

(TRANSLATION)

[This English translation is an abridged version of the original notice in Japanese. In the event of any discrepancy, the Japanese version prevails.]

(Securities code: 2501)  
March 5, 2019

To Our Shareholders

Masaki Oga  
President and Director  
Sapporo Holdings Limited  
20-1, Ebisu 4-chome, Shibuya-ku, Tokyo

Notice of Convocation of  
the 95th Ordinary General Meeting of Shareholders

Dear Sirs/Madams:

You are cordially invited to attend the 95th Ordinary General Meeting of Shareholders of Sapporo Holdings Limited (the “Company”) to be held as described below.

We would be grateful if you would take the time to exercise your voting rights by one of the methods described on pages 2 and 3.

**Description**

Date and time of the meeting: Thursday, March 28, 2019 at 10:00 a.m.  
(The reception desk is presently scheduled to open at 9:00 a.m.)

Place of the meeting: The Garden Hall (inside Yebisu Garden Place)  
13-2, Mita 1-chome, Meguro-ku, Tokyo  
(Please note that the venue has changed from last year.)

Purpose of the meeting:

Matters to be reported:

- (1) Reports on the business, the consolidated financial statements, and the results of audit of the consolidated financial statements by the accounting auditors and the Audit & Supervisory Board for the 95th business term (from January 1, 2018 to December 31, 2018).
- (2) Report on the non-consolidated financial statements for the 95th business term (from January 1, 2018 to December 31, 2018).

Matters to be resolved:

- |                        |  |
|------------------------|--|
| <b>Proposal No. 1:</b> | <b>Dividends from Surplus</b>  |
| <b>Proposal No. 2:</b> | <b>Election of Nine (9) Directors</b>                                      |
| <b>Proposal No. 3:</b> | <b>Election of One (1) Audit &amp; Supervisory Board Member</b>            |
| <b>Proposal No. 4:</b> | <b>Election of One (1) Substitute Audit &amp; Supervisory Board Member</b> |

## Guidance Notes on the Exercise of Voting Rights

Voting rights exercised at the General Meeting of Shareholders represent an important right of the shareholders by which the shareholders can participate in business management of the Company. **We cordially request our shareholders to participate in the General Meeting of Shareholders by exercising voting rights using the following methods.**

### **1. Exercise of Voting Rights via Attending the Meeting**

Date and time of the meeting: Thursday, March 28, 2019 at 10:00 a.m.  
(The reception desk is presently scheduled to open at 9:00 a.m.)

Place of the meeting: The Garden Hall (inside Yebisu Garden Place)  
13-2, Mita 1-chome, Meguro-ku, Tokyo

Please submit the enclosed voting rights exercise form to the receptionist at the place of the meeting on the day of the meeting.

We kindly ask you to bring this Notice of Convocation as reference documents describing the planned proceedings on the day.

### **2. Exercise of Voting Rights by Mail**

Deadline: Please post to arrive by no later than 5:30 p.m. on Wednesday, March 27, 2019  
Please indicate your approval or disapproval in respect of each proposal on the enclosed voting rights exercise form and send the form back to us (without affixing a stamp) so that it will arrive no later than the deadline above. If you indicate neither your approval nor disapproval, your vote will be treated as approval.

### **3. Exercise of Voting Rights by Internet**

Deadline: Please register by no later than 5:30 p.m. on Wednesday, March 27, 2019  
If you wish to exercise your voting rights by Internet, access the website for exercising voting rights from terminal devices such as your smartphone or personal computer, etc. and register your approval or disapproval in respect of each proposal by following the directions on the screen.

Exercise of Voting Rights Using Smartphones  New -----  
You may use a smartphone to scan the “QR Code to Log into Website for Exercising Voting Rights by Smartphone” located on the bottom right of the enclosed voting rights exercise form. After doing so, please register your approval or disapproval in respect of each proposal by following the directions on the screen.

For details on exercising voting rights using a smartphone, please refer to the leaflet that was provided together with this document.

\* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

Exercise of Voting Rights by Personal Computer, etc.--- -----<https://soukai.mizuho-tb.co.jp/>  
Please directly access the website for exercising voting rights, use the “login ID” and “temporary password” described in the enclosed voting rights exercise form and register your approval or disapproval in respect of each proposal by following the directions on the screen.

If you exercise your voting rights both by mail (in writing) and by Internet, we will only accept, as effective, the exercise of your voting rights via Internet. If you exercise your voting rights more than once by Internet, we will only accept, as effective, the last exercise of your voting rights. The cost of Internet access (access fees to Internet service providers, telecommunications fees, etc.) will be borne by you, the shareholder. Depending on your Internet operating environment, you may be unable to use the website for exercising voting rights.

**For Inquiries with Respect to the Exercise of Voting Rights by Internet**

**Please contact:**

Internet Help Dial [Japanese only]  
Stock Transfer Agency Department  
Mizuho Trust & Banking Co., Ltd.  
Telephone: 0120-768-524 (toll-free, domestic calls only)  
Operating hours: 9:00 a.m. to 9:00 p.m. (excluding Saturdays, Sundays and national holidays)

**To Institutional Investors**

In addition to the above-mentioned method for exercising voting rights by Internet, the electronic platform for exercising voting rights, which is operated by Investor Communications Japan Inc. (ICJ, Inc.), is available to those who have applied to use such platform beforehand.

## Reference Materials for the General Meeting of Shareholders

### Proposal No. 1 – Dividends from Surplus

The Company considers the appropriate return of profits to its shareholders as a fundamental aspect of management policy and has adopted a basic policy to undertake stable dividend payments taking into consideration the Company's performance and financial condition.

After taking into consideration the Company's performance in the current business term, the outlook for the business environment and other factors, the Company intends to provide year-end dividends from surplus of 42 yen per share (an increase of 2 yen compared with the previous term) for the current term.

1 Category of dividend assets:

Cash

2 Matters relating to the allocation of dividend assets and the total amount of such allocation:

Dividend per share of the Company's common stock: 42 yen

Total amount of dividends: 3,277,440,054 yen

3 Date on which the dividends from surplus will take effect:

March 29, 2019

(Reference)

The Company has been executing the "First Medium-Term Management Plan 2020" since 2017 based on the "Sapporo Group Long-Term Management Vision 'SPEED150'" that was announced in November 2016. Under this "First Medium-Term Management Plan 2020", the Company is pursuing a dividend payout ratio of 30% as a financial indicator for return of profits to shareholders. However, if profit attributable to owners of parent changes significantly because of extraordinary gains or losses, etc. relating to special factors, such impact may be taken into consideration when deciding the dividend amount.

\*A share consolidation (consolidation of common stock at the ratio of 1 share for each 5 shares) was carried out on July 1, 2016. The dividend amount that is calculated in accordance with the standard after the consolidation of shares is presented as amount per share after the consolidation of shares.

## Proposal No. 2 – Election of Nine (9) Directors

At the conclusion of this general meeting, the terms of office of all nine (9) directors will expire. The Company therefore proposes the election of nine (9) directors (including three (3) outside directors).

The candidates for director are as follows:

Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
1	<p style="text-align: center;"><b>Incumbent</b></p> <p style="text-align: center;"><b>Tsutomu Kamijo</b></p> <p>(January 6, 1954) 65 years old</p> <p>Number of Shares Held in the Company 18,572 shares</p> <p>Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p>April 1976      Joined the Company (former Sapporo Breweries Limited)</p> <p>March 2001     Director (Member of the Board), Director of Sales Planning Department, of Sapporo Beverage Co., Ltd.</p> <p>September 2003    Director (Member of the Board) and Managing Executive Officer, Director of Marketing Department, of Sapporo Beverage Co., Ltd.</p> <p>September 2005    Director (Member of the Board) and Managing Executive Officer, Director of Management Strategy Headquarters, of Sapporo Beverage Co., Ltd.</p> <p>March 2007        Director (Member of the Board), Director of Corporate Planning Department, of the Company</p> <p>March 2009        Managing Director (Member of the Board) of the Company</p> <p>March 2011        President and Representative Director of Sapporo Beverage Co., Ltd. President and Representative Director of the Company and CEO of the Group</p> <p>January 2017      Chairman and Representative Director of the Company (up to the present)</p> <p>[Status of Important Concurrent Occupations or Positions at Other Organizations]</p> <p>Outside Director of Mitsubishi Tanabe Pharma Corporation</p> <p>Outside Director of Imperial Hotel, Ltd.</p> <p>Outside Director of Tohoku Electric Power Co., Inc.</p> <p>Mr. Kamijo will have served as a director of the Company for twelve (12) years as of the conclusion of this general meeting.</p> <p>[Reasons for Presenting Mr. Tsutomu Kamijo as a Candidate for Director]</p> <p>Mr. Tsutomu Kamijo has been Representative Director of the Company since 2011, and has a wealth of experience, a rich track record and great insight as a manager. The Company has determined that he will be the right administrator and supervisor of overall group management, and he has thus been presented to the shareholders as a candidate for director.</p>
2	<p style="text-align: center;"><b>Incumbent</b></p> <p style="text-align: center;"><b>Masaki Oga</b></p> <p>(December 2, 1958) 60 years old</p> <p>Number of Shares Held in the Company 16,106 shares</p> <p>Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p>April 1982      Joined the Company (former Sapporo Breweries Limited)</p> <p>October 2006     Director of Tokyo Headquarters Office of Tokyo Metropolitan Area Sales &amp; Marketing Division of Sapporo Breweries Limited (newly established company)</p> <p>March 2009        Operating Officer, Director of Hokkaido Sales &amp; Marketing Division of Sapporo Breweries Limited</p> <p>March 2010        Director (Member of the Board) and Managing Officer, Director of Marketing Department of Sapporo Breweries Limited</p> <p>March 2013        President and Representative Director of Sapporo Breweries Limited Director (Member of the Board) and Group Operating Officer of the Company</p> <p>March 2015        Group Operating Officer of the Company</p> <p>January 2017      President and Group Operating Officer of the Company</p> <p>March 2017        President and Representative Director of the Company (up to the present)</p> <p>Mr. Oga will have served as a director of the Company for two (2) years as of the conclusion of this general meeting.</p> <p>[Reasons for Presenting Mr. Masaki Oga as a Candidate for Director]</p> <p>Mr. Masaki Oga has served as a representative director of the Company and president and representative director of an operating company, and has thereby gained a wealth of experience, a rich track record and great insight as a manager. The Company has determined that he will be the right person to promote the group management and strengthen the corporate governance of the Company, and he has thus been presented to the shareholders as a candidate for director.</p>

Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
3	<p style="text-align: center;"><b>Incumbent</b></p> <p><b>Shinichi Soya</b>  (September 20, 1963) 55 years old</p> <p>Number of Shares Held in the Company 4,932 shares</p> <p>Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p>April 1986      Joined the Company (former Sapporo Breweries Limited)</p> <p>October 2006    Director of Strategic Planning Department, Hokkaido Headquarter Office, of Sapporo Breweries Limited (newly established company)</p> <p>November 2009   Director (Member of the Board) of Pokka Corporation (currently POKKA SAPPORO Food &amp; Beverage Ltd.)</p> <p>March 2012      Director (Member of the Board), Director of Corporate Planning Department, of Sapporo Beverage Co., Ltd.</p> <p>November 2012   Managing Director (Member of the Board) of POKKA SAPPORO Food &amp; Beverage Ltd.</p> <p>March 2014      Director (Member of the Board) of Sapporo International Inc. Director (Member of Board) of Sapporo Group Management Co., Ltd.</p> <p>March 2015      Director (Member of the Board) and Managing Executive Officer of POKKA SAPPORO Food &amp; Beverage Ltd.</p> <p>March 2016      Director (Member of the Board), Director of Corporate Finance and Business Management Department of the Company (up to the present)</p> <p>March 2018      Director (Member of the Board) of Sapporo Real Estate Co., Ltd. (up to the present)</p> <p>Mr. Soya will have served as a director of the Company for three (3) years as of the conclusion of this general meeting.</p> <p>[Reasons for Presenting Mr. Shinichi Soya as a Candidate for Director] Having had wide experience in the accounting &amp; finance departments of operating companies as well as been in charge of the corporate planning and international departments, Mr. Shinichi Soya has an experience, a track record and insight for overall corporate planning. The Company has determined that he will be the right person to strengthen the group management structure and global management of the Company, and he has thus been presented to the shareholders as a candidate for director.</p>
4	<p style="text-align: center;"><b>Incumbent</b></p> <p><b>Mayumi Fukuhara</b> [Legal surname: Kobayashi]</p> <p>(April 2, 1964) 54 years old</p> <p>Number of Shares Held in the Company 2,264 shares</p> <p>Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p>April 1988      Joined the Company (former Sapporo Breweries Limited)</p> <p>September 2009   Group Leader of Human Resources and General Affairs Department of Sapporo Breweries Limited (newly established company)</p> <p>March 2013      Director of Human Resources and General Affairs Department of Sapporo Breweries Limited</p> <p>March 2014      Director of Human Resources Department of Sapporo Breweries Limited</p> <p>March 2016      Director (Member of the Board), Director of Human Resources Department of the Company (up to the present)</p> <p>Ms. Fukuhara will have served as a director of the Company for three (3) years as of the conclusion of this general meeting.</p> <p>[Reasons for Presenting Ms. Mayumi Fukuhara as a Candidate for Director] Having been in charge of human resources department of operating companies, Ms. Mayumi Fukuhara has an experience, a track record and insight for overall human resources strategy. The Company has determined that she will be the right person to promote the diversity and strengthen human resources development of the Sapporo Group, and she has thus been presented to the shareholders as a candidate for director.</p>

Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
5	<p><b>New Candidate</b></p> <p><b>Yasuyuki Oohira</b></p> <p>(March 25, 1961) 58 years old</p> <p>Number of Shares Held in the Company 6,208 shares</p>	<p>April 1984      Joined the Company (former Sapporo Breweries Limited)</p> <p>March 2006     Director of Engineering Department of Sapporo Breweries Limited (newly established company)</p> <p>March 2011     Operating Officer and Director of Chiba Brewery of Sapporo Breweries Limited</p> <p>September 2012 Director (Member of the Board) and Operating Officer, Director of Corporate Planning Department of Sapporo Breweries Limited</p> <p>March 2014     Director (Member of the Board) and Operating Officer of Sapporo Breweries Limited</p> <p>March 2016     Director (Member of the Board) and Managing Executive Officer, Director of Research and Development Headquarters of POKKA SAPPORO Food &amp; Beverage Ltd.</p> <p>March 2017     Director (Member of the Board) and Managing Executive Officer of POKKA SAPPORO Food &amp; Beverage Ltd. (up to the present)</p> <p>[Reasons for Presenting Mr. Yasuyuki Oohira as a Candidate for Director] Mr. Yasuyuki Oohira has substantial knowledge and experience in overall corporate management, having long-standing experience in the engineering department of an operating company, and having served as the person in charge of a corporate planning department, production technology department, research and development department and supply chain management department. The Company has determined that he will be the right person to promote the broad supply chain system and the research and development of the Sapporo Group, and he has thus been presented to the shareholders as a candidate for director.</p>
6	<p><b>New Candidate</b></p> <p><b>Seiji Ubukata</b></p> <p>(November 1, 1964) 54 years old</p> <p>Number of Shares Held in the Company 1,978 shares</p>	<p>April 1987      Joined the Company (former Sapporo Breweries Limited)</p> <p>September 2008 Vice President of SAPPORO U.S.A., INC.</p> <p>March 2009     President of SAPPORO U.S.A., INC.</p> <p>March 2012     Director of Human Resources and General Affairs Department of the Company</p> <p>                      Director of Group Human Resources and General Affairs Department of Sapporo Group Management Co., Ltd.</p> <p>October 2014    Director of Human Resources Department and Business Planning Department of the Company</p> <p>March 2015     Senior Operating Officer, Director of Hokkaido Sales &amp; Marketing Division and Representative of Hokkaido Head Office of Sapporo Breweries Limited (newly established company) (up to the present)</p> <p>[Reasons for Presenting Mr. Seiji Ubukata as a Candidate for Director] Mr. Seiji Ubukata has substantial experience, track record and insight in overall corporate strategy, having been in charge of human resources and sales and marketing departments at operating companies, and having served as the president of SAPPORO U.S.A., INC. The Company has determined that he will be the right person to formulate and promote the growth strategies of the Sapporo Group as well as promote its global strategies, and he has thus been presented to the shareholders as a candidate for director.</p>

Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
7	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Incumbent</div> (Candidate for Outside Director/ Independent Officer)  <b>Shizuka Uzawa</b>  (January 30, 1946) 73 years old  Number of Shares Held in the Company 0 shares  Number of Board of Directors' meetings attended 13/13 (100%)	April 1969      Joined Nisshinbo Industries, Inc. (currently Nisshinbo Holdings Inc.)
		June 2001      Director (Member of the Board), Chief of Accounting and Finance Division of Nisshinbo Industries, Inc.
		June 2004      Executive Director (Member of the Board) of Nisshinbo Industries, Inc.
		June 2006      Director (Member of the Board), Executive Managing Officer, and Chief of General Affairs Division of Nisshinbo Industries, Inc.
		April 2007      Director (Member of the Board), Senior Executive Managing Officer, and Chief of Paper Products Division of Nisshinbo Industries, Inc.
		April 2008      Director (Member of the Board), Senior Executive Managing Officer, Chief of Paper Products Division, and Chief of Business Support Center of Nisshinbo Industries, Inc.
		June 2009      President and Representative Director of Nisshinbo Holdings Inc.
		June 2013      Chairman and Representative Director of Nisshinbo Holdings Inc.
		March 2015      Outside Director (Member of the Board) of the Company (up to the present)
		June 2016      Advisor of Nisshinbo Holdings Inc.
		[Status of Important Concurrent Occupations or Positions at Other Organizations] External Executive Director of Japan Finance Corporation Outside Director of Nichirei Corporation
		Mr. Uzawa will have served as an outside director of the Company for four (4) years as of the conclusion of this general meeting.



Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
8	<p data-bbox="325 533 493 562" style="border: 1px solid black; padding: 2px; text-align: center;">Incumbent</p> <p data-bbox="325 600 493 703">(Candidate for Outside Director/ Independent Officer)</p> <p data-bbox="341 741 477 801"><b>Mackenzie Clugston</b></p> <p data-bbox="325 840 493 900">(June 19, 1950) 68 years old</p> <p data-bbox="325 936 493 1039">Number of Shares Held in the Company 0 shares</p> <p data-bbox="325 1077 493 1211">Number of Board of Directors' meetings attended 9/11 (82%)</p>	<p data-bbox="517 304 1399 595"> June 1982      Joined Ministry of Foreign Affairs, Trade and Development Canada  August 2000    Consul General of Canada in Osaka  August 2003    Minister, Embassy of Canada in Japan  August 2009    Ambassador of Canada to the Republic of Indonesia, to the Democratic Republic of Timor-Leste and to the Association of Southeast Asian Nations (ASEAN)  November 2012 Ambassador Extraordinary and Plenipotentiary of Canada to Japan  September 2016 Consultant of the Company  March 2018    Outside Director (Member of the Board) of the Company (up to the present) </p> <p data-bbox="517 607 1399 725"> [Status of Important Concurrent Occupations or Positions at Other Organizations]  Outside Director of KAMEDA SEIKA CO., LTD.  Professor under special tenure program of Kwansai Gakuin University  Outside Director of Idemitsu Kosan Co., Ltd. </p> <p data-bbox="517 736 1399 797"> Mr. Clugston will have served as an outside director of the Company for one (1) year as of the conclusion of this general meeting. </p> <p data-bbox="517 808 1399 1070"> [Reasons for Presenting Mr. Mackenzie Clugston as a Candidate for Outside Director]  Although Mr. Mackenzie Clugston has no experience in directly managing a company, he has extensive insight in the fields of diplomacy and trade in North America and Southeast Asia where the Company is pursuing business development. Based on that wealth of experience, rich track record and great insight, Mr. Clugston offers pertinent opinions and advice to the Board of Directors of the Company from his objective standpoint, independent of the management team engaged in executing the operations of the Company. The Company has determined that he will contribute greatly to the corporate governance of the Company, which is moving forward with global expansion, and he has thus been presented to the shareholders as a candidate for outside director. </p> <p data-bbox="517 1081 1399 1438"> [Policy on His Independence]  In September 2016, Mr. Mackenzie Clugston assumed office as a consultant of the Company, and since then, the Company's management had been receiving advice from him. The annual remuneration paid to Mr. Clugston was compensation for his advice to the Company's management based on his experience and insight, and such remuneration was five million yen or less. Accordingly, the Company has determined Mr. Clugston is unlikely to have a conflict of interest with shareholders, in light of the "Standards for Independence of Outside Officers" established by the Company. Mr. Clugston resigned from the role of consultant of the Company in March 2018, in conjunction with his election as an outside director of the Company. In addition, the Company has notified each of the Tokyo Stock Exchange and the Sapporo Securities Exchange of his designation as an independent officer, given that he satisfies the applicable criteria of independence as stipulated by the financial instruments exchanges. </p>

Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
9	<p><b>New Candidate</b></p> <p>(Candidate for Outside Director/ Independent Officer)</p> <p><b>Shuji Fukuda</b></p> <p>(December 20, 1951) 67 years old</p> <p>Number of Shares Held in the Company 0 shares</p>	<p>April 1974      Joined Onoda Cement Co., Ltd. (currently Taiheiyo Cement Corporation)</p> <p>April 2008      Executive Officer and General Manager of Human Resources Department and General Manager of Personnel Business Operation Center of Taiheiyo Cement Corporation</p> <p>October 2008    Executive Officer and General Manager of Human Resources Department of Taiheiyo Cement Corporation</p> <p>August 2010     Director, Managing Executive Officer and General Manager of Human Resources Department, of Taiheiyo Cement Corporation</p> <p>October 2010    Director and Managing Executive Officer of Taiheiyo Cement Corporation</p> <p>April 2012      President and Representative Director of Taiheiyo Cement Corporation</p> <p>April 2018      Chairman and Director of Taiheiyo Cement Corporation (up to the present)</p> <p>[Status of Important Concurrent Occupations or Positions at Other Organizations]</p> <p>Chairman and Director of Taiheiyo Cement Corporation Director of Yakushima Denko Co., Ltd.</p> <p>[Reasons for Presenting Mr. Shuji Fukuda as a Candidate for Outside Director]</p> <p>Mr. Shuji Fukuda has a wealth of experience, a rich track record and great insight as the president of a business corporation. Based on his experience in overall treasury, human resources and corporate management fields up until the present, Mr. Fukuda can offer pertinent opinions and advice to the Board of Directors of the Company from his objective standpoint, independent of the management team engaged in executing the operations of the Company. The Company has determined that he will contribute greatly to the corporate governance of the Company in such areas as the strengthening of the Group's management structure, and he has thus been presented to the shareholders as a candidate for outside director.</p> <p>[Policy on His Independence]</p> <p>Mr. Shuji Fukuda was involved in business execution at Taiheiyo Cement Corporation until March 2018. Currently, although there have been transactions between the said company and the Company's subsidiaries, the amount of such transactions in the most recent business term has been less than 0.1% of either the consolidated revenue of the Company or the consolidated net sales of the said company. Accordingly, the Company has determined Mr. Fukuda is unlikely to have a conflict of interest with shareholders, in light of the "Standards for Independence of Outside Officers" established by the Company. In addition, the Company has notified each of the Tokyo Stock Exchange and the Sapporo Securities Exchange of his designation as an independent officer, given that he satisfies the applicable criteria of independence as stipulated by the financial instruments exchanges.</p>

Notes:

1. Each candidate for director has no special interest in the Company.
2. The number of shares held in the Company is the effective number of shares held, including shares held through Sapporo Group's Director and Audit & Supervisory Board Member Stock Ownership Plan and Sapporo Group's Employee Stock Ownership Plan.
3. The real estate operations of the Company and Nichirei Corporation, at which Mr. Shizuka Uzawa holds a concurrent position, are business competitors.
4. The Company has entered into limited liability contracts, as stipulated in Article 427, Paragraph 1 of the Companies Act, with Mr. Shizuka Uzawa and Mr. Mackenzie Clugston. Should the reelection of the said two (2) persons be approved, the Company intends to continue the said contracts. In addition, should the election of Mr. Shuji Fukuda be approved, the Company also intends to enter into a limited liability contract of a similar kind with him. The amount of limit of liability which is stipulated in these contracts is to be the minimum liability amount which is stipulated in Article 425, Paragraph 1 of the Companies Act.

Reference Judgment on Independence

The voluntary “Nomination Committee” of the Company chaired by an independent outside director requires that candidates for independent outside director and independent outside audit & supervisory board member be persons who fulfill the “Standards for Independence of Outside Officers” stipulated by the Company as provided below. For candidates for independent outside director, the Committee recommends talented persons who have a wealth of experience and a rich track record in, and great insight for corporate management or specific professional areas, and are capable of offering pertinent opinions and advice on the management issues of the Company.

Standards for Independence of Outside Officers

1. In order for the outside directors and outside audit & supervisory board members (“Outside Officers”) of the Company to be outside officers who are independent (“Independent Officers”), any such Outside Officers may not fall under any of the following Items (1) through (3).
  - (1) A person who currently is or during the past ten years was an executive (*gyomu shikkou sha*) of the Company or its consolidated subsidiaries (collectively, “Group”) (including a director who is not an executive in the case the Outside Officer to be designated as an Independent Officer is an outside audit & supervisory board member) (\*1).
  - (2) A person who currently falls under or during the past three years has fallen under any of the following sub-items (i) through (viii).
    - (i) A party having the Group as a major business partner, or executive (*gyomu shikkou sha*) of such party (\*2);
    - (ii) A major business partner of the Group or its executive (*gyomu shikkou sha*) (\*3);
    - (iii) A consultant, accounting professional, or legal professional who has obtained from the Group large sums of money or other property other than officer remuneration, etc. (if the party obtaining such properties is a corporation, association, or other group, this means a person who belongs to such group) (\*4);
    - (iv) A major shareholder of the Group (if such major shareholder is a corporation, an executive (*gyomu shikkou sha*) of such corporation) (\*5);
    - (v) In the case where the executive (*gyomu shikkou sha*) of the Company holds the office of outside officer of another company, an executive (*gyomu shikkou sha*) of such other company;
    - (vi) A person who has received large donations from the Group or a director or other executive (*gyomu shikkou sha*) of a group that received such donations (\*6);
    - (vii) A member, partner, or employee of the audit corporation that is the accounting auditor for the Group; and
    - (viii) A major lender of the Group or its executive (*gyomu shikkou sha*) (\*7)
  - (3) A spouse or a relative in the second degree or closer of any person listed in Item (1) or Item (2) above (excluding any unimportant person).
2. An Independent Officer of the Company must be an Outside Officer with respect to whom there is no likelihood of a constant and substantial conflict of interests arising with the entire general shareholders of the Company for any reason other than the reasons considered in Items (1) through (3) of Paragraph 1 above.
3. An Outside Officer who falls under any of Items (1) through (3) of Paragraph 1 above may nonetheless be appointed as an Independent Officer of the Company, if the Company considers such Outside Officer to be appropriate as an Independent Officer in light of such Outside Officer’s personality, insight, etc., on the condition that such Outside Officer satisfy the applicable standards of independence specified by the financial instruments exchanges and that a public explanation be given of the reasons why the Company considers such Outside Officer to be appropriate as an Independent Officer of the Company.

(Notes)

- \*1. For any person who was a non-executive director or an audit & supervisory board member of the Group at any time over the last ten years, the ten-year period prior to assumption of such office. An executive (*gyomu shikkou sha*) means a person stipulated in Article 2, Paragraph 3, Item (6) of the Ordinance for Enforcement of the Companies Act.
- \*2. “Party having the Group as a major business partner” means a party who/that has received from the Group payment of an amount equivalent to 2% or more of its annual consolidated sales in the most recent business term.
- \*3. “Major business partner of the Group” means a party who/that in the most recent business term made payment to the Group of an amount equivalent to 2% or more of the Company’s annual consolidated revenue.
- \*4. “Consultant, accounting professional, or legal professional who has obtained from the Group large sums of money or other property other than officer remuneration, etc.” means a person who in the most recent business term obtained, other than officers remuneration, etc., money or property in an amount or value equivalent to 2% of annual consolidated sales of that person or ten million yen, whichever is higher, or a member, partner, associate, or employee of any law firm, auditing corporation, tax accountant corporation, consulting firm, or other professional advisory firm that received from the Group payment of an amount equivalent to 2% or more of that firm’s annual total sales in the most recent business term.
- \*5. “Major shareholder of the Group” means a person or a corporation who directly or indirectly holds 10% or more of the total voting rights.
- \*6. “Large donation” means a donation that is made in the most recent business term, the amount of which is not less than the higher of (i) ten million yen or (ii) 30% of the average annual expenses for the relevant group.
- \*7. “Major lender of the Group” means any financial institution or other major creditor that is essential for the Company’s fund-raising, upon which the Company relies to such extent that such lender is not replaceable.

### Proposal No. 3 – Election of One (1) Audit & Supervisory Board Member

At the conclusion of this general meeting, the term of office of audit & supervisory board member Mr. Shouji Osaki will expire. The Company therefore proposes the election of one (1) audit & supervisory board member.

The Company has obtained the approval of the Audit & Supervisory Board for submitting this proposal to this general meeting.

The candidate for audit & supervisory board member is as follows:

Name (Date of Birth)	Career Summary, Position, and Status of Important Concurrent Occupations or Positions at Other Organizations
<p style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">New Candidate</span>             (Candidate for Audit &amp; Supervisory Board Member)   <b>Toshio Mizokami</b>             (April 16, 1959)            59 years old             Number of Shares Held in the Company            5,439 shares         </p>	<p>           April 1984      Joined the Company (former Sapporo Breweries Limited)            March 2008      Director of Accounting &amp; Finance Department of Sapporo Breweries Limited (newly established company)            March 2011      Managing Officer, Director of Accounting &amp; Finance Department of Sapporo Breweries Limited            March 2012      Director of Accounting &amp; Finance Department of the Company                                     Director (Member of the Board), Director of Group Accounting &amp; Finance Department of Sapporo Group Management Co., Ltd.            September 2013      Director (Member of the Board) of Sapporo Group Management Co., Ltd.            March 2014      Director (Member of the Board), Director of Corporate Finance and Business Management Department, of the Company            March 2016      Managing Director (Member of the Board) of the Company                                     President and Representative Director of Sapporo Group Management Co., Ltd. (up to the present)            March 2017      Executive Group Operating Officer of the Company (up to the present)         </p> <p>           [Reasons for Presenting Mr. Toshio Mizokami as a Candidate for Audit &amp; Supervisory Board Member]            Mr. Toshio Mizokami has gained substantial knowledge and experience from working in accounting and finance departments. He has also served as a director of the Company and as an executive group operating officer of the Company and he has a wealth of experience, a rich track record and great insight. The Company has determined that Mr. Mizokami will audit the performance of duties by directors in an objective and fair perspective, and he has thus been presented to the shareholders as a candidate for audit &amp; supervisory board member.         </p>

Notes:

1. The candidate for audit & supervisory board member has no special interest in the Company.
2. The number of shares held in the Company is the effective number of shares held, including shares held through Sapporo Group's Director and Audit & Supervisory Board Member Stock Ownership Plan.
3. Mr. Toshio Mizokami is the executive group operating officer of the Company and the president and representative director of Sapporo Group Management Co., Ltd., but scheduled to retire from these positions on March 28, 2019.
4. Should the election of Mr. Toshio Mizokami be approved, the Company intends to enter into a limited liability contract, as stipulated in Article 427, Paragraph 1 of the Companies Act, with him. The amount of limit of liability which is stipulated in this contract is to be the minimum liability amount which is stipulated in Article 425, Paragraph 1 of the Companies Act.

## Proposal No. 4 – Election of One (1) Substitute Audit & Supervisory Board Member

At the commencement of this general meeting, the effect of the election of Mr. Takanori Iizuka as a substitute audit & supervisory board member, who was elected as substitute audit & supervisory board member at the 94th Ordinary General Meeting of Shareholders held on March 29, 2018, expires. In case of the number of incumbent outside audit & supervisory board members becomes less than that is required by laws and ordinances, the Company proposes the election of one (1) substitute audit & supervisory board member for outside audit & supervisory board member.

The Company has obtained the approval of the Audit & Supervisory Board for submitting this proposal to this general meeting.

The candidate for substitute audit & supervisory board member is as follows:

Name (Date of Birth)	Career Summary, Position, and Status of Important Concurrent Occupations or Positions at Other Organizations
<p>(Candidate for Substitute Audit &amp; Supervisory Board Member for Outside Audit &amp; Supervisory Board Member)</p> <p><b>Takanori Iizuka</b></p> <p>(June 1, 1966) 52 years old</p> <p>Number of Shares Held in the Company 0 shares</p>	<p>April 1996 Registered as a lawyer (Daiichi Tokyo Bar Association) Worked for Harada, Ozaki &amp; Hattori Law Office (currently Ozaki Law Office)</p> <p>April 2009 Iizuka &amp; Partners Law Office (up to the present)</p> <p>October 2009 Seconded to Enterprise Turnaround Initiative Corporation of Japan (currently Regional Economy Vitalization Corporation of Japan)</p> <p>[Status of Important Concurrent Occupations or Positions at Other Organizations] Attorney-at-law of Iizuka &amp; Partners Law Office Outside Director (Audit and Supervisory Committee Member) of SE Holdings and Incubations Co., Ltd. Intermediary Committee Member of Nuclear Damage Compensation Dispute Resolution Center</p> <p>[Reasons for Presenting Mr. Takanori Iizuka as a Candidate for Substitute Audit &amp; Supervisory Board Member for Outside Audit &amp; Supervisory Board Member] Although Mr. Takanori Iizuka has no experience in directly managing a company, the Company has judged that he will be able to audit the performance of duties by directors of the Company from an objective and fair perspective based on his wealth of knowledge and experience as an attorney with expertise in the field of corporate law, having engaged in efforts involving community revitalization and business rehabilitation support during his eight years at the Enterprise Turnaround Initiative Corporation of Japan (currently, Regional Economy Vitalization Corporation of Japan). Accordingly, he has been presented to the shareholders as a candidate for substitute audit &amp; supervisory board member for outside audit &amp; supervisory board member.</p> <p>[Policy on His Independence] Mr. Takanori Iizuka satisfies the “Standards for Independence of Outside Officers” established by the Company. Should Mr. Iizuka be appointed to the position of audit &amp; supervisory board member, the Company intends to designate him as an independent officer as provided for by the rules of the Tokyo Stock Exchange and the Sapporo Securities Exchange, and notify the said exchanges of such designation.</p>

Notes:

1. The candidate for substitute audit & supervisory board member has no special interest in the Company.
2. Should Mr. Takanori Iizuka assume the position of audit & supervisory board member, the Company intends to enter into a limited liability contract, as stipulated in Article 427, Paragraph 1 of the Companies Act, with him. The amount of limit of liability which is stipulated in this contract is to be the minimum liability amount which is stipulated in Article 425, Paragraph 1 of the Companies Act.

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# Business Report

(From January 1, 2018 to December 31, 2018)

## 1. Review of Sapporo Group Operations

### (1) Operations and Operating Results

During the term under review, although the Japanese economy remained in a moderate recovery trend, with support from rebounding exports and an improved employment and income environment, it experienced a significant effect from natural disasters, including July's torrential rains and September's Hokkaido Eastern Iburi Earthquake. In the global economy, the effect on investment by such factors as trade friction between the United States and China, upward movement on interest rates and political unrest in several countries has led to an economic environment with an uncertain outlook.

In the Japanese alcoholic beverages industry, a deep-rooted sense of frugality persisting among consumers led to a prominent shift in demand toward low priced products. Overseas, the North American beer market appears to have been weaker than the previous term, and although the situation in the Asian beer market was different for each country, continued growth was achieved in Vietnam. The soft drinks industry in Japan looks to have strengthened slightly from the previous term. In the real estate industry, vacancy rates in the Greater Tokyo office leasing market improved, while rent levels rose gradually.

Amid this environment, the Sapporo Group (the "Group" or "Sapporo Group") endeavored to accelerate growth under the Sapporo Group Long-Term Management Vision "SPEED150" and the First Medium-Term Management Plan 2020 and achieve its financial targets for 2018, as it strives to be a company with highly unique brands in the fields of "Alcoholic Beverages", "Food", and "Soft Drinks" around the world.

The Sapporo Group's consolidated operating results for the term under review were as follows.

#### Revenue

In the Japanese alcoholic beverages business, revenue declined, despite the achievement of strong sales for Sapporo Draft Beer Black Label, which was the target of brand strengthening initiatives, and Sapporo Chuhai 99.99 (Four Nines), which was the target of aggressive investment. The business's decline was due to the sales volume of the happoshu and new-genre beers falling below the previous year's levels. On the other hand, in the international business, revenue rose as a result of year-on-year increases in sales reported by SLEEMAN BREWERIES and Sapporo Vietnam. In the food & soft drinks business, although sales volume rose year on year for lemon-based drinks and foods, etc. domestically, the effect of a stagnant canned coffee market and a decline in sales volume for exports led to a revenue decline for the business overall. In the restaurants business, revenue declined due to weaker performance for Japanese-style restaurant formats in Japan.

As a result, consolidated revenue came to ¥521.9 billion, reflecting a decrease of ¥14.7 billion or 2.7% compared with the previous term.

#### Operating profit

In the Japanese alcoholic beverages business, operating profit declined due to the fall in revenues. In the international business, profit declined for the business overall despite Sapporo Vietnam increasing its profit through structural reforms, mainly due to Anchor Brewing Company experiencing a fall in sales volume due to weak demand on the West Coast of the United States (particularly in San Francisco), its major customer area, and recording impairment losses. In the food & soft drinks business, the fall in sales of canned coffee led to decreased profit. In the real estate business, an increase in rent income from core properties and an improvement in occupancy rates led to higher profit.

As a result, consolidated operating profit amounted to ¥10.8 billion, reflecting a decrease of ¥2.0 billion or 15.4% compared with the previous term.

#### Profit before tax

Due to the decrease in consolidated operating profit, profit before tax amounted to ¥9.5 billion, reflecting a decrease of ¥2.0 billion or 17.7% compared with the previous term.

#### Profit attributable to owners of parent

Profit attributable to owners of parent amounted to ¥8.5 billion, reflecting an increase of ¥1.3 billion or 18.6% compared with the previous term.

## (2) Issues to be Addressed by the Group

### The Sapporo Group's Medium- to Long-Term Management Strategy and Target Business Indicators

The Company has formulated the Sapporo Group Long-Term Management Vision “SPEED150” and the First Medium-Term Management Plan 2020 in November 2016. The “SPEED150” vision sets forth the overall direction the Company should pursue over the next 10 years through 2026, the year marking the Group's 150th anniversary of founding. The First Medium-Term Management Plan 2020 lays out the basic strategies the Company will implement over the four years from 2017 to 2020. 2019 marks the third year of the First Medium-Term Management Plan 2020.

#### ● Sapporo Group Long-Term Management Vision “SPEED150”

The Company has formulated the 2026 Group Vision and the Action Guidelines, both of which will be achieved by pursuing management reforms and business growth with speed while continuing to adhere to the Management Philosophy and Fundamental Management Policy.

Recognizing once again that the source of the Group's growth lies in the brand assets cultivated over the Group's 140-year history since it was founded, the Company has positioned “Alcoholic Beverages”, “Food” and “Soft Drinks” as the Group's three core business fields, and will work to nurture and strengthen the Group's brands along with the real estate business. The Company stands out among the numerous food companies in Japan for conducting business in all three fields of “Alcoholic Beverages”, “Food” and “Soft Drinks”. Leveraging this unique strength, the Company will work to supply distinctive products and services worldwide in conjunction with expanding its contact points with customers, with the aim of driving robust growth.



<u>Management Philosophy</u> As an intrinsic part of people’s lives, Sapporo will contribute to the evolution of creative, enriching and rewarding lifestyles.	<u>2026 Group Vision</u> The Sapporo Group will be a company with highly unique brands in the fields of “Alcoholic Beverages”, “Food”, and “Soft Drinks” around the world.
<u>Fundamental Management Policy</u> The Sapporo Group strives to maintain integrity in corporate conduct that reinforces stakeholder trust, and aims to achieve continuous growth in corporate value.	<u>Action Guidelines</u> 1. Make customers lifestyles around world more fulfilled by creating new value through the pursuit of innovation and quality. 2. Strive to provide products and services and to nurture brands that foster communication among customers. 3. Practice efficient management in tandem with addressing changes in the environment.

In addition, the Company will deepen communication with stakeholders through all manner of corporate business activities based on its Management Philosophy, and strengthen its ability to convey information. By doing so, the Company aims to increase its presence while enhancing the satisfaction of all stakeholders.

● First Medium-Term Management Plan 2020

Fundamental Policy

The Company aims to transition to a growth stage as early as possible based on the theme of “Transformation with Unprecedented Speed”.

1. Business Activities

The Company will enhance its cash generation capabilities by achieving continuous growth and producing results based on the identification of competitive fields in each business.

1) Achieve continuous growth in existing businesses

Achieve steady growth based on identification of competitive fields in the existing five businesses

2) Produce results in the investment business

Enhance profitability in the Vietnam business, North American beverage business and the food & soft drinks business

3) Capture growth opportunities

Capture growth opportunities by allocating resources to growth in the “Food” field and global business expansion

2. Group Management

The Company will take the lead in strengthening its platform through the strategic shift of resources, and business structure reforms and promotion of segment management.

1) Implement a Group structure that fits the actual state of growth and optimization of Head Office functions

2) Strengthen platform functions

• R&D

Bolster resources (human resources and research & development expenses) to drive growth in the “Food” field

• Personnel and human resources

Shift human resources to growth fields and implement health promotion measures

• Finance

Strengthen the financial base by enhancing asset efficiency and bolstering monitoring

## Consolidated Statement of Financial Position

(As of December 31, 2018)

(Million Yen)

Item	95th business term (As of December 31, 2018)	(Reference) 94th business term (As of December 31, 2017)	Item	95th business term (As of December 31, 2018)	(Reference) 94th business term (As of December 31, 2017)
<b>[Assets]</b>			<b>[Liabilities]</b>		
<b>Current assets</b>	<b>153,544</b>	<b>164,755</b>	<b>Current liabilities</b>	<b>214,591</b>	<b>228,809</b>
Cash and cash equivalents	9,989	12,537	Trade and other payables	35,292	36,488
Trade and other receivables	93,340	98,325	Bonds and borrowings	73,863	80,716
Inventories	37,109	37,873	Lease liabilities	6,743	6,533
Other financial assets	4,790	9,107	Income tax payable	1,527	5,207
Other current assets	8,316	6,914	Other financial liabilities	33,905	33,277
<b>Non-current assets</b>	<b>486,148</b>	<b>499,976</b>	Other current liabilities	63,260	66,590
Property, plant and equipment	152,676	151,334	<b>Non-current liabilities</b>	<b>260,367</b>	<b>260,212</b>
Investment property	215,522	219,658	Bonds and borrowings	154,483	153,184
Goodwill	21,229	24,942	Lease liabilities	24,495	24,295
Intangible assets	12,056	13,339	Other financial liabilities	45,733	45,956
Investments accounted for using equity method	410	391	Net defined benefit liability	11,715	6,283
Other financial assets	70,205	78,677	Other non-current liabilities	2,991	2,621
Other non-current assets	8,526	9,309	Deferred tax liabilities	20,950	27,872
Deferred tax assets	5,523	2,326	<b>Total liabilities</b>	<b>474,957</b>	<b>489,021</b>
			<b>[Equity]</b>		
			Share capital	53,887	53,887
			Capital surplus	40,998	40,825
			Treasury shares	(1,822)	(1,807)
			Retained earnings	46,065	44,491
			Other components of equity	22,373	34,659
			<b>Total equity attributable to owners of parent</b>	<b>161,501</b>	<b>172,055</b>
			<b>Non-controlling interests</b>	<b>3,234</b>	<b>3,655</b>
			<b>Total equity</b>	<b>164,735</b>	<b>175,710</b>
<b>Total assets</b>	<b>639,692</b>	<b>664,731</b>	<b>Total liabilities and equity</b>	<b>639,692</b>	<b>664,731</b>

## Consolidated Statement of Profit or Loss

(From January 1, 2018 to December 31, 2018)

(Million Yen)

Item	95th business term (From January 1, 2018 to December 31, 2018)	(Reference) 94th business term (From January 1, 2017 to December 31, 2017)
<b>Revenue</b>	<b>521,856</b>	<b>536,585</b>
Cost of sales	362,210	373,148
<b>Gross profit</b>	<b>159,646</b>	<b>163,437</b>
Selling, general and administrative expenses	145,237	145,991
Other operating income	3,009	1,029
Other operating expenses	6,590	5,669
<b>Operating profit</b>	<b>10,828</b>	<b>12,806</b>
Financial income	1,139	1,338
Financial costs	2,494	2,626
Share of profit of investments accounted for using equity method	19	19
<b>Profit before tax</b>	<b>9,492</b>	<b>11,538</b>
Income tax expense	1,772	5,170
<b>Profit</b>	<b>7,721</b>	<b>6,367</b>
<b>Profit attributable to</b>		
Owners of parent	8,521	7,187
Non-controlling interests	(801)	(820)
<b>Profit</b>	<b>7,721</b>	<b>6,367</b>

## Consolidated Statement of Changes in Equity

(From January 1, 2018 to December 31, 2018)

(Million Yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity				
					Exchange differences on translation of foreign operations	Effective portion of gains and losses on fair value of cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity
Balance as of January 1, 2018	53,887	40,825	(1,807)	44,491	1,137	(191)	33,712	–	34,659
Profit				8,521					–
Other comprehensive income					(2,622)	2	(9,200)	(3,688)	(15,508)
Total comprehensive income	–	–	–	8,521	(2,622)	2	(9,200)	(3,688)	(15,508)
Purchase of treasury shares			(20)						–
Disposal of treasury shares		0	5						–
Issuance of convertible bonds with stock acquisition rights		182							–
Dividends				(3,122)					–
Share-based payment transactions		(9)							–
Transfer to retained earnings				(3,826)			(466)	3,688	3,222
Total transactions with owners	–	173	(15)	(6,947)	–	–	(466)	3,688	3,222
Balance as of December 31, 2018	53,887	40,998	(1,822)	46,065	(1,485)	(188)	24,046	–	22,373

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2018	172,055	3,655	175,710
Profit	8,521	(801)	7,721
Other comprehensive income	(15,508)	(215)	(15,724)
Total comprehensive income	(6,987)	(1,016)	(8,003)
Purchase of treasury shares	(20)	–	(20)
Disposal of treasury shares	6	–	6
Issuance of convertible bonds with stock acquisition rights	182	–	182
Dividends	(3,122)	(8)	(3,130)
Share-based payment transactions	(9)	–	(9)
Transfer to retained earnings	(603)	603	–
Total transactions with owners	(3,566)	595	(2,972)
Balance as of December 31, 2018	161,501	3,234	164,735

## Non-Consolidated Balance Sheet

(As of December 31, 2018)

(Million Yen)

Item	95th business term (As of December 31, 2018)	(Reference) 94th business term (As of December 31, 2017)	Item	95th business term (As of December 31, 2018)	(Reference) 94th business term (As of December 31, 2017)
<b>[Assets]</b>			<b>[Liabilities]</b>		
<b>Current assets</b>	<b>165,457</b>	<b>39,774</b>	<b>Current liabilities</b>	<b>80,840</b>	<b>86,752</b>
Cash and cash equivalents	2,114	1,713	Short-term bank loans	10,000	10,500
Accounts receivable	554	592	Current portion of bonds	10,000	10,000
Advance payments-trade	0	0	Current portion of long-term debt	20,192	22,338
Prepaid expenses	7	10	Commercial paper	28,500	32,000
Deferred tax assets	69	114	Accounts payable	1,350	1,218
Accrued revenue	5,970	5,976	Accrued expenses	237	217
Short-term loan receivables	156,734	31,358	Income taxes payable	9	2,676
Other	9	10	Consumption taxes payable	17	110
			Deposits received	10,432	7,516
			Unearned revenue	0	0
			Accrued bonuses	103	177
<b>Fixed assets</b>	<b>236,594</b>	<b>357,764</b>	<b>Long-term liabilities</b>	<b>150,805</b>	<b>149,657</b>
Property, plant and equipment	427	400	Bonds	40,000	50,000
Buildings	73	76	Convertible bonds with stock acquisition rights	19,875	-
Structures	6	1	Long-term bank loans	89,127	97,428
Machinery	3	4	Employees' retirement benefits	38	39
Tools, furniture and fixtures	263	299	Allowance for stock benefit for officers	110	113
Construction in progress	81	20	Deferred tax liabilities	1,637	2,062
Intangible assets	7	4	Asset retirement obligations	9	9
Software	7	4	Other	9	4
Investments and other assets	236,160	357,360	<b>Total liabilities</b>	<b>231,645</b>	<b>236,408</b>
Investment securities	7,519	9,930	<b>[Net Assets]</b>		
Shares in affiliates	189,122	189,233	<b>Shareholders' equity</b>	<b>167,642</b>	<b>156,716</b>
Long-term loans receivable	41,535	161,315	Share capital	53,887	53,887
Long-term prepaid expenses	9	11	Capital surplus	46,723	46,723
Claims provable in bankruptcy, claims provable in rehabilitation and other	4	4	Capital reserves	46,544	46,544
Prepaid pension cost	1,141	29	Other capital surplus	180	179
Other	366	376	Retained earnings	68,854	57,913
Allowance for doubtful receivables	(4)	(4)	Earnings reserve	6,754	6,754
Allowance for investment loss	(3,532)	(3,532)	Other retained earnings	62,100	51,159
			Contingent reserve	16,339	16,339
			Unappropriated retained earnings at end of period	45,761	34,820
			Treasury stock, at cost	(1,822)	(1,807)
			<b>Valuation and translation adjustments</b>	<b>2,581</b>	<b>4,414</b>
			Unrealized holding gain on securities	2,581	4,414
			<b>Stock acquisition rights</b>	<b>182</b>	<b>-</b>
			<b>Total net assets</b>	<b>170,405</b>	<b>161,130</b>
<b>Total assets</b>	<b>402,051</b>	<b>397,538</b>	<b>Total liabilities and net assets</b>	<b>402,051</b>	<b>397,538</b>

## Non-Consolidated Statement of Income

(From January 1, 2018 to December 31, 2018)

(Million Yen)

Item	95th business term (From January 1, 2018 to December 31, 2018)	(Reference) 94th business term (From January 1, 2017 to December 31, 2017)
<b>Operating revenues</b>	<b>19,406</b>	<b>11,740</b>
Managing revenue from operating companies	4,787	4,985
Dividend income from subsidiaries and affiliates	14,384	6,511
Other	234	244
<b>Operating expenses</b>	<b>6,231</b>	<b>6,148</b>
General administrative expenses	6,231	6,148
<b>Operating income</b>	<b>13,175</b>	<b>5,592</b>
<b>Non-operating income</b>	<b>1,322</b>	<b>1,586</b>
Interest and dividend income	1,308	1,571
Other	14	15
<b>Non-operating expenses</b>	<b>975</b>	<b>1,094</b>
Interest expense	934	983
Provision for allowance for doubtful accounts	–	1
Other	40	109
<b>Ordinary income</b>	<b>13,522</b>	<b>6,084</b>
<b>Extraordinary gains</b>	<b>570</b>	<b>3,406</b>
Gain on sales of investment securities	570	3,406
<b>Extraordinary losses</b>	<b>111</b>	<b>0</b>
Loss on disposal of property, plant and equipment	0	0
Loss on devaluation of shares in affiliates	111	–
<b>Profit before income taxes</b>	<b>13,981</b>	<b>9,489</b>
Income taxes: current	(461)	(21)
Income taxes: deferred	378	504
<b>Profit</b>	<b>14,063</b>	<b>9,007</b>

## Non-Consolidated Statement of Changes in Shareholders' Equity

(From January 1, 2018 to December 31, 2018)

(Million Yen)

	Shareholders' equity									
	Share capital	Capital surplus			Earnings reserve	Retained earnings			Treasury stock	Total shareholders' equity
		Capital reserves	Other capital surplus	Total capital surplus		Contingent reserve	Unappropriated retained earnings	Total retained earnings		
<b>Balance as of January 1, 2018</b>	53,887	46,544	179	46,723	6,754	16,339	34,820	57,913	(1,807)	156,716
<b>Changes during period</b>										
Cash dividends							(3,122)	(3,122)		(3,122)
Profit							14,063	14,063		14,063
Purchase of treasury stock									(20)	(20)
Disposition of treasury stock			0	0					5	6
Net change in items other than shareholders' equity during period										
<b>Total changes during period</b>	-	-	0	0	-	-	10,941	10,941	(15)	10,927
<b>Balance as of December 31, 2018</b>	53,887	46,544	180	46,723	6,754	16,339	45,761	68,854	(1,822)	167,642

	Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Unrealized holding gain on securities	Total valuation and translation adjustments		
<b>Balance as of January 1, 2018</b>	4,414	4,414	-	161,130
<b>Changes during period</b>				
Cash dividends				(3,122)
Profit				14,063
Purchase of treasury stock				(20)
Disposition of treasury stock				6
Net change in items other than shareholders' equity during period	(1,834)	(1,834)	182	(1,651)
<b>Total changes during period</b>	(1,834)	(1,834)	182	9,276
<b>Balance as of December 31, 2018</b>	2,581	2,581	182	170,405