

Q&A from Financial Statements Briefing for 1H of Year Ending December 31, 2017

<Date and Time> August 4, 16:00-17:30

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

1. Japanese Alcoholic Beverages Business

Q. What has contributed to the successful development of increasing demand for Sapporo Draft Beer Black Label, particularly among young people?

A. (SB President Takashima) Our Sapporo Draft Beer Black Label is selling well, supported by both young men and women. SAPPORO has been increasing the opportunity for consumers to experience this brand in promotional events such as THE PERFECT BEER GARDEN and THE PERFECT DAYS. In these events, consumers who did not know about Black Label had a chance to try one, and we received positive responses. We believe that is one of the reasons for the encouraging results.

Q. As consumer' buying behavior is changing with the rising retail prices of beer-type-beverages, some market experts say that your sales promotion expenses may increase in the second half. What do you think?

A. (Director Soya) We do not have a plan to increase the amount of our sales promotion budget that was set at the start of this fiscal year. Instead, we are spending that budget on other proactive measures in a more effective manner.

2. International Business

Q. Regarding your recent announcement on the acquisition of Anchor Brewing Company, LLC in the United States, what benefits do you expect from that company for the growth of your North American Beer Business?

A. (President Oga) ANCHOR is a time-tested, leading brand in San Francisco, and many citizens have been regularly drinking its products for over a century. We do not see the ANCHOR brand as a so-called craft beer, and we decided to acquire the brewery, feeling a sense of potentiality in its appealing "brand."

Despite annual sales of only around 3,700 million yen at present, we are confident that ANCHOR will grow in the future, taking advantage of its participation in the Sapporo Group. Since the acquisition of SLEEMAN BREWEIRES in Canada back in 2006, we have been enjoying the benefits of an integrated value chain in the Canadian market. As a result, our market share in Canada has increased from 4% to 8% over the ten-year period.

The acquisition of Anchor will give us the benefits of an integrated value chain in the United States as well. We now have broader choices for how we will market Sapporo Group brands – not only ANCHOR, but also SAPPORO and SLEEMAN – in the whole North American market.

Q. You transferred part of the production of SLEEMAN in Canada to Vietnam. Do you think this action will be effective in improving the profitability of the Vietnam beer business?

A. (President Oga) Because of the production transfer to Vietnam, SLEEMAN BREWEIRES will

have extra production capacity, which will enable in-house production of products that are currently outsourced. In the long term, we envision that the Vietnam plant will become a global beer production base for Sapporo Group, from which their products will be exported to the world market.

A. (Director Soya) Because of the production transfer, the capacity utilization rate of the Vietnam brewery is expected to increase by about 20%.

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