

Key Questions & Answers from conference call for 2026Q2

*In this document, the name abbreviations and terms are used:

Mid-Term Plan: Medium-Term Management Plan (2027-30)

Beer: Beer within beer-type beverages

YGP: Yebisu Garden Place

Medium-Term Management Plan 2027–2030

<Cash Allocation Policy and Shareholder Returns>

Q1 When the injection of external capital into the Real Estate business was announced, the Company indicated shareholder returns of approximately JPY100 billion. Under the cash allocation policy in the new MID-TERM PLAN, this has been increased to approximately JPY250 billion. What is the rationale behind this increase?

A1 Under the cash allocation policy disclosed at the end of December 2025, shareholder returns of approximately JPY100 billion represented the allocation of cash generated from the injection of external capital into the Real Estate business. When operating cash flow is also taken into account, this was equivalent to total shareholder returns of approximately JPY150 billion. Under the cash allocation policy in the new Mid-Term Plan, we have increased shareholder returns by approximately JPY100 billion from that level, to approximately JPY250 billion.

There are several reasons why we have expanded shareholder returns while maintaining the scale of growth investments at the level previously announced. First, we now expect stronger organic profit growth than previously assumed. Second, the strategic capital and business alliance with Carlsberg is expected to generate greater profit accumulation over the Mid-Term Plan period. In addition, after reassessing the appropriate balance sheet structure following the execution of approximately JPY300 billion to JPY400 billion in growth investments, we determined that it would be appropriate to make more active use of debt than previously assumed, while remaining within a range that allows us to maintain an A credit rating.

We also reassessed the appropriate level of capital. At the time of the FY2025 full-year financial results announcement at the end of February 2026, we considered shareholders' equity of approximately JPY400 billion in 2030 to be appropriate. However, following further discussions from the perspectives of growth investment, financial stability, and capital efficiency, we concluded that approximately JPY350 billion would be an appropriate level.

The Capital and Financial Strategy Working Group, which includes outside directors with extensive capital markets expertise, has also continued to examine the optimal balance between enhancing shareholder value and pursuing growth investments. These discussions contributed to the revision of our capital policy.

Q2 The Company expects operating cash flow of approximately JPY180 billion over the four-year Mid-Term Plan period. Is this achievable despite the loss of cash flow from the Real Estate business?

A2 The forecast incorporates growth in core operating profit as well as the benefits of the strategic capital and business alliance with Carlsberg.

We plan to approximately double core operating profit over the Mid-Term Plan period, and therefore believe that operating cash flow of JPY180 billion is an achievable level.

<Financial Targets>

Q3 The Company has set an EPS target of JPY80 to JPY100 for 2030, representing significant growth from adjusted EPS of JPY51 under the FY2026 plan, which serves as the starting point. What is the rationale for setting this range?

A3 The main reason for presenting the EPS target as a range is that the impact of share buybacks will vary depending on the share price at the time of repurchase.

The number of shares that can be repurchased, and therefore the resulting impact on EPS, will differ depending on the prevailing share price. As a result, it is difficult at this stage to quantify the EPS impact with certainty. The profit plan itself also incorporates a certain range of potential outcomes.

Taking these factors into account, we have set JPY80 as the lower end of the range. At the same time, we aim to achieve JPY100 by maximizing the benefits of stronger-than-expected profit growth and share buybacks.

Q4 The Company aims to increase core operating profit from JPY22 billion to JPY40 billion over the four-year Mid-Term Plan period. Excluding the benefits of the alliance with Carlsberg, how does the Company plan to achieve this profit growth?

A4 In Alcoholic Beverages (Overseas), the structural reforms currently underway in the U.S. will be a major driver of profit growth. We are implementing structural reforms, including the sale of the Stone brand, and will concentrate management resources on the Sapporo brand going forward to improve profitability.

The benefits of these structural reforms have already begun to materialize, and we now have a reasonably clear path toward earnings improvement. In Canada, given the market environment and the impact of tariffs, substantial growth is likely to be difficult, so our priority will be to strengthen the business foundation. In East Asia, meanwhile, the Sapporo brand continues to grow faster than expected, particularly in South Korea and China, and we expect both volume growth and earnings expansion.

In Alcoholic Beverages (Japan), growth will be driven by concentrated investment in core beer brands, particularly Black Label. We also view the liquor tax reform as a tailwind. During the first half of the Mid-Term Plan period, we intend to make proactive marketing investments, with the benefits of those investments expected to contribute more significantly to profit in the latter half of the period.

In addition, we aim to increase the beer composition ratio from 81% to 96%, while pursuing premiumization across all categories, including RTD, to expand earnings through higher added value.

Q5 Is it correct to assume that profit growth during the Mid-Term Plan period will be greater in the latter half than in the first half?

A5 Yes. Particularly in Alcoholic Beverages (Japan), marketing and brand investments will be concentrated in the first half of the Mid-Term Plan period, making it a period of upfront investment.

In the latter half, we plan to capture the benefits of these investments in earnings and accelerate profit growth.

<Strategic Capital and Business Alliance with Carlsberg>

Q6 The Company will hold a 25% equity interest in the joint venture with Carlsberg. Is there a possibility that this ownership ratio could be increased in the future? Also, could the scope of the partnership be expanded beyond beer in ASEAN?

A6 With regard to a potential increase in the ownership ratio, we are not yet at a stage where we can provide any definitive outlook. Our first priority is to steadily grow the joint venture and assess whether it develops in line with the plan.

One near-term priority is the treatment of Myanmar, which is currently outside the scope of the joint venture. At present, restrictions in Myanmar limit the repatriation of dividends overseas. If the environment changes and dividend repatriation become possible, we would give priority to considering whether Myanmar should be included within the scope of the joint venture. Any review of the ownership ratio would be considered after that.

With regard to the scope of the alliance, we do not currently envisage including soft drinks. However, if the RTD category grows in the ASEAN market in the future, there may be an opportunity to expand the partnership from the beer licensing business to include our RTD products.

At present, we also do not envisage expanding the partnership with Carlsberg to the Japanese market.

<Policy on Real Estate Holdings>

Q7 Why did the Company reduce the proportion of YGP to be retained as an asset for brand use from 10% to 1%? Also, is the potential cash inflow from future monetization included in the cash allocation under the new Mid-Term Plan?

A7 The ownership ratio was reviewed following discussions by the Capital and Financial Strategy Working Group, which includes outside directors, to reassess how the Group's asset holdings should be utilized, including which assets should continue to be held and how they could be used to support future growth investments.

YGP is an important asset not only as a venue for brand communication but also as a point of connection with the local community. However, we determined that these functions could be maintained with 1% ownership interest. Accordingly, the remaining 29% has been designated for potential future monetization, with the intention of using the proceeds to fund future growth investments.

The potential cash generation from the future monetization of the 29% interest in YGP and Ginza Place has not been incorporated into the cash allocation under the current Mid-Term Plan.

This is because we believe there is further potential to increase the real estate value of both assets. In addition, our immediate priority is to effectively utilize the approximately JPY470 billion in proceeds generated from the injection of external capital into the Real Estate business for growth investments.

FY2026 Second Quarter Financial Results

< Business Progress and Full-Year Earnings Forecast >

Q8 Consolidated profit increased in the first half, while the full-year plan calls for a decline in profit. Could you explain the progress through the first half and the outlook for the second half?

A8 The main reason the full-year plan calls for a decline in core operating profit is that approximately JPY6 billion in investments to build a foundation for growth were incorporated into the plan at the beginning of the year. Just over JPY1 billion had been executed as of the first half, with the remainder scheduled for the second half.

In addition, the approximately JPY2 billion annual increase in costs expected due in part to the situation in the Middle East had little impact in the first half and is expected to materialize mainly in the second half.

By business, Alcoholic Beverages (Japan) performed above expectations in the first half. Although some investments to build a foundation for growth have been pushed back to the second half, sales volume momentum for beer, including Black Label, remains strong.

Food & Beverages (Japan) and Alcoholic Beverages (Overseas) are progressing largely in line with plan. In contrast, Beverages (Overseas) performed weakly in the first half due to disruptions in exports caused by the situation in the Middle East.

We intend to offset the shortfall in Beverages (Overseas) through potential upside in Alcoholic Beverages (Japan) and Alcoholic Beverages (Overseas), and aim to achieve the plan on a consolidated basis.