



[Translation]

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Listed on	Tokyo Stock Exchange (Prime Market) Sapporo Securities Exchange
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Notice of Medium to Long Term Management Policies for Increasing Group-wide Corporate Value

Sapporo Holdings Limited (the “Company”) received various comments from the capital markets after the announcement of the “Medium-Term Management Plan (2023 to 2026)” (November 2022) through various channels, including IR and SR activities. In September 2023, the Company established a Group Strategy Committee (the “Committee”), which includes outside experts, and added multifaceted and objective perspectives, including that of third-party advisors, to discuss the management policies for increasing corporate value over the medium to long term that lies ahead of the current medium-term management plan. The Company hereby reports that, based on discussions at the Committee and the Company’s Board of Directors, the Company has summarized the management policies for increasing group-wide corporate value over the medium to long term, details of which are as shown below.

1. Recognition of challenges to be addressed and opportunities that are premises of medium to long term management policies

After objective review of the factors behind low profitability and the Sapporo group’s strengths that reflect the perspectives of internal and external stakeholders as well as the capital market, the Company confirmed that our issues can be summarized into two (2) points: low capital profitability and lack of strong commitment to the performance.

Under the Medium-Term Management Plan announced in November 2022, the Company has been pursuing structural reforms, including reorganization of the business portfolio and sale of / withdrawal from unprofitable businesses and non-core businesses. The Company’s business structural reforms have progressed to a certain extent, and its business performance is improving.

However, in view of further increase of corporate value, the diversified business portfolio consisting of the alcoholic beverages business, food & non-alcoholic beverages business, and real estate business has caused scattered resources and issues of intra-group competition relating to growth investments. Therefore, fundamental review is needed accordingly. In addition, the Company recognized qualitative issues pertaining to the organizational culture, human resource diversity, and thoroughness of performance-based evaluations, etc.,

On the other hand, with regard to its strengths, the Company has confirmed that it is highly regarded both internally and externally for its 1) solid quality and brand power of beer, 2) product development and production technology, 3) consumer contact points and brand experience venues that are created by restaurants business and real estate business.

Based on the above-mentioned intrinsic issues and opportunities, the Company has formulated its vision for the future and management policies over the medium to long term.

2. Sapporo group’s vision for the future

The Company will further concentrate its management resources to focus on beer businesses with competitive advantages and businesses in which synergies with those competitive businesses can be created. The Company refines its market-creation capabilities in alcoholic beverages, which has been the Company’s DNA since its foundation, then grows to a global scale, creating rich consumer-experiences and increases its capital profitability.

In accordance with the above vision, the Company promotes human capital investment to encourage diversification and independent growth, which are sources of corporate value, and also implements reforms of

organizational structure, including the introduction of clear indicators, personnel systems and group-governance system revision. The Company will contribute to society and the globe by sharing an ideal corporate vision among all its members, strengthening its commitment to performance, and enhancing the sense of unity and vitality of the group.

- (1) The Company will strive to promote initiatives to regain its brilliance by creating products that are loved by true beer fans, with Sapporo group's history and culture, and creating new fans. Specifically, the Company will vigorously develop unique brand stories through a variety of consumer contact points and brand experience venues, centered on brands that have long been supported by customers and consumers, such as "Sapporo Beer called Black Label" and "Yebisu Beer". In the domestic market, while expanding its direct consumer contact points, providing affluence and new stimulus to the lifestyles thereof, the Company will promote market development by exploitation of the customer value.
- (2) In overseas markets, as a Japanese beer manufacturer, the Company will strengthen its global manufacturing and sales system for the Sapporo brand, which possesses "high-quality," "high-security," and "uniqueness", then increase its recognition as a global Sapporo brand. The Company will also expand and promote M&A to grow its business to the same scale as in the domestic market.
- (3) By refining the Company's strengths in product development, production technology and strengthening cooperation with other businesses within the group that support the growth of the alcoholic beverages business, the Company will take a different approach from the past to create new markets in RTD and non-alcoholic fields which have potential for growth in the future. In these initiatives, the Company will enhance co-creation with external partners to promote the development of new businesses and services.

3. Business operation policy

- (1) Transition to a business structure to realize growth of the alcoholic beverages business

Returning-to-beer trend in the domestic market is a big opportunity for the Company to materialize a greater presence. The Company also has a track record of steadily growing the Sapporo brand in North America. With these opportunities and achievements as springboards, the Company sets Japan and the overseas alcoholic beverages business as its core business and, in the domestic market, will aggressively pursue intensive resource investment into core products and expand consumer contact points. Therefore, the Company will work on structural reforms and reorganize unprofitable divisions fearlessly, more than before.

With regard to the food & non-alcoholic beverages business, the Company will pursue further synergies with the alcoholic beverages business, in the meantime drastically review the positioning of businesses that cannot realize business synergies. In the domestic market, the Company will pursue synergies centered on RTD and non-alcoholic fields, which have potential for growth in the future, and consider creating further sales synergies in ASEAN .

The Company regards the real estate business as a venue to provide consumer and brand contact points for alcoholic beverages business, promotes value enhancement that contributes to the alcoholic beverages business, including spreading information. In order to flexibly respond to growth investments opportunities for the alcoholic beverages business, the Company will diversify its way of holding real estate, including introduction of capital from external strategic partners into real estate.

Through these initiatives to "prevent competition over management resources and accelerate the speed of increasing corporate value," the Company will transform its operations from a collection of three (3) businesses (alcoholic beverages, food & non-alcoholic beverages, and real estate) to a corporate entity that the enhancement in value to be achieved through growth of the alcoholic beverages business.

- (2) Promote M&A for growth of overseas alcoholic beverages business

To develop the Sapporo brand into a global radiant brand, the Company will design its management to strengthen global sales. The Company will also review the group's capital allocation then promote M&A that will contribute to the growth of the Sapporo brand on an unprecedented scale. The Company will set up an organization for these inorganic growth to accelerate its speed and capability.

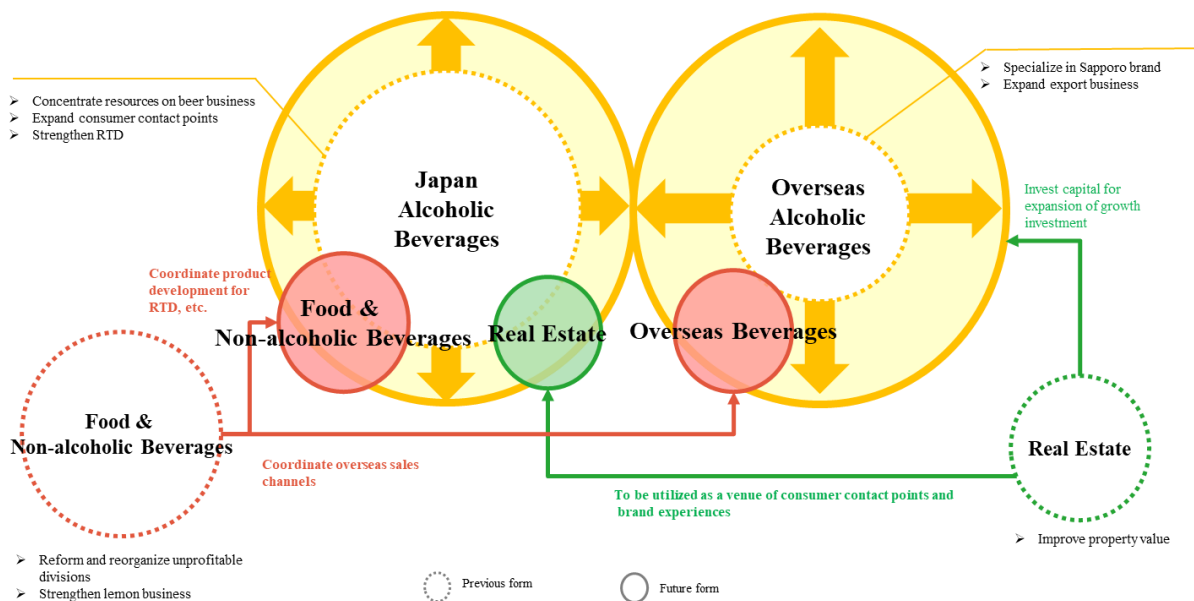
4. Organizational operation policy

- (1) The Company will radically transform its business structure into a form with high capital and management efficiency, including capital alliances with external strategic partners in certain businesses, without adhering to the previous state of the Company's business.
- (2) In order to realize highly efficient and capable corporate management, the Company will consider the organizational form and governance structure that should be adopted as a business group centered on alcoholic beverages business, such as a business holding company.
- (3) The Company will review its management requirements, in line with its medium to long term policy, supplement talents from outside and redesign our human resources development system.
- (4) In order to realize management with capital efficiency, the Company will thoroughly implement business management and financial management policies based on capital costs.

5. Financial policy

The Sapporo group considers improvement in capital efficiency to be a key challenge and aims to achieve ROE of 10% or higher. The Company will also adopt ROIC as an internal indicator in order to thoroughly conduct strict criteria of business continuity based on business-specific WACC and business monitoring using a ROIC tree. In addition, while elevating its financial stability by utilizing external equity, the Company will accelerate efforts to reduce cross shareholdings to improve the flexibility of growth investments in the alcoholic beverages business.

<Image of direction of Sapporo group's transformation>



[Future schedule]

The Company will consider the above-mentioned issues in detail and disclose more specific details of its efforts at a later date.

End

Reference)

Points that remain unchanged	Points to be changed (ahead of the current medium-term management plan)
Creation of high-quality products that are loved by beer fans Strengthening of business foundation through product development and production technology	Change from the collection of alcoholic beverages / food & non-alcoholic beverages / real estate businesses to a corporate entity that realizes value enhancement through growth of the alcoholic beverage business, which is to be achieved by the total strength of the group
Resource concentration on core brands and structural reforms to strengthen profitability	Introduction of external capital to real estate business and significant expansion of growth investment in beer business
Overseas business growth	Group's organizational structure and governance system
Management with a sense of capital efficiency and capital costs	Management requirements in respect of senior management to realize improvement in capital profitability and overseas business growth, and formulation of personnel and other systems to increase commitment to performance