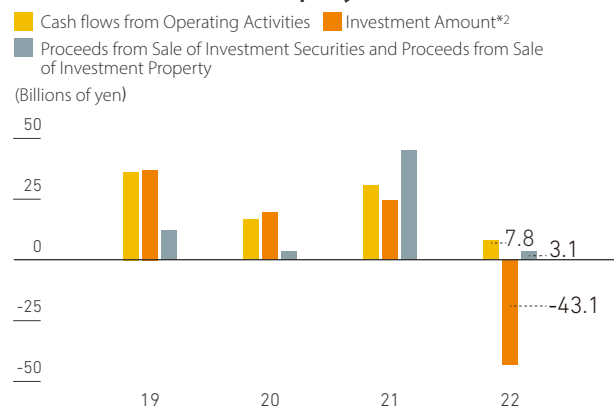
### Safety

#### Total Assets / Ratio of Equity Attributable to Owners of the Parent

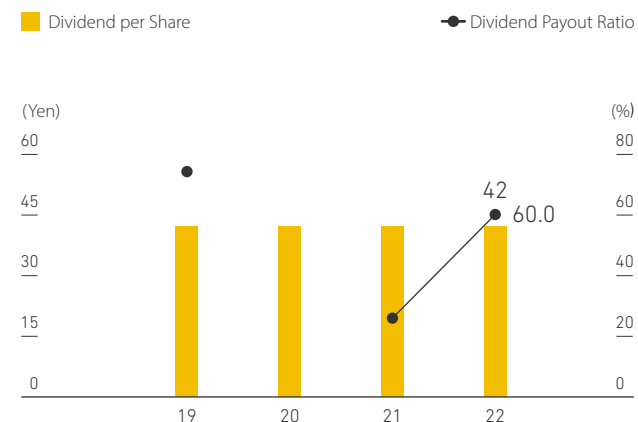
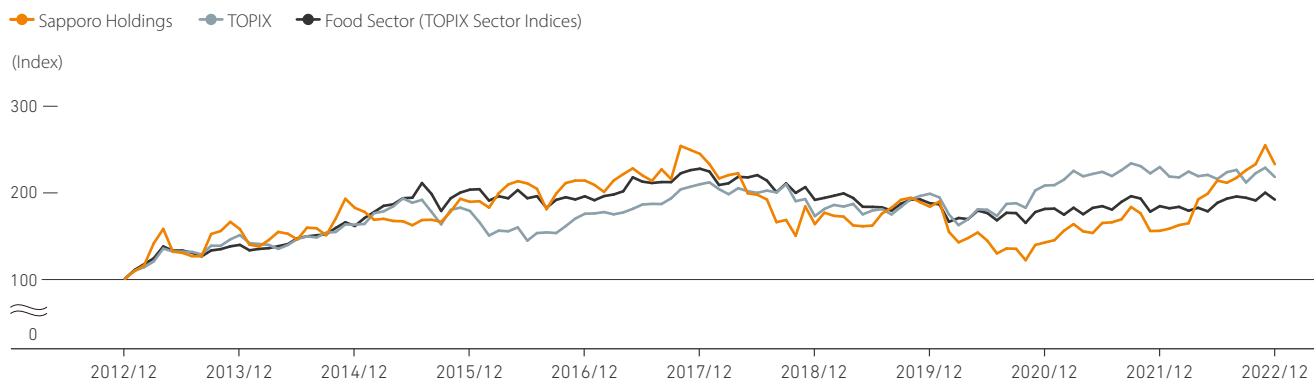


#### Net Financial Liabilities / Net Debt-to-Equity (D/E) Ratio / Interest-Bearing Debt to EBITDA



**Financial Highlights** \*Figures are prepared based on IFRS.**Capital efficiency****ROE****Cash flows from operating activities and investments****Cash flows from Operating Activities / Investment Amount\*2 / Proceeds from Sale of Investment Securities and Proceeds from Sale of Investment Property**

\*2 Investment amount is calculated as cash flows from investing activities + proceeds from sale of investment securities and proceeds from sale of investment property.

**Shareholder returns****Dividend per Share / Dividend Payout Ratio****Share price performance****Trend in Share Price\*3**

\*3 Stock price index assuming the closing price on December 31, 2012 as 100.

**Total Shareholder Return (TSR)\*4**

	Trailing 1 year	Trailing 3 years	Trailing 5 years	Trailing 10 years
Sapporo Holdings	52.2%	32.1%	1.2%	163.4%
TOPIX incl. dividends	-2.5%	18.1%	17.2%	174.2%

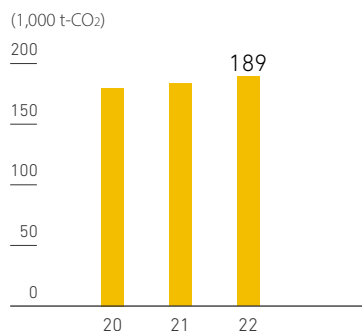
\*4 Return on investment if dividends are reinvested. Indicates the rate of return for the holding period retroactive to the closing price on December 31, 2022.

	2012/12		2022/12
Share price	1,395 Yen	→	3,280 Yen
PER	20.3 times	→	46.9 times
PBR	0.8 times	→	1.5 times

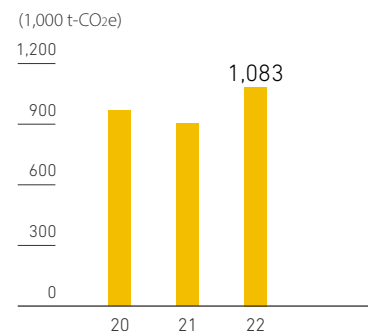
## Non-Financial Highlights

### Harmony with the environment

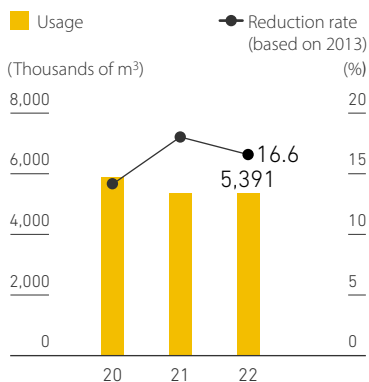
#### CO<sub>2</sub> Emission Volume (Scope 1 and 2)



#### CO<sub>2</sub> Emission Volume (Scope 3)



#### Trends in Water Consumption\*2 / Reduction Rate\*3



\*2 Usage of domestic operating companies

\*3 Ratio of usage reduction of domestic operating companies

#### Recycled Material Usage Rate for Domestically Produced Wine PET Bottles (Wine sold by Sapporo Breweries; fiscal 2022)

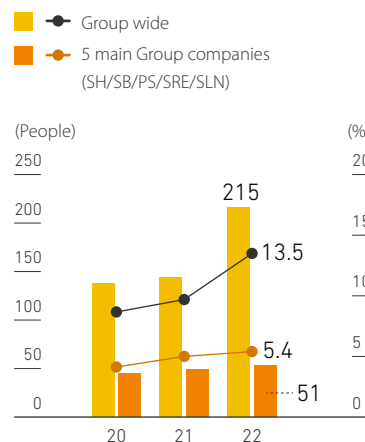
# 48.2%

We switched to materials made of recycled PET resin starting with products made in March 2021. The labels of products made with recycled PET resin contain a unique symbol denoting the use of recycled PET resin. This label is used for 100% of 720ml products and for 30% of large format containers\*4.

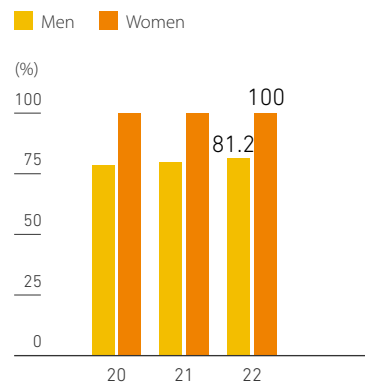
\*4 1.5L and 1.8L

### Active participation of human resources

#### Number and Percentage of Women in Management Positions

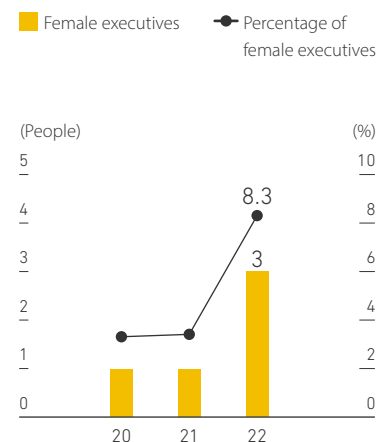


#### Proportion of Employees Taking Childcare Leave\*5



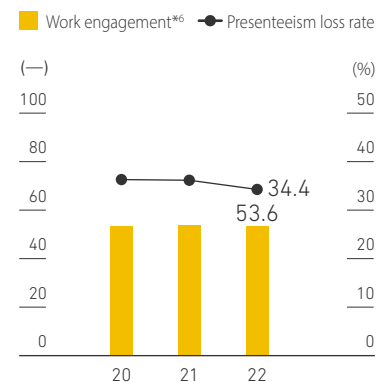
\*5 Ratio of employees taking childcare leave (Sapporo Holdings and Sapporo Breweries)

#### Number and Percentage of Female Executives\*1



\*1 The percentage of female executives at major Sapporo Group companies (SH/SB/PS/SRE/SLN) in Japan

#### Work Engagement and Presenteeism Loss Rate



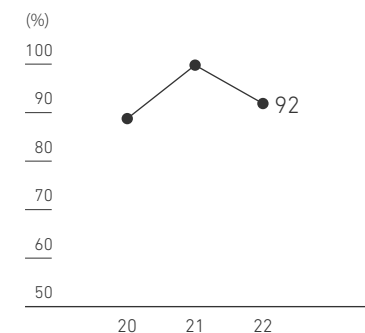
### Promote coexistence with society

#### Number of Regional Revitalization Business Implemented (Fiscal 2022)

# 5

In fiscal 2022, we signed five contracts for projects with multiple local governments. As part of the scope of work, we organized events to match producers and restaurants and supported the development of new menu ideas, which in turn encouraged restaurants to continue sourcing local ingredients and contributed to sales in the local community.

#### Compliance Rate with the Sustainable Procurement Guidelines of Major Suppliers



\*6 Work engagement represents the deviation value.



## Business Overview

Both revenue and core operating profit increased amid the growth of the overseas Alcoholic Beverages business mainly in North America, increased sales in the domestic Alcoholic Beverages and Restaurants business segments following the recovery in the on-trade market, and steady contributions to the bottom line made by structural reforms in the Restaurants and domestic Food & Soft Drinks business segments. In addition, the substantial impacts felt from surging cost of sales were fully absorbed by price revisions and cost controls.

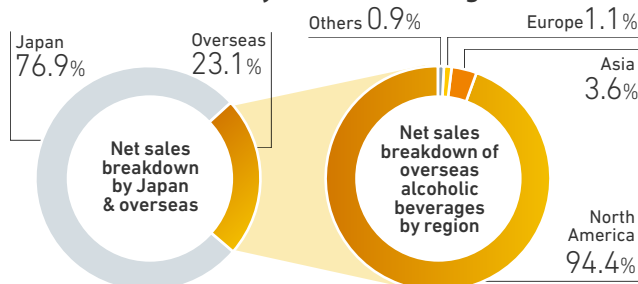
### Alcoholic Beverages

In Japan, we have worked to reinforce beer and RTD amid various changes taking place in the business environment, such as changing lifestyle patterns caused by the pandemic and inflation. Overseas, we continued to see strong sales similar to fiscal 2021. Moreover, we acquired a 100% stake in Stone at the end of August 2022, gaining a foundation for accelerating our growth in the United States.

#### Main brands



#### Net sales breakdown by Alcoholic Beverages



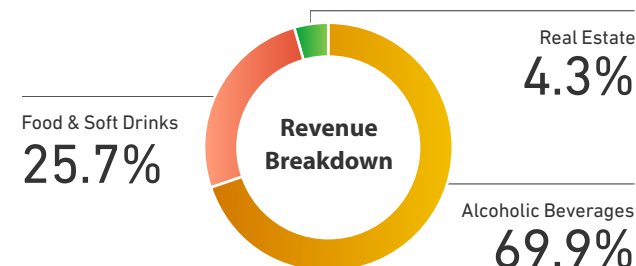
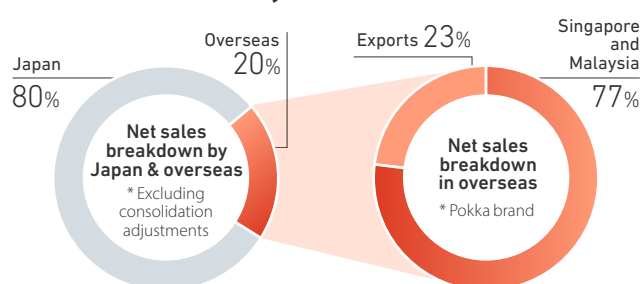
### Food & Soft Drinks

In Japan, we conducted structural reforms that included restructuring Shinsyu-ichi Miso Co., Ltd.'s business locations, selling off our cafe business, and liquidating one vending machine operator subsidiary focused on the suburbs. In turn, we promoted initiatives aimed at shifting management resources to growth areas. Overseas, we recorded strong sales both in Singapore and for exports.

#### Main brands



#### Net sales breakdown by Food & Soft Drinks



### Real Estate

At Yebisu Garden Place, we carried out measures to increase the property's value over the long-term, including beginning work to replace the HVAC system for the office wing, introducing renewable energy, carrying out seismic damping work, and holding the grand opening of Center Plaza. Also, we worked to diversify our revenue structure by making a total of four equity investments in 2022.

#### Main Facilities



#### Overview of main properties and occupancy rate:

	Site area (m <sup>2</sup> )	Floor area (m <sup>2</sup> )	Average occupancy rate
Yebisu Garden Place*1	56,943	298,007	83%
Sapporo Factory	36,773	159,975	88%
GINZA PLACE	645	7,350	97%
STRATA GINZA*2	1,117	11,411	100%

\*1 Occupancy rate shown for office areas

\*2 Wholly-owned buildings shown. The Company owns 922m<sup>2</sup> (sectional ownership) of land and 89.72% of the building (co-ownership).

# Alcoholic Beverages

## Fiscal 2022 Performance

### Revenue

¥334.6 billion

(up 15.5% year on year)

### Core operating profit

¥7.7 billion

(up 42.1% year on year)

Although variable costs increased due to surging cost of sales, revenue and core operating profit both increased compared to the previous year thanks to the recovery in the on-trade market, increase prices, strong sales in the off-trade market in the United States, and the effects of structural reforms in the Restaurants business.

### Trend in Revenue

(Billions of yen)

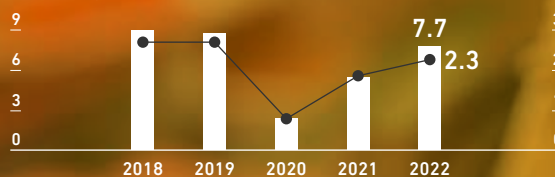


### Trends in Core Operating Profit / Core Operating Profit Margin

■ Core operating profit

● Core operating profit margin

(Billions of yen)

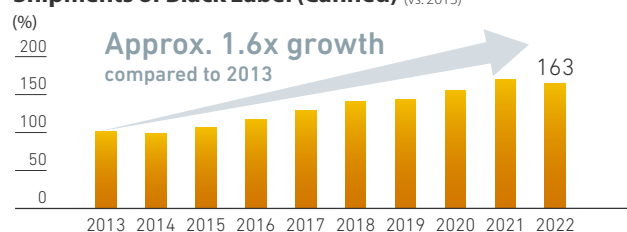


## Review of Fiscal 2022

### Strong sales of beer and RTD in domestic Alcoholic Beverages

The Sapporo Group has worked to reinforce beer and RTD ahead of the consolidation of alcohol taxes on beer-type beverages in 2026. On-trade market demand temporarily waned amid the repeated up and down of COVID-19 waves, but the impacts were mild compared to the previous fiscal year when states of emergency placed restrictions on alcohol services at restaurants. Therefore, sales volume of beer-type beverages was 103% of the previous fiscal year's level. Additionally, sales volume of RTD was also at 103% of last fiscal year's level thanks to strong sales of Sapporo Koime no Lemon Sour.

### Shipments of Black Label (Canned) (vs. 2013)



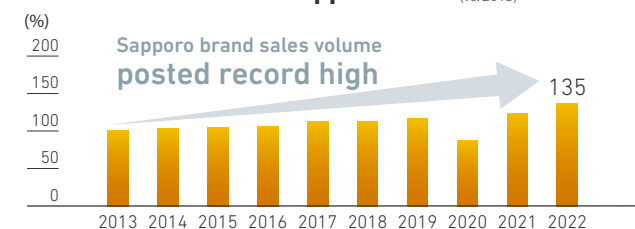
### Sales Volume Trends of RTD (vs. 2018)



### Record high sales volume in the United States

Sales volume of Sapporo brand beer in the United States broke a record high set in the previous fiscal year and was at 110% of the previous fiscal year's level, buoyed by the recovery in the on-trade market and successful efforts to reinforce our presence in the off-trade market.

### Sales Volume Trends of Sapporo U.S.A. (vs. 2013)

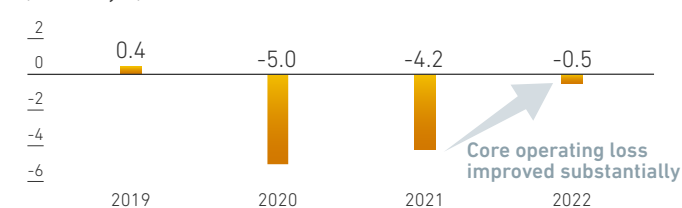


### Structural reforms lead to substantial improvement in the Restaurant business' operating loss

An unstable market situation continued as a result of the COVID-19 pandemic, but structural reforms implemented during the pandemic, including closure of unprofitable restaurants, contributed to the bottom line, and the segment's operating loss was improved considerably compared to the previous fiscal year.

### Restaurants Trends in Core Operating Profit

(Billions of yen)



# Food & Soft Drinks

## Fiscal 2022 Performance

### Revenue

¥122.9 billion

(down 2.0% year on year)

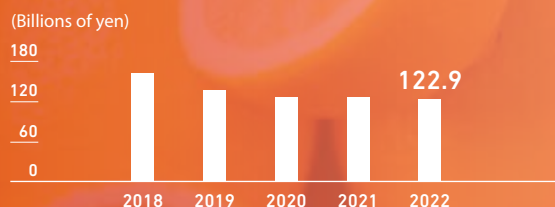
### Core operating profit

¥1.8 billion

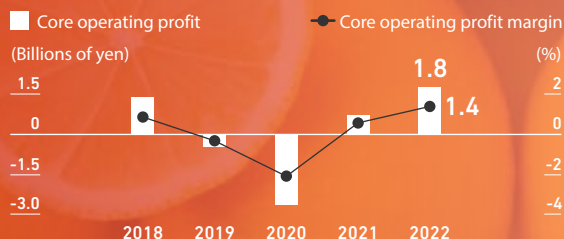
(up 148.2% year on year)

Sales contracted as we sold off the cafe business and liquidated one vending machine operator subsidiary focused on the suburbs, but despite the decline in revenue, core operating profit increased year on year thanks to effects that structural reforms had on the bottom line.

### Trend in Revenue



### Trends in Core Operating Profit / Core Operating Profit Margin

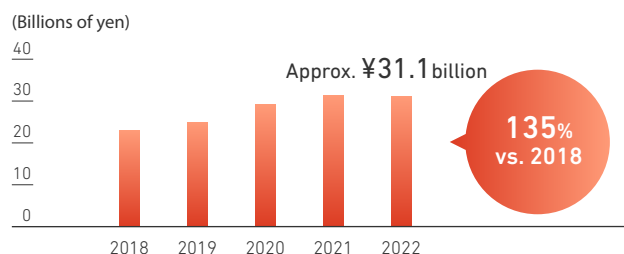


## Review of Fiscal 2022

### Strong sales of lemon beverages

The overall sales volume of the Sapporo Group's soft drinks in Japan was at 98% of the previous fiscal year's level because of a decline in sales volume caused by the reduction in the number of unprofitable vending machines. Amid this, sales of lemon beverages were robust, driven by the rising health consciousness of consumers. Kireto Lemon set a record high for shipments for the seventh straight year.

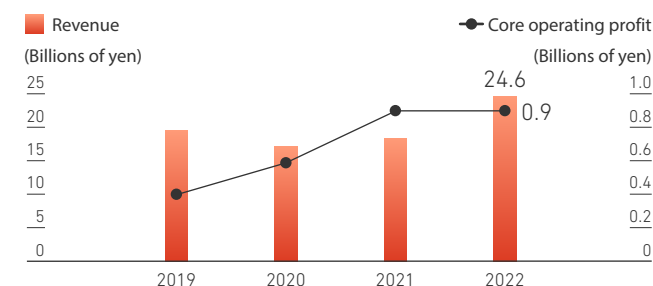
### Net Sales of the Lemon Business (Lemon drinks + Lemon-based products)



### Accelerating growth of beverages overseas

In Singapore, sales revenue was 103% of the previous fiscal year's level, buoyed by the easing of various restrictions that were in place due to the COVID-19 pandemic. Exports from Singapore were also strong, with sales revenue reaching 115% of the previous fiscal year's level. Furthermore, with Singapore as our base, we worked to increase sales in countries with ample room for growth, such as Malaysia and the Middle East.

### Overseas Beverages Trends in Revenue / Core Operating Profit



### Structural reforms helped to increase core operating profit

We promoted structural reforms that included exiting unprofitable businesses, restructuring subsidiaries and reorganizing business locations in order to concentrate management resources on the growing lemon business. These structural reforms had a positive effect on the bottom line, as core operating profit increased year over year.

#### Restructuring of vending machine operator subsidiary

- Liquidated in November 2022: effect of ¥200 million
- 2023 onward: ¥700 million/year effect anticipated (vs. 2020)

#### Transfer of cafe business

- Sold in April 2022
- 2022 onward: ¥900 million/year effect anticipated (vs. 2020)

#### Reorganization of Shinsyu-ichi Miso Co., Ltd.'s business location

- Sold in February 2022
- 2022 onward: ¥400 million/year effect anticipated (vs. 2020)



# Real Estate

## Fiscal 2022 Performance

### Revenue

¥20.7 billion

(down 5.2% year on year)

### Core operating profit

¥6.5 billion

(down 21.5% year on year)

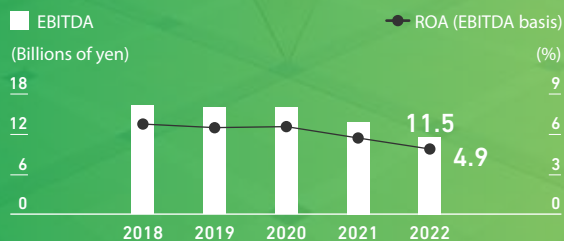
Both revenue and core operating profit fell year on year due to the sale of Yebisu First Square in June 2021 and a lower occupancy rate resulting from HVAC system replacement work in the office wing of Yebisu Garden Place that began in fiscal 2022. The number of visitors and sales are both trending steadily following the opening of Center Plaza in November 2022.

### Trend in Revenue

(Billions of yen)



### Trends in EBITDA/ ROA (EBITDA basis)



## Review of Fiscal 2022

### Increased brand value with the remodel of Yebisu Garden Place

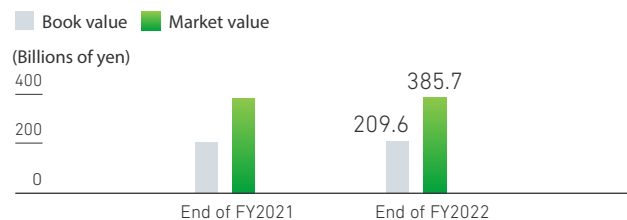
We aim to maintain and increase profitability and enhance property value by improving the usability of facilities at Yebisu Garden Place in line with changing needs and providing new features and added value.

In November 2022, we held the grand opening of a remodeled section of the commercial wing called Center Plaza. Following the opening, both the number of visitors and sales are rising steadily.

In fiscal 2022, we began replacement work on the HVAC system in the office wing. Over the period of around 10 years, we plan to complete this work on two to four floors every year. This will improve the office area's interior environment and enhance its functions as an office space. We also made efforts to reduce environmental impacts and increase safety, including switching electricity used within the facility to renewable energy (including tenanted areas) and installing a vibration dampening system to halve the building's shaking during displacement in long-period motion.

We will continue investing to make the facility function more effectively to further improve comfort, safety and peace of mind.

### Market value of rental & other properties at fiscal year end



### Core operating profit breakdown

(Billions of yen)

	2021	2022	Change
Yebisu Garden Place*1	6.9	4.9	-2.0
Rental properties	2.4	2.1	-0.3
Sapporo	0.7	0.7	0.0
Equity, etc.*2	-1.7	-1.2	0.5
Total	8.2	6.5	-1.8

\*1 Vacancy rate of office wing increased due to HVAC work \*2 Including corporate costs

### Building an asset turnover business

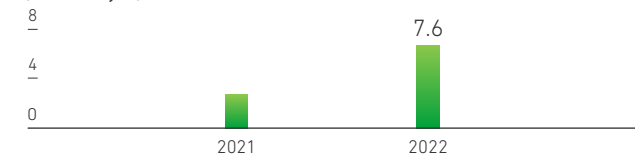
In the Real Estate business segment, we are building an asset turnover business model while strengthening our competitiveness by promoting urban development and adding value to our core properties in the Ebisu and Sapporo areas. With a long-term time horizon, we are working to transition away from a rental focused revenue foundation to comprehensively increase asset value and achieve profit reinforcement.

Amid this, in fiscal 2022 we made four equity investments in private placement funds in an effort to increase the profitability of the asset turnover business.

### Information on asset turnover business

Total assets encompassing equity investments

(Billions of yen)





## Ten-Year Summary of Financial and Non-Financial Data

The Sapporo Group has voluntarily applied International Financial Reporting Standards (IFRS), beginning in fiscal 2018. Figures prior to fiscal 2018 have been rounded down to the nearest specified unit. Figures from fiscal 2018 onward have been rounded up or down to the nearest unit. Moreover, in fiscal 2019, Country Pure Foods, Inc. was classified under discontinued operations, thus discontinued operations are presented separately from continuing operations. Consequently, revenue, core operating profit, and profit before tax for fiscal 2019 are shown based on values for continuing operations, and fiscal 2018 figures have been adjusted retroactively for comparative purposes.

Financial Data	JGAAP					IFRS				(Millions of yen)
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue	509,834	518,740	533,748	541,847	551,549	493,908	491,896	434,723	437,159	478,422
Revenue (excluding liquor tax)	395,377	401,813	418,319	424,059	433,260	370,797	371,100	328,583	331,191	364,240
Overseas revenue	—	—	—	—	—	74,246	71,232	65,520	74,487	102,228
Overseas revenue (excluding liquor tax)	72,227	77,262	94,550	86,846	91,937	—	—	—	—	—
Core operating profit*1	15,344	14,728	13,950	20,267	17,032	15,159	11,724	4,261	8,142	9,312
EBITDA*2	44,388	42,974	42,327	46,529	44,558	39,751	35,971	27,351	28,639	29,879
Profit before tax	16,562	2,694	11,690	16,403	17,801	10,629	11,588	(19,364)	21,185	11,367
Profit attributable to owners of parent	9,451	340	6,108	9,469	10,978	8,521	4,356	(16,071)	12,331	5,450
Capital expenditures (cash basis)	13,768	19,133	20,339	21,809	15,253	21,573	29,912	16,109	21,241	22,326
Depreciation	25,058	24,481	24,224	22,341	23,571	24,592	24,248	23,089	20,496	20,567
Goodwill amortization	3,985	3,764	4,153	3,920	3,954	—	—	—	—	—
Cash flows from operating activities	32,861	22,284	35,265	32,570	30,005	30,830	36,069	16,466	30,308	7,814
Cash flows from investing activities	(13,268)	(17,229)	(9,755)	(27,586)	(17,823)	(18,727)	(24,930)	(16,000)	20,729	(46,137)
Cash flows from financing activities	(19,147)	(7,307)	(24,802)	(4,827)	(10,172)	(14,521)	(5,984)	4,138	(53,080)	36,465
Core operating profit margin	3.0%	2.8%	2.6%	3.7%	3.1%	3.1%	2.4%	1.0%	1.9%	1.9%
Interest-bearing debt to EBITDA ratio (times)	5.3	5.5	5.3	4.9	5.0	5.5	5.9	8.1	6.3	7.6
Net debt-to-equity ratio (times)	1.6	1.5	1.4	1.4	1.2	1.3	1.2	1.5	1.1	1.4
Equity ratio	24.6%	25.0%	25.5%	25.7%	27.5%	25.2%	27.3%	24.3%	27.3%	26.0%
ROE (before goodwill amortization)	9.5%	2.7%	6.5%	8.4%	8.9%	5.1%	2.6%	(9.9%)	7.9%	3.3%
ROE	6.7%	0.2%	3.9%	5.9%	6.6%					
Total assets	616,752	625,439	620,388	626,351	630,631	639,692	638,722	616,349	594,551	639,118
Total equity	155,366	160,004	163,822	166,380	177,663	164,735	174,524	149,551	163,327	167,201
Net Financial liabilities*3	236,275	237,775	224,310	227,553	220,871	218,358	212,126	221,534	180,730	226,513
<b>Non-Financial Data</b>										
Number of employees*4 (people)	7,434	7,014	7,484	7,737	7,772	7,797	7,603	7,527	6,872	6,692
CO <sub>2</sub> emissions (Scope 1 and 2) (1,000 t-CO <sub>2</sub> )	—	—	—	—	—	236	207	181	184	189
CO <sub>2</sub> emissions (Scope 3) (1,000 t-CO <sub>2</sub> e)	—	—	—	—	—	—	1,034	966	903	1,083
Domestic Groupwide water use (1,000 m <sup>3</sup> )	6,861	6,492	6,498	6,500	6,409	6,061	6,511	5,902	5,363	5,391
Percentage of women in management positions*5	—	—	8.1%	7.6%	8.1%	8.8%	8.7%	8.7%	9.7%	13.5%
Percentage of male employees taking childcare leave*6	—	—	—	—	—	61%	68%	78%	80%	81.2%

\*1 Core operating profit is calculated as revenue – cost of sales – selling, general and administrative expenses. \*2 Under JGAAP, EBITDA is calculated as operating profit + depreciation + goodwill amortization. Under IFRS, however, EBITDA is calculated as core operating profit + depreciation (excluding depreciation expenses on leased assets charged on the rent of restaurants). \*3 Net financial liabilities include commercial paper, but do not include the balance of leased liabilities. \*4 The number of employees is on a company-affiliated basis (including seconded employees from other companies) as of December 31 of each fiscal year. \*5 Percentage of women in management positions at domestic and overseas Group companies (excluding seconded employees from outside of the Group) \*6 Ratio of employees taking childcare leave (Sapporo Holdings and Sapporo Breweries)

► For other non-financial data, please refer to the URL on the right. <https://www.sapporoholdings.jp/en/sustainability/esg/>

## Corporate Data (As of December 31, 2022)

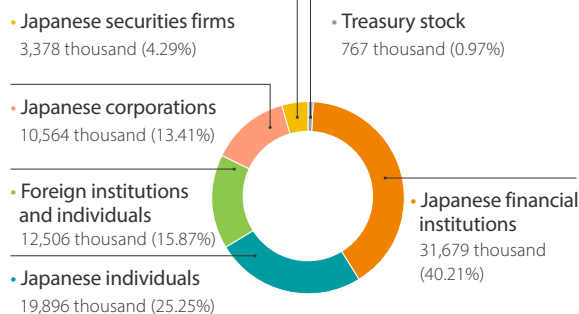
### Corporate Information

Company Name	Sapporo Holdings Limited
Business	Holding company
Date of Establishment	September 1, 1949
Head Office	20-1, Ebisu 4-chome, Shibuya-ku, Tokyo 150-8522, Japan
Capital	¥53,887 million
Fiscal Year-End Date	December 31 on an annual basis
Number of Employees	6,692 (Consolidated) 118 (Parent company)

### Stock Information

Total Number of Authorized Shares	200,000,000
Total Number of Issued Shares	78,794,298
Number of Shareholders	82,121
Stock Listings	Tokyo Stock Exchange, Prime Market Sapporo Securities Exchange (Securities Code: 2501)
Shareholder Register Manager	Mizuho Trust & Banking Co., Ltd.

### Breakdown of Shareholders by Investor Type



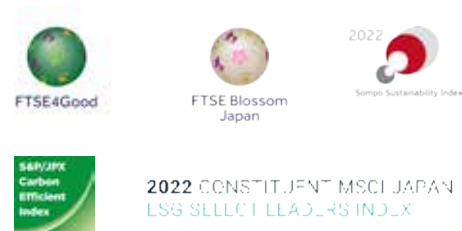
### Major Shareholders

Name of Shareholder	Number of Shares (Thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,987	15.36
Custody Bank of Japan, Ltd. (Trust Account)	2,864	3.67
Custody Bank of Japan, Ltd., as retirement benefit trust assets Mizuho Trust & Banking Co., Ltd.	2,442	3.13
Nippon Life Insurance Company	2,237	2.87
Meiji Yasuda Life Insurance Company	2,236	2.87
The Norinchukin Bank	1,875	2.40
Marubeni Corporation	1,649	2.11
Custody Bank of Japan, Ltd., as trustee for Mizuho Bank Ltd. Retirement Benet Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	1,594	2.04
J.P. Morgan Mansart Management Japan Co., Ltd.J.	1,541	1.98
Taisei Corporation	1,400	1.79

Note 1: Shareholding ratios are calculated after deduction of treasury stock (767,858). Note 2: The status of the above major shareholders is based on the shareholder register.

### Outside Evaluations

#### Included in ESG indices



The inclusion of SAPPORO HOLDINGS LTD in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of SAPPORO HOLDINGS LTD by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

"Excellent Enterprise of Health and Productivity Management 2023"<sup>\*1</sup>  
Three companies selected again for White 500 and two recognized for the first time as Bright 500



Certified as an Enterprise Promoting the Success of Women  
Received "Eruboshi" Certification (Level 2)<sup>\*3</sup>



Received the "Award of Excellence" at the 4th Platinum Career Award



Received the Cancer Control Promotion Partner Award (Balancing Treatment and Work Category) at the FY2022 Cancer Control Promotion Company Awards for the Cancer Control Promotion Company Action program commissioned by the Ministry of Health, Labour and Welfare



Acquired "Platinum Kurumin"<sup>\*2</sup> certification for the sixth consecutive year



Obtained the 4.5 Stars Smart Work Management Award



Received "Gold"<sup>\*4</sup> in the "gan-ally-bu AWARD" sponsored by the "gan-ally-bu" for the fourth consecutive year



<sup>\*</sup>When not otherwise specified, certified by Sapporo Holdings or the Group <sup>\*1</sup> White 500: Sapporo Holdings, Sapporo Breweries, and POKKA SAPPORO Food & Beverage; Bright 500: Sapporo Real Estate and Sapporo Field Marketing; and Health & Productivity Management Outstanding Organization: Sapporo Lion and Yasuma <sup>\*2</sup> Sapporo Breweries (POKKA SAPPORO Food & Beverage acquired "Kurumin" certification) <sup>\*3</sup> POKKA SAPPORO Food & Beverage <sup>\*4</sup> Sapporo Breweries (POKKA SAPPORO Food & Beverage was awarded Silver for the third consecutive year.)



**SAPPORO HOLDINGS LTD.**

20-1, Ebisu 4-chome, Shibuya-ku, Tokyo 150-8522, Japan  
<https://www.sapporoholdings.jp/en/>