



[Translation]

February 13, 2020

|                 |   |
|-----------------|---|
| Company Name    | Sapporo Holdings Limited  |
| Representative  | Masaki Oga<br>President and Representative Director                                     |
| Securities code | 2501  |
| Listed on       | Tokyo Stock Exchange<br>Sapporo Securities Exchange                                     |
| Inquiries       | Yuru Kobayashi<br>Director of Corporate Communication Department<br>Tel: 81-3-5423-7407 |

### **Notice Concerning Formulation of “Group Management Plan 2024”**

Sapporo Holdings Limited (the “Company”), at its Board of Directors’ meeting held today, resolved to revise the “First Medium-Term Management Plan (2017-2020)” (the “Previous Medium-Term Management Plan”) announced on November 2, 2016, and to enforce the “Group Management Plan 2024,” a five (5)-year plan starting from the year 2020 (the “New Management Plan”), details of which are as shown below. There is no change to the Long-Term Management Vision “SPEED150” (2017-2026) announced previously.

#### 1. Background of the formulation

The Company has been promoting the “First Medium-Term Management Plan (2017-2020)” under the Long-Term Management Vision “SPEED150,” which sets the goal in the year 2026, the year marking the 150th anniversary of the Company’s founding (Reference (i)).

Under the Previous Medium-Term Management Plan, the Company, based on the theme of “Transformation with Unprecedented Speed,” worked to realize the reinforcement of its platform functions through the “strategic shift of management resources,” and “business structure reforms and promotion of segment management,” and worked to “foster and strengthen the Group’s brands” and to “promote international business along specific business lines and restructure business organization, aiming to achieve steady growth” (Reference (ii)).

However, in light of the recent trends in its business performance, the Company determined that the current organizational structure and continuation of business activities were insufficient to respond to changes in the market environment and customer consumption styles, and formulated the New Management Plan.

Taking into account the issues each business is facing and differences in the speed of growth of each business, the Company has set a five (5)-year plan starting from the year 2020 and will vigorously push forward toward the achievement of the goals set in the plan for 2024.

<Reference (i): Formulation of the Sapporo Group Long-Term Management Vision “SPEED150” and the First Medium-Term Management Plan 2020 dated November 2, 2016>

<https://www.sapporoholdings.jp/en/news/items/16110201.pdf>

<Reference (ii) Notice Concerning Changes to Reportable Segments dated February 13, 2019>

<https://www.sapporoholdings.jp/en/news/items/19021301.pdf>

#### 2. Group Management Plan 2024

##### (1) Basic policies

The era of rapid and chaotic change is an opportunity, and the Company will make a major shift to becoming an organization that can respond promptly to customer needs. The Company will thoroughly eliminate waste from the current complex and inflated organizational structure and create a simple, compact, and business line-oriented organizational structure that can leverage its flexibility. The Company is strongly aware that each and every one of its employees is the driving force behind change, and will work to transform itself into a system that will lead to the creation of value for customers.

In the Alcoholic Beverages business, as the Group will focus on the beer business, its core business, it will deepen its commitment to excellent taste, safety, reliability, and raw materials, which have existed since its founding, reform its organizational structure from the customers' perspectives, and continue to create products and services that lead to the enjoyment and pleasure of customers. The Group will aggressively invest management resources in global businesses centered on North America, which continues to grow, and accelerate business development with the aim of becoming a company with a unique brand worldwide.

In the Food & Soft Drinks business, while resolutely carrying out a fundamental business turnaround, the Group will shift to a system that enables food innovation that leads to new lifestyles.

In the Real Estate business, the Group will pursue urban development in Ebisu, Sapporo, and Ginza, areas to which the Company has its connections and/or origins, and will also take on the challenge of new strategic investments.

(I) Concentration and strengthening of core business

- Concentration of management resources on the beer business
- Contraction of and withdrawal from low-profit businesses and shift to growth fields such as food

(II) Acceleration of global expansion

- Transfer of all overseas operations to operating companies and development of a consistent global brand strategy
- Acceleration of growth while strengthening profitability, mainly in North America and the Asia-Pacific region
- Development of global human resources

(III) Establishment of a simple and compact corporate structure

- Reorganization into a small headquarters and simple organization, and promotion of BPR and DX
- \*
  - Shift of the holding company's focus to governance, support for operating companies, and management resource allocation
  - Transfer of all business promotion functions to operating companies to leverage flexibility

\* BPR = Business Process Engineering. It means resolutely reviewing the existing organizations and systems, and redesigning business process.

DX = Digital Transformation. It means taking advantage of IT technologies and changing the business model itself.

(IV) Promotion of sustainability management

- Creation of social value as well as economic value, including a system for cultivating the Group's own high-quality raw materials
- Promotion of urban development in Ebisu, Sapporo, and Ginza, areas to which the Company has its connections and/or origins
- Enhancement of management transparency and fairness to be in line with needs of the current times

<Reference (iii) Formulation of the “Sapporo Group Containers and Packaging Vision” dated July 26, 2019>

<https://www.sapporoholdings.jp/news/items/20190726yokihosov.pdf>

<Reference (iv) Formulation of the “Sapporo Group Environmental Vision 2050” dated December 10, 2019>

<https://www.sapporoholdings.jp/news/items/20191210SGEV2050.pdf>

<Reference (v) Formulation of the Sapporo Group Sustainability Policy dated December 24, 2019>

<https://www.sapporoholdings.jp/news/items/20191224SUS.pdf>

## (2) Financial targets, financial policy, and shareholder return policy

### (Financial targets)

Profit from operations before non-recurring items in 2024 <Group consolidated JPY30 billion> (IFRS)

- Revenue growth rate 2% or more (annual average)
- Ratio of profit from operations before non-recurring items to revenue 5% or more
- Overseas revenue growth rate 1.6 times (compared to 2019)

### (Financial Policy)

With regard to the financial policy, the Company will strive to strengthen its profitability by investing the amount equivalent to its operating cash flow, while emphasizing profitability and efficiency in relation to the capital invested. With regard to the financial soundness, the Company will maintain its current credit rating levels by using Net D/E ratio and the ratio of interest-bearing debt to EBITDA as key indicators, taking into account the balance of capital and profitability relative to the level of interest-bearing debt.

### (Shareholder Return Policy)

Regarding the policy of returning profits to shareholders, the Company regards the appropriate return of profits to shareholders as an important management policy, and the Company takes the basic policy to pay stable dividends in consideration of its business performance and financial condition.

As for the level of dividends going forward, the Company will take into account dividend payout ratio and DOE(\*) while working to enhance its corporate value under the New Management Plan. In the event that “profit attributable to owners of parent” fluctuates significantly due to temporary losses related to special factors or recording of profits, the dividend amount may be determined taking into account the impact of such fluctuations.

\* DOE = Amount of dividends/Amount of capital (i.e., total equity attributable to owners of parent)

The Company is committed to realizing this plan and contributing to the sustainable development of all stakeholders, including customers and employees, and, therefore, of the Group.

This document contains projections and other forward-looking statements based on information available to the Company as of the date of this document. Actual results may differ from those expressed or implied by forward-looking statements due to various factors.

End