

Q&A from Financial Statements Briefing for 1H of Year Ending December 31, 2016

<Date and Time> August 4, 15:30-17:00

<Speakers> President, Representative Director Tsutomu Kamijo, Director Shinichi Soya, and President of Sapporo Breweries Ltd. Masaki Oga

1. Japanese Alcoholic Beverages Business

Q. I believe you are actively running a marketing campaign this year under the business policy “first year of a new period of growth in the beer business”. If there were any remarkable reactions from customers, please tell us about them including the effects of your marketing.

A. (SB President Oga)

As for “Sapporo Draft Beer Black Label”, an increasing number of customers are appreciating its “flavor”. Through the “Otona Elevator” series of TV commercials, we have been broadcasting over the past six years, we have appealed to the audience that our Black Label is a beer to be enjoyed by adults who have their own sense of values. This has produced significant cumulative marketing effects, and as a result the number of buyers is gradually growing.

Regarding the advertising method, we are working on reshaping the entire marketing structure. For instance, we actively deployed online marketing and utilized the “Perfect Beer Garden” events to provide opportunities to try out the Black Label with customers who never tried it before. These also had a major impact.

2. International Business

Q. What is your policy on establishing a medium- to long-term business model for the North America business? How are you going to achieve synergies in the Group?

A. (President Kamijo)

As for the Alcoholic Beverages Business in North America, SLEEMAN BREWERIES’ business performance has steadily been improving and its sales have increased by about 50% in the 10 years after the acquisition in 2006. In order to achieve further growth, we may need another production base somewhere. It would be ideal if such a production base can be established on the western side of the U.S.

For the Soft Drinks Business, we would like to build a business model that facilitates development of synergies between Silver Springs Citrus, Inc. and Country Pure Foods, Inc. To that end, we are thinking to promote our initiatives for improving management efficiency from a wide spectrum of viewpoints. These viewpoints include production equipment, personnel, commodity lineup, expanded provision of commodities to the field of B-to-B marketing in which the companies

specialize, and enhancement of their sales capabilities.

3. Food and Soft Drinks Business

Q. Regarding the Food and Soft Drinks Business, please tell us about the progress in your initiatives on saving costs by improving management efficiency.

A. (Director Soya)

As for our activities to improve management efficiency, this year, their effects were reflected the most in the Vending Machine Business. The key for the Vending Machine Business is return on investment, and we have been making efforts to secure and maintain profitable locations. For vending machine-related costs, our original plan was to improve profit by 0.6 billion yen for the year, but an improvement of 0.5 billion yen has already been achieved as of the first half. The effects of our cost-saving measures for this field were far greater than our expectations at the beginning of the year, and we are going to keep implementing cost-saving initiatives in the second half of the year as well. As a side note, at the end of July, the Manufacturing Department introduced aseptic lines to the mainstay plant in Gunma, enabling us to produce in-house carbonated beverage. In-house production is part of our ongoing cost reduction efforts, which we started with packers and have since been promoting.

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