



February 14, 2025

## **Sapporo Group Provides Update on Medium- to Long-Term Strategy to Accelerate Growth and Enhance Profitability**

- **Underscores commitment to maximizing corporate value by driving growth in Japan and overseas.**
- **Outlines plans for increased investments in core growth areas including alcoholic, non-alcoholic, and ready-to-drink beverages.**
- **Announces new business holding company structure to strengthen management and resources, to be implemented in 2026.**
- **Provides update on process to inject external capital into the Real Estate business and capital allocation priorities.**

TOKYO, February 14, 2025 – Sapporo Holdings Limited (“Sapporo Group” or “the Company”) today announced an update to its medium- to long-term strategy designed to pursue accelerated, sustainable growth and corporate value creation. The pillars of this strategy will ensure the Company has the optimal product investments, operational and management structure, financial targets, and capital allocation priorities to strengthen its leadership position in the global beverages and food sector.

“Our strategic updates reflect a comprehensive analysis to define ambitious yet realistic objectives for the future of the Sapporo Group following our recent structural reforms,” said Rieko Shofu, Managing Director. “We have identified significant opportunities to further accelerate growth while capturing efficiencies and better aligning management structure to the needs of our global business. The outcome of this initiative is a strategic vision that will provide a robust foundation for sustained growth and profitability over the medium and long term.

“Sapporo will be defined by a spirit of transformation in the coming years. We are a premier enterprise with world-leading brands and capabilities and will increase investments in our flagship products while capitalizing on consumer demand for non-alcoholic and ready-to-drink beverages. We are committed to maintaining a strong financial foundation, evaluating a range of inorganic growth opportunities, and moving ahead with our process to inject external capital into the Real Estate business.”

### **Investment in Global Beverages Growth**

A key pillar of the medium-term strategy is to expand customer touchpoints and accelerate the growth of the Sapporo Group’s increasingly popular brands. In Japan, where beer demand is rising following the recent tax revision, the Company will double marketing investment in its

flagship Sapporo Draft Beer Black Label and YEBISU brands by 2030, targeting a beer market share of 25% and nearly doubling Domestic Alcoholic Beverages profit margin to 10% or more.

Globally, secular trends continue to indicate rising consumer preference for low-alcohol and non-alcoholic beverages, as well as ready-to-drink options, and a convergence with the soft drink category is anticipated. The Sapporo Group will strengthen its non-alcoholic beer development structure in Japan and scale key products to levels where they can make significant profit contributions, while expanding the availability of non-alcoholic beers, including Sapporo 0.0, in overseas markets. The Alcoholic Beverages and Soft Drinks businesses will integrate operations to scale efficiently and drive innovation in areas such as leveraging the health benefits of lemons across its product portfolio.

The Sapporo Group also announced today that it has signed a memorandum of understanding with global brewing company Carlsberg to explore collaborations in both commercial and operational areas in Vietnam, one of the Company's key markets in Asia.

### **Organizational Structure Optimization**

To respond more effectively to diverse management challenges both domestically and internationally, the Sapporo Group will transition to a business holding company structure as the optimal organizational structure for achieving sustainable growth. The new structure will consist of two segments, domestic operations, and international operations, as well as corporate functions serving both segments. The current Alcoholic Beverages, Food & Soft Drinks, and Restaurants businesses, as well as existing subsidiaries, will be reorganized under this new structure. The holding company transition is expected to begin in September 2025 and be completed in July 2026.

### **Medium- and Long-Term Financial Targets**

To guide its strategic decisions, the Sapporo Group has defined a new long-term goal of achieving a return on equity (ROE) of 10% or higher—an increase from the 8% target previously set in its 2026 Medium-term Management Plan. The Company will maintain a sound financial position and ensure the financial stability, strong credit ratings, and appropriate capital allocation necessary for achieving sustainable growth. While the off-balance sheet treatment of the Real Estate business following the introduction of external capital (as described below) is expected to increase capital levels and consequently enhance its financial position, it will also lead to a temporary decrease in ROE.

The Company will also strive to further enhance profitability, targeting an average annual growth rate of approximately 10% in operating profit from 2024 to 2030. Recognizing that the Company expects meaningful fluctuations over this period, other medium-term objectives will be considered in its next management plan.

### **Update on Strategic Process for Real Estate Business**

As previously disclosed, the Sapporo Group has been undertaking a process to solicit proposals for external investment into its Real Estate business. The Company has received more than ten initial proposals from domestic and international corporations or private funds, and continues to evaluate a variety of options for that business. The Company does not anticipate disclosing further details regarding the progress of these discussions, barring material disclosure requirements in

the interim, until the end of 2025, at which time it expects to reach a conclusion on the path forward for the Real Estate business.

### **Value-Maximizing Capital Allocation Strategy**

The Sapporo Group intends to accelerate long-term profit growth by re-investing capital from external investment in the Real Estate business into the growth of the Alcoholic Beverages business (as described below). The Company is evaluating various strategies—including transformational and incremental M&A—to deploy the proceeds to meaningfully accelerate growth and profitability in the domestic and international Alcoholic Beverages business as well as in non-alcoholic beverages.

In Japan, the Company will evaluate potential opportunities to supplement existing supply chain and ready-to-drink capabilities. In the U.S., its most important international market, the Sapporo Group will explore acquisition opportunities in both the alcoholic and non-alcoholic sectors to substantially expand the overseas business. It will also contemplate strategic alliances with other companies to bolster production capabilities and drive growth of the Sapporo brand in the country. This follows the Company's recent disclosure of structural reforms underway in the U.S. to review its production capabilities, with a clear focus on decreasing operating costs and driving profitability.

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