

(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 4, 2020

To Our Shareholders

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

Notice of Convocation of the 96th Ordinary General Meeting of Shareholders

Dear Sirs/Madams:

You are cordially invited to attend the 96th 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 3 and 4.

Description

- Date and time of the meeting: Friday, March 27, 2020 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
- 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 96th business term (from January 1, 2019 to December 31, 2019).
 - (2) Report on the non-consolidated financial statements for the 96th business term (from January 1, 2019 to December 31, 2019).

Matters to be resolved:

- Proposal No. 1: Dividends from Surplus**
- Proposal No. 2: Partial Amendments of the Articles of Incorporation**
- Proposal No. 3: Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)**
- Proposal No. 4: Election of Three (3) Directors Who Are Audit & Supervisory Committee Members**
- Proposal No. 5: Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member**
- Proposal No. 6: Determination of Amount of Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)**
- Proposal No. 7: Determination of Amount of Remuneration for Directors Who Are Audit & Supervisory Committee Members**
- Proposal No. 8: Decision on Amount of Share-Based Remuneration, etc. for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)**
- Proposal No. 9: Approval of Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company**

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: Friday, March 27, 2020 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 Thursday, March 26, 2020

* As the enclosed voting rights exercise form is a postage-paid postcard, the processing time inside the post office may take longer than regular mail. Accordingly, please post it no later than Thursday, March 19.

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). 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 Thursday, March 26, 2020

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 -----

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 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: 3,277,304,352 yen

- 3 Date on which the dividends from surplus will take effect:
March 30, 2020

Each of the proposals from Proposal No. 2 to Proposal No. 8 are related to the transition to a Company with Audit & Supervisory Committee.

Proposal No. 2 – Partial Amendments of the Articles of Incorporation

1. Reason of Amendments

The Company wishes to make the transition to a Company with Audit & Supervisory Committee with the objective of further improving the corporate value through efforts to further enhance corporate governance and enable the Company to make decisions in a more flexible manner with enhanced management transparency and efficiency.

In line with this change, the Company will make necessary amendments of its Articles of Incorporation, such as the establishment of new provisions concerning (i) Directors who are Audit & Supervisory Committee Members and (ii) the Audit & Supervisory Committee, and the deletion of the provisions concerning the Audit & Supervisory Board Members and the Audit & Supervisory Board, which will be necessary for the transition to a Company with Audit & Supervisory Committee.

These amendments to the Articles of Incorporation shall take effect upon the conclusion of this general meeting.

2. Details of Amendments

The contents of the proposed amendments to the Articles of Incorporation are as follows.

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
Chapter 4 Directors and Board of Directors (Number of Directors) Article 18 The Company shall have no more than <u>ten (10)</u> Directors.	Chapter 4 Directors and Board of Directors (Number of Directors) Article 18 The Company shall have no more than <u>twelve (12)</u> Directors.

Current Articles of Incorporation	Proposed Amendments
<p>(Newly introduced)</p> <p>(Election) Article 19 Directors shall be elected at the General Meeting of Shareholders. A resolution to elect a Director shall be made at a meeting at which the shareholders holding one-third (1/3) or more of the voting rights of all shareholders who are entitled to exercise their voting rights are present, and shall be adopted by a majority of votes thereof. Cumulative voting shall not be used for election of Directors.</p> <p>(Term of Office) Article 20 The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last fiscal year ending within one (1) year after his/her appointment. The term of office of a Director <u>who assumed office to fill a vacancy</u> shall be until the expiration of the term of office of <u>the predecessor</u>.</p>	<p>2. <u>Among the Directors set forth in the preceding paragraph, the Company shall have no more than four (4) Directors who are Audit & Supervisory Committee Members.</u></p> <p>(Election) Article 19 Directors shall be elected, <u>while making a distinction between Directors who are Audit & Supervisory Committee Members and other Directors</u>, at the General Meeting of Shareholders. A resolution to elect a Director shall be made at a meeting at which the shareholders holding one-third (1/3) or more of the voting rights of all shareholders who are entitled to exercise their voting rights are present, and shall be adopted by a majority of votes thereof. Cumulative voting shall not be used for election of Directors.</p> <p>(Term of Office) Article 20 The term of office of a Director <u>(excluding a Director who is an Audit & Supervisory Committee Member)</u> shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last fiscal year ending within one (1) year after his/her appointment. The term of office of a Director <u>elected to fill a vacancy of another Director (excluding a Director who is an Audit & Supervisory Committee Member) who retired before the expiration of his/her term of office</u> shall be until the expiration of the term of office of <u>such retired Director (excluding a Director who is an Audit & Supervisory Committee Member)</u>.</p>
<p>(Newly introduced)</p>	<p>2. <u>The term of office of a Director who is an Audit & Supervisory Committee Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last fiscal year ending within two (2) years after his/her appointment.</u> <u>The term of office of a Director who is an Audit & Supervisory Committee Member elected to fill a vacancy of another Director who was an Audit & Supervisory Committee Member and who retired before the expiration of his/her term of office shall be until the expiration of the term of office of such retired Director who was an Audit & Supervisory Committee Member.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Representative Director and Executive Directors) Article 22 Directors who shall represent the Company shall be elected by a resolution of the Board of Directors. The Company may appoint one Chairman/Director and one President/Director, respectively, and one or more Vice Presidents/Directors, Executive Managing Directors and Managing Directors by a resolution of the Board of Directors.</p>	<p>(Representative Director and Executive Directors) Article 22 Directors who shall represent the Company shall be elected <u>from among Directors (excluding those who are Audit & Supervisory Committee Members)</u> by a resolution of the Board of Directors. The Company may appoint one Chairman/Director and one President/Director, respectively, and one or more Vice Presidents/Directors, Executive Managing Directors and Managing Directors <u>from among Directors (excluding those who are Audit & Supervisory Committee Members)</u> by a resolution of the Board of Directors.</p>
<p>(Convener and Chairperson of Board of Directors) Article 23 The meetings of the Board of Directors shall be convened and chaired by the Chairman/Director. When the position of the Chairman/Director is not established or he/she is not able to attend, the President/Director shall convene such meetings and act as the chairperson thereof, and when the position of the President/Director is not established or he/she is not able to attend, other Directors shall convene such meetings and act as the chairperson thereof in accordance with the order determined in advance by a resolution of the Board of Directors.</p>	<p>(Convener and Chairperson of Board of Directors) Article 23 <u>Unless otherwise stipulated by laws and regulations</u>, the meetings of the Board of Directors shall be convened and chaired by the Chairman/Director. When the position of the Chairman/Director is not established or he/she is not able to attend, the President/Director shall convene such meetings and act as the chairperson thereof, and when the position of the President/Director is not established or he/she is not able to attend, other Directors shall convene such meetings and act as the chairperson thereof in accordance with the order determined in advance by a resolution of the Board of Directors.</p>
<p>(Convocation Notice of Board of Directors Meeting) Article 24 A convocation notice of the Board of Directors meeting shall be dispatched to each Director <u>and Audit & Supervisory Board Member</u> at least three (3) days prior to the date set for the meeting; provided, however, that such period may be shortened in the case of urgency. With the consent of all Directors <u>and Audit & Supervisory Board Members</u>, the Board of Directors meeting may be convened without following the procedure for convening the meeting.</p>	<p>(Convocation Notice of Board of Directors Meeting) Article 24 A convocation notice of the Board of Directors meeting shall be dispatched to each Director at least three (3) days prior to the date set for the meeting; provided, however, that such period may be shortened in the case of urgency. With the consent of all Directors, the Board of Directors meeting may be convened without following the procedure for convening the meeting.</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Method of Resolution of Board of Directors Meeting)</p> <p>Article 25 A resolution of the Board of Directors meeting shall be adopted by a majority vote of the Directors present at a meeting at which a majority of Directors who are entitled to participate in the resolution are present.</p> <p>If all the Directors (limited to those Directors who are entitled to participate in the resolution of such matter) consent to a proposal with respect to a matter that is the subject of the resolution at a Board of Directors meeting in writing or in an electronic or magnetic record, the Company shall deem that there was a resolution by the Board of Directors adopting such proposal; <u>provided, however, that this shall not apply to the cases where any Audit & Supervisory Board Member states objections to such proposal.</u></p> <p style="text-align: center;">(Newly introduced)</p> <p>Article 26 (omitted)</p> <p>(Remuneration, etc.)</p> <p>Article 27 Remuneration, bonuses and other financial interests received by Directors from the Company as compensation for undertaking their functions (“Remuneration, etc.”) shall be determined at a General Meeting of Shareholders.</p>	<p>(Method of Resolution of Board of Directors Meeting)</p> <p>Article 25 A resolution of the Board of Directors meeting shall be adopted by a majority vote of the Directors present at a meeting at which a majority of Directors who are entitled to participate in the resolution are present.</p> <p>If all the Directors (limited to those Directors who are entitled to participate in the resolution of such matter) consent to a proposal with respect to a matter that is the subject of the resolution at a Board of Directors meeting in writing or in an electronic or magnetic record, the Company shall deem that there was a resolution by the Board of Directors adopting such proposal.</p> <p><u>(Delegation of Decisions on Execution of Important Operations)</u></p> <p><u>Article 26 The Company may, pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, delegate all or part of decisions on the execution of important operations (excluding the matters listed in Article 399-13, Paragraph 5 of the Companies Act) to Directors by a resolution of the Board of Directors.</u></p> <p>Article 27 (Unchanged)</p> <p>(Remuneration, etc.)</p> <p>Article 28 Remuneration, bonuses and other financial interests received by Directors from the Company as compensation for undertaking their functions (“Remuneration, etc.”) shall be determined, <u>distinguishing between whether they are for Directors who are Audit & Supervisory Committee Members and other Directors</u>, at a General Meeting of Shareholders.</p>

Current Articles of Incorporation	Proposed Amendments
<p>Article <u>28</u> (omitted)</p> <p>(Group Operating Officers)</p> <p>Article <u>29</u> The Company may appoint a Group Operating Officer by a resolution of the Board of Directors meeting and may have such Group Operating Officers execute the business operations of each group company or the management issues that are particularly important for the operation of the group and that extend over operating companies. When the position of the President/Director is not established, the President may be appointed from among the Group Operating Officers by a resolution of the Board of Directors.</p>	<p>Article <u>29</u> (Unchanged)</p> <p>(Group Operating Officers)</p> <p>Article <u>30</u> The Company may appoint a Group Operating Officer by a resolution of the Board of Directors meeting <u>or a determination of Director(s) who are delegated by a resolution of the Board of Directors meeting,</u> and may have such Group Operating Officers execute the business operations of each group company or the management issues that are particularly important for the operation of the group and that extend over operating companies. When the position of the President/Director is not established, the President may be appointed from among the Group Operating Officers by a resolution of the Board of Directors.</p>
<p><u>Chapter 5 Audit & Supervisory Board Members and Audit & Supervisory Board</u></p>	<p>(Deleted)</p>
<p><u>(Establishment of Audit & Supervisory Board Members and Audit & Supervisory Board)</u></p> <p><u>Article 30 The Company shall have Audit & Supervisory Board Members and an Audit & Supervisory Board.</u></p>	<p>(Deleted)</p>
<p><u>(Number of Audit & Supervisory Board Members)</u></p> <p><u>Article 31 The Company shall have no more than five (5) Audit & Supervisory Board Members.</u></p>	<p>(Deleted)</p>
<p><u>(Election)</u></p> <p><u>Article 32 Audit & Supervisory Board Members shall be elected at the General Meeting of Shareholders.</u></p> <p><u>A resolution to elect an Audit & Supervisory Board Member shall be made at a meeting at which the shareholders holding one-third (1/3) or more of the voting rights of the total shareholders who are entitled to exercise their voting rights are present, and shall be adopted by a majority of votes thereof.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>(Term of Office)</u> <u>Article 33 The term of office of an Audit & Supervisory Board Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last fiscal year ending within four (4) years after his/her appointment.</u> <u>The term of office of an Audit & Supervisory Board Member elected to fill a vacancy of another Audit & Supervisory Board Member who retired before the expiration of his/her term of office shall be until the expiration of the term of office of such predecessor.</u></p>	(Deleted)
<p><u>(Full-time Audit & Supervisory Board Members)</u> <u>Article 34 The Audit & Supervisory Board shall appoint full-time Audit & Supervisory Board Members from among the Audit & Supervisory Board Members.</u></p>	(Deleted)
<p><u>(Convocation Notice of Audit & Supervisory Board Meeting)</u> <u>Article 35 A convocation notice of the Audit & Supervisory Board meeting shall be dispatched to each Audit & Supervisory Board Member at least three (3) days prior to the date set for the meeting; provided, however, that such period may be shortened in the case of urgency.</u> <u>With the consent of all Audit & Supervisory Board Members, the Audit & Supervisory Board meeting may be convened without following the procedure for convening the meeting.</u></p>	(Deleted)
<p><u>(Rules of the Audit & Supervisory Board)</u> <u>Article 36 In addition to the applicable provisions of laws and regulations and these Articles of Incorporation, all matters related to the Audit & Supervisory Board shall be governed by the Rules of the Audit & Supervisory Board prescribed by the Audit & Supervisory Board.</u></p>	(Deleted)
<p><u>(Remuneration, etc.)</u> <u>Article 37 Remuneration, etc. of Audit & Supervisory Board Members shall be determined at the General Meeting of Shareholders.</u></p>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Agreements with Audit & Supervisory Board Members for Limitation of Liability)</u> <u>Article 38 The Company, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, may enter into agreements with Audit & Supervisory Board Members that limit liability for the compensation under Article 423, Paragraph 1 to the limit provided for in the applicable laws and regulations.</u></p>	<p>(Deleted)</p>
<p>(Newly introduced)</p>	<p><u>Chapter 5 Audit & Supervisory Committee</u></p>
<p>(Newly introduced)</p>	<p><u>(Establishment of Audit & Supervisory Committee)</u> <u>Article 31 The Company shall have an Audit & Supervisory Committee.</u></p>
<p>(Newly introduced)</p>	<p><u>(Convocation Notice of Audit & Supervisory Committee Meeting)</u> <u>Article 32 A convocation notice of the Audit & Supervisory Committee meeting shall be dispatched to each Audit & Supervisory Committee Member at least three (3) days prior to the date set for the meeting; provided, however, that such period may be shortened in the case of urgency. With the consent of all Audit & Supervisory Committee Members, the Audit & Supervisory Committee meeting may be convened without following the procedure for convening the meeting.</u></p>
<p>(Newly introduced)</p>	<p><u>(Rules of the Audit & Supervisory Committee)</u> <u>Article 33 In addition to the applicable provisions of laws and regulations and these Articles of Incorporation, all matters related to the Audit & Supervisory Committee shall be governed by the Rules of the Audit & Supervisory Committee prescribed by the Audit & Supervisory Committee.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 6 Accounting Auditor</p> <p>Articles <u>39</u> to <u>41</u> (Omitted)</p> <p>(Remuneration, etc.) Article <u>42</u> Remuneration, etc. of Accounting Auditors shall be determined by a Representative Director with the consent of <u>the Audit & Supervisory Board</u>.</p> <p style="text-align: center;">Chapter 7 Accounting</p> <p>Articles <u>43</u> to <u>47</u> (Omitted)</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">Chapter 6 Accounting Auditor</p> <p>Articles <u>34</u> to <u>36</u> (Unchanged)</p> <p>(Remuneration, etc.) Article <u>37</u> Remuneration, etc. of Accounting Auditors shall be determined by a Representative Director with the consent of the <u>Audit & Supervisory Committee</u>.</p> <p style="text-align: center;">Chapter 7 Accounting</p> <p>Articles <u>38</u> to <u>42</u> (Unchanged)</p> <p><u>Supplementary Provisions</u> <u>(Transitional Measures Concerning Exemption from Audit & Supervisory Board Members' Liability)</u> <u>Regarding agreements that limit liability for compensation under Article 423, Paragraph 1 of the Companies Act, relating to actions of Audit & Supervisory Board Members (including persons who were previously Audit & Supervisory Board Members of the Company) conducted before the conclusion of the 96th Ordinary General Meeting of Shareholders held in March 2020, the provisions then in force shall remain applicable.</u></p>

Proposal No. 3 – Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

If Proposal No. 2 “Partial Amendments of the Articles of Incorporation” is approved as originally proposed, the Company will make the transition to a Company with Audit & Supervisory Committee, and the terms of office of all nine (9) Directors will expire when the amendments of the Articles of Incorporation become effective.

The Company therefore proposes the election of seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members. The same applies in this proposal) (including three (3) Outside Directors).

This proposal, however, will take effect provided that the amendments of the Articles of Incorporation for Proposal No. 2 “Partial Amendments of the Articles of Incorporation” take effect.

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	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Incumbent</div> <p>Masaki Oga (December 2, 1958) 61 years old</p> <p>Number of Shares Held in the Company 18,485 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 & Marketing Division of Sapporo Breweries Limited (newly established company)</p> <p>March 2009 Operating Officer, Director of Hokkaido Sales & 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 three (3) 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)
2	<p style="text-align: center;">New Candidate</p> <p style="text-align: center;">Yoshihiro Iwata</p> <p>(August 21, 1961) 58 years old</p> <p>Number of Shares Held in the Company 6,385 shares</p> <p>Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p>April 1984 Joined the Company (former Sapporo Breweries Limited)</p> <p>March 2006 Director of Corporate Planning Department of Sapporo Breweries Limited (newly established company)</p> <p>March 2014 President and Representative Director of Sapporo International Inc. Director (Member of the Board) and Group Operating Officer of the Company</p> <p>March 2016 Director (Member of the Board) and Senior Managing Executive Officer of POKKA SAPPORO Food & Beverage Ltd. Director (Member of the Board) of Sapporo Group Management Co., Ltd.</p> <p>January 2017 Group Operating Officer of the Company President and Representative Director of POKKA SAPPORO Food & Beverage Ltd. (up to the present)</p> <p>March 2017 Executive Group Operating Officer of the Company (up to the present)</p> <p>[Reasons for Presenting Mr. Yoshihiro Iwata as a Candidate for Director] Having had wide experience from his role as President and Representative Director of an operating company, and other positions as well as having been in charge of the corporate planning and international departments, Mr. Yoshihiro Iwata possesses 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>
3	<p style="text-align: center;">Incumbent</p> <p style="text-align: center;">Mayumi Fukuhara [Legal surname: Kobayashi]</p> <p>(April 2, 1964) 55 years old</p> <p>Number of Shares Held in the Company 3,216 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 four (4) 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)
4	<div data-bbox="325 443 496 479" style="border: 1px solid black; padding: 2px; text-align: center;">Incumbent</div> <p data-bbox="352 517 469 577">Yasuyuki Oohira</p> <p data-bbox="325 616 496 676">(March 25, 1961) 59 years old</p> <p data-bbox="325 705 496 810">Number of Shares Held in the Company 7,065 shares</p> <p data-bbox="325 846 496 987">Number of Board of Directors' meetings attended 11/11 (100%)</p>	<p data-bbox="517 304 624 329">April 1984</p> <p data-bbox="699 304 1257 329">Joined the Company (former Sapporo Breweries Limited)</p> <p data-bbox="517 338 624 362">March 2006</p> <p data-bbox="699 338 1347 394">Director of Engineering Department of Sapporo Breweries Limited (newly established company)</p> <p data-bbox="517 403 624 427">March 2011</p> <p data-bbox="699 403 1394 459">Operating Officer and Director of Chiba Brewery of Sapporo Breweries Limited</p> <p data-bbox="517 468 671 492">September 2012</p> <p data-bbox="699 468 1347 524">Director (Member of the Board) and Operating Officer, Director of Corporate Planning Department of Sapporo Breweries Limited</p> <p data-bbox="517 533 624 557">March 2014</p> <p data-bbox="699 533 1347 589">Director (Member of the Board) and Operating Officer of Sapporo Breweries Limited</p> <p data-bbox="517 598 624 622">March 2016</p> <p data-bbox="699 598 1331 654">Director (Member of the Board) and Managing Executive Officer, Director of Research and Development Headquarters of POKKA SAPPORO Food & Beverage Ltd.</p> <p data-bbox="517 663 624 687">March 2017</p> <p data-bbox="699 663 1362 719">Director (Member of the Board) and Managing Executive Officer of POKKA SAPPORO Food & Beverage Ltd.</p> <p data-bbox="517 728 624 752">March 2019</p> <p data-bbox="699 728 1394 784">Director (Member of the Board), Director of Research and Development Division of the Company (up to the present)</p> <p data-bbox="517 792 1331 848">Mr. Oohira will have served as a Director of the Company for one (1) year as of the conclusion of this general meeting.</p> <p data-bbox="517 857 1235 882">[Reasons for Presenting Mr. Yasuyuki Oohira as a Candidate for Director]</p> <p data-bbox="517 891 1394 1102">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>

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>April 1969 Joined Nisshinbo Industries, Inc. (currently Nisshinbo Holdings Inc.)</p> <p>June 2001 Director (Member of the Board), Chief of Accounting and Finance Division of Nisshinbo Industries, Inc.</p> <p>June 2004 Executive Director (Member of the Board) of Nisshinbo Industries, Inc.</p> <p>June 2006 Director (Member of the Board), Executive Managing Officer, and Chief of General Affairs Division of Nisshinbo Industries, Inc.</p> <p>April 2007 Director (Member of the Board), Senior Executive Managing Officer, and Chief of Paper Products Division of Nisshinbo Industries, Inc.</p>
	<p style="text-align: center;">Incumbent</p> <p>(Candidate for Outside Director/Independent Officer)</p>	<p>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.</p> <p>June 2009 President and Representative Director of Nisshinbo Holdings Inc.</p> <p>June 2013 Chairman and Representative Director of Nisshinbo Holdings Inc.</p> <p>March 2015 Outside Director (Member of the Board) of the Company (up to the present)</p>
	<p>Shizuka Uzawa</p> <p>(January 30, 1946) 74 years old</p>	<p>June 2016 Advisor of Nisshinbo Holdings Inc.</p> <p>[Status of Important Concurrent Occupations or Positions at Other Organizations]</p> <p>External Executive Director of Japan Finance Corporation</p> <p>Outside Director of Nichirei Corporation</p> <p>Mr. Uzawa will have served as a Director of the Company for five (5) years as of the conclusion of this general meeting.</p>
	<p>Number of Shares Held in the Company 250 shares</p> <p>Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p>[Reasons for Presenting Mr. Shizuka Uzawa as a Candidate for Outside Director]</p> <p>Mr. Shizuka Uzawa has a wealth of experience, a rich track record and great insight as the president of a holding company. Based on his experience in treasury and corporate management fields up until the present, Mr. Uzawa 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 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. Shizuka Uzawa was engaged in business execution at Nisshinbo Holdings Inc. until June 2016. No transactions have or are being made between the said company and the Company or the Company's subsidiaries, and the Company has determined Mr. Uzawa 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>

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)
6	<p data-bbox="325 546 496 577" style="border: 1px solid black; text-align: center;">Incumbent</p> <p data-bbox="325 611 496 719">(Candidate for Outside Director/ Independent Officer)</p> <p data-bbox="341 757 480 819">Mackenzie Clugston</p> <p data-bbox="325 853 496 916">(June 19, 1950) 69 years old</p> <p data-bbox="325 949 496 1057">Number of Shares Held in the Company 0 shares</p> <p data-bbox="325 1090 496 1229">Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p data-bbox="520 304 1410 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="520 607 1410 752"> [Status of Important Concurrent Occupations or Positions at Other Organizations] Outside Director of KAMEDA SEIKA CO., LTD. Professor under special tenure program of Kwansei Gakuin University Outside Director of Idemitsu Kosan Co., Ltd. Outside Director of NGK SPARK PLUG CO., LTD. </p> <p data-bbox="520 763 1410 819"> Mr. Clugston will have served as a Director of the Company for two (2) years as of the conclusion of this general meeting. </p> <p data-bbox="520 831 1410 1099"> [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="520 1111 1410 1467"> [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)
7	<p style="text-align: center;">Incumbent</p> <p>(Candidate for Outside Director/ Independent Officer)</p> <p>Shuji Fukuda</p> <p>(December 20, 1951) 68 years old</p> <p>Number of Shares Held in the Company 313 shares</p> <p>Number of Board of Directors' meetings attended 11/11 (100%)</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>March 2019 Outside Director (Member of the Board) of the Company (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 Outside Director of Yakushima Denko Co., Ltd.</p> <p>Mr. Fukuda will have served as a Director of the Company for one (1) year as of the conclusion of this general meeting.</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 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 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 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, Mr. Mackenzie Clugston and Mr. Shuji Fukuda. Should the reelection of the said three (3) persons be approved, the Company intends to continue the said contracts. 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.

Proposal No. 4 – Election of Three (3) Directors Who Are Audit & Supervisory Committee Members

If Proposal No. 2 “Partial Amendments of the Articles of Incorporation” is approved as originally proposed, the Company will make the transition to a Company with Audit & Supervisory Committee.

The Company therefore proposes the election of three (3) Directors who are Audit & Supervisory Committee Members (including two (2) Outside Directors).

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

This proposal, however, will take effect provided that the amendments of the Articles of Incorporation for Proposal No. 2 “Partial Amendments of the Articles of Incorporation” take effect.

The candidates for Director who is an Audit & Supervisory Committee Member are as follows:

Candidate Number	Name (Date of Birth)	Career Summary, Position, and Status of Important Concurrent Occupations or Positions at Other Organizations
1	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">New Candidate</div> <p>Toshio Mizokami (April 16, 1959) 60 years old</p> <p>Number of Shares Held in the Company 7,005 shares</p> <p>Number of Board of Directors' meetings attended 11/11 (100%)</p>	<p>April 1984 Joined the Company (former Sapporo Breweries Limited)</p> <p>March 2008 Director of Accounting & Finance Department of Sapporo Breweries Limited (newly established company)</p> <p>March 2011 Managing Officer, Director of Accounting & Finance Department of Sapporo Breweries Limited</p> <p>March 2012 Director of Accounting & Finance Department of the Company</p> <p> Director (Member of the Board), Director of Group Accounting & Finance Department of Sapporo Group Management Co., Ltd.</p> <p>September 2013 Director (Member of the Board) of Sapporo Group Management Co., Ltd.</p> <p>March 2014 Director (Member of the Board), Director of Corporate Finance and Business Management Department of the Company</p> <p>March 2016 Managing Director (Member of the Board) of the Company</p> <p> President and Representative Director of Sapporo Group Management Co., Ltd.</p> <p>March 2017 Executive Group Operating Officer of the Company</p> <p>March 2019 Standing Audit & Supervisory Board Member of the Company (up to the present)</p> <p>[Reasons for Presenting Mr. Toshio Mizokami as a Candidate for Director Who Is an Audit & Supervisory Committee Member]</p> <p>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 Director who is an Audit & Supervisory Committee Member.</p>

Candidate Number	Name (Date of Birth)	Career Summary, Position, and Status of Important Concurrent Occupations or Positions at Other Organizations
2	<p>New Candidate</p> <p>(Candidate for Outside Director/ Independent Officer)</p> <p>Kazuo Sugie</p> <p>(October 5, 1945) 74 years old</p> <p>Number of Shares Held in the Company 627 shares</p> <p>Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p>August 1970 Joined Dainippon Ink and Chemicals, Inc. (currently DIC Corporation)</p> <p>June 2001 Director (Member of the Board) of Dainippon Ink and Chemicals, Inc.</p> <p>June 2002 Managing Director (Member of the Board) of Dainippon Ink and Chemicals, Inc.</p> <p>June 2004 Senior Managing Director (Member of the Board) of Dainippon Ink and Chemicals, Inc.</p> <p>June 2006 Representative Director, Vice President of Dainippon Ink and Chemicals, Inc.</p> <p>April 2008 Representative Director, Executive Vice President of DIC Corporation</p> <p>April 2009 Representative Director, President and CEO of DIC Corporation</p> <p>April 2012 Chairman of the Board of DIC Corporation</p> <p>March 2013 Outside Audit & Supervisory Board Member of the Company (up to the present)</p> <p>March 2015 Senior Advisor of DIC Corporation</p> <p>[Reasons for Presenting Mr. Kazuo Sugie as a Candidate for Outside Director Who Is an Audit & Supervisory Committee Member]</p> <p>As the president of a business corporation, Mr. Kazuo Sugie has a wealth of experience and highly developed insight based on extensive knowledge and information. The Company has determined that, from his objective and neutral position, Mr. Sugie will audit the performance of duties by Directors of the Company, and he has thus been presented to the shareholders as a candidate for Outside Director who is an Audit & Supervisory Committee Member.</p> <p>[Policy on His Independence]</p> <p>Mr. Kazuo Sugie was involved in business execution at DIC Corporation until March 2015. Currently, although there are transactions of the said company's products 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. Sugie 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>
3	<p>New Candidate</p> <p>(Candidate for Outside Director/ Independent Officer)</p> <p>Kohtaro Yamamoto</p> <p>(October 19, 1955) 64 years old</p> <p>Number of Shares Held in the Company 0 shares</p>	<p>April 1985 Registered as a lawyer (Daiichi Tokyo Bar Association) Joined Yamashita & Oshima Law Offices</p> <p>September 1991 Registered as a lawyer in the State of New York</p> <p>January 1994 Established YAMAMOTO Law Office (currently YAMAMOTO & SHIBASAKI Law Offices) (up to the present)</p> <p>April 2012 Vice-President of Daiichi Tokyo Bar Association</p> <p>[Status of Important Concurrent Occupations or Positions at Other Organizations]</p> <p>Outside Director of Keihin Corporation</p> <p>[Reasons for Presenting Mr. Kohtaro Yamamoto as a Candidate for Outside Director Who Is an Audit & Supervisory Committee Member]</p> <p>Although Mr. Kohtaro Yamamoto 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 a lawyer with expertise in the field of corporate law specializing in the Companies Act, Antimonopoly Act, international contracts, etc., and he has thus been presented to the shareholders as a candidate for Outside Director who is an Audit & Supervisory Committee Member.</p> <p>[Policy on His Independence]</p> <p>Mr. Kohtaro Yamamoto is currently a lawyer of YAMAMOTO & SHIBASAKI Law Offices. No transactions have or are being made between the said law offices and the Company or the Company's subsidiaries, and the Company has determined Mr. Yamamoto 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 has no special interest in the Company.
2. Should Mr. Toshio Mizokami, Mr. Kazuo Sugie and Mr. Kohtaro Yamamoto assume the position of Director who is an Audit & Supervisory Committee Member, the Company intends to enter into a limited liability contract, as stipulated in Article 427, Paragraph 1 of the Companies Act, with them. 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. 5 – Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member

If Proposal No. 2 “Partial Amendments of the Articles of Incorporation” is approved as originally proposed, the Company will make the transition to a Company with Audit & Supervisory Committee.

Therefore, the Company proposes to elect one (1) substitute Director who is an Audit & Supervisory Committee Member as a precaution against situations in which the number of Directors who are Audit & Supervisory Committee Members falls short of the number provided for in laws and regulations.

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

This proposal, however, will take effect provided that the amendments of the Articles of Incorporation for Proposal No. 2 “Partial Amendments of the Articles of Incorporation” take effect.

The candidate for substitute Director who is an Audit & Supervisory Committee 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 Outside Director Who Is an Audit & Supervisory Committee Member)</p> <p style="text-align: center;">Takanori Iizuka</p> <p style="text-align: center;">(June 1, 1966) 53 years old</p> <p style="text-align: center;">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 & Hattori Law Office (currently Ozaki Law Office)</p> <p>April 2009 Iizuka & 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>January 2020 Outside Audit & Supervisory Board Member of the Company (up to the present)</p> <p>[Status of Important Concurrent Occupations or Positions at Other Organizations] Attorney-at-law of Iizuka & 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 Outside Director Who Is an Audit & Supervisory Committee 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 a lawyer 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 Outside Director who is an Audit & Supervisory Committee Member.</p> <p>[Policy on His Independence] Mr. Takanori Iizuka satisfies the “Standards for Independence of Outside Officers” established by the Company. The Company has designated Mr. Iizuka, being an Outside Audit & Supervisory Board Member, as an independent officer as provided for by the rules of the Tokyo Stock Exchange and the Sapporo Securities Exchange and notified the said exchanges of such designation. Should Mr. Iizuka be appointed to the position of Director who is an Audit & Supervisory Committee Member, the Company intends to notify the said exchanges again of his designation as an independent officer.</p>

Notes:

1. The candidate has no special interest in the Company.
2. Should Mr. Takanori Iizuka assume the position of Director who is an Audit & Supervisory Committee 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.

Reference Judgment on Independence

The candidates for Independent Outside Officers (Directors who are and who are not Audit & Supervisory Committee Members) that are recommended by the voluntary “Nominating Committee” of the Company chaired by an Independent Outside Director shall be persons who fulfill the “Standards for Independence of Outside Officers” stipulated by the Company, who have a wealth of experience and a rich track record in, and great insight for corporate management or specific professional areas, and who are capable of offering pertinent opinions and advice on the management issues of the Company. The “Standards for Independence of Outside Officers” stipulated by the Company are stated in “Appendix 1” of “Basic Policy on Corporate Governance” that the Company has established, and available via the Company’s website:

https://www.sapporoholdings.jp/en/csr/governance/policy/pdf/basic_governance_approach.pdf

Proposal No. 6 – Determination of Amount of Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

If Proposal No. 2 “Partial Amendments of the Articles of Incorporation” is approved as originally proposed, the Company will make the transition to a Company with Audit & Supervisory Committee.

The amount of remuneration for the Directors of the Company was resolved to be “not in excess of 500 million yen per year” (of which, the amount of remuneration for Outside Directors shall not exceed 50 million yen; excluding the employee salaries in instances where employees serve concurrently as Directors) at the 93rd Ordinary General Meeting of Shareholders held on March 30, 2017. However, together with the Company changing its governance to a Company with Audit & Supervisory Committee, this amount will be repealed and a new amount of remuneration will be set for Directors (excluding Directors who are Audit & Supervisory Committee Members). The limit for the amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be set at 500 million yen per year (of which, the amount of remuneration for Outside Directors shall not exceed 50 million yen), upon taking into consideration the current amount of remuneration for Directors and various factors, such as current economic conditions. Such remuneration does not include the employee salaries in instances where employees serve concurrently as Directors.

There are currently nine (9) Directors (including three (3) Outside Directors), and if Proposal No. 2 and Proposal No. 3 are approved as originally proposed, the Company will have seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members) to whom this proposal applies (including three (3) Outside Directors).

This proposal, however, will take effect provided that the amendments of the Articles of Incorporation for Proposal No. 2 “Partial Amendments of the Articles of Incorporation” take effect.

Proposal No. 7 – Determination of Amount of Remuneration for Directors Who Are Audit & Supervisory Committee Members

If Proposal No. 2 “Partial Amendments of the Articles of Incorporation” is approved as originally proposed, the Company will make the transition to a Company with Audit & Supervisory Committee.

Accordingly, the Company proposes that the remuneration for Directors who are Audit & Supervisory Committee Members be set at not exceeding 84 million yen per year, upon taking into consideration various factors, such as current economic conditions.

If Proposal No. 2 and Proposal No. 4 are approved as originally proposed, the Company will have three (3) Directors who are Audit & Supervisory Committee Members to whom this proposal applies.

This proposal, however, will take effect provided that the amendments of the Articles of Incorporation for Proposal No. 2 “Partial Amendments of the Articles of Incorporation” take effect.

Proposal No. 8 – Decision on Amount of Share-Based Remuneration, etc. for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

1. Reasons for Proposal

At the 92nd Ordinary General Meeting of Shareholders held on March 30, 2016, the Company was given approval to introduce a Board Benefit Trust plan (hereinafter referred to as the “BBT Plan”) as a share-based remuneration plan for Directors (excluding Outside Directors). However, along with the Company’s transition to a Company with Audit & Supervisory Committee, subject to Proposal No. 2 “Partial Amendments of the Articles of Incorporation” being approved as originally proposed, the Company requests approval for the abolishment of the current remuneration framework relating to the BBT Plan for Directors and, in its place, the establishment of the remuneration framework relating to the BBT Plan for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors). Specifically, the Company requests approval for the amount (upper limit) and content of remuneration, etc. related to the BBT Plan for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) separately from the maximum amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) that the Company is requesting approval for in Proposal No. 6. The Company would like to leave the determination of details of the BBT Plan to the Board of Directors, within the framework described in 2. below.

The Company believes that this proposal is appropriate as this proposal is a procedural matter associated with the Company making the transition to a Company with Audit & Supervisory Committee, and the content of the remuneration framework pertaining to the BBT Plan is essentially the same as the content that was approved at the 92nd Ordinary General Meeting of Shareholders held on March 30, 2016. The content of this proposal has been deliberated on at the compensation committee in which Independent Outside Directors make up the majority of members.

Furthermore, if Proposal No. 2 and Proposal No. 3 are approved as originally proposed, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) to whom the BBT Plan applies will be four (4).

The resolution of this proposal will take effect provided that Proposal No. 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed and the amendments to the Articles of Incorporation take effect through resolution of the same proposal.

2. Amount (Upper Limit) and Content of Remuneration, etc. under the BBT Plan

The BBT Plan is a share-based remuneration plan under which, the Company’s shares are acquired by the trust (hereinafter the trust which is established based on the BBT Plan is referred to as the “Trust”) using the money the Company contributes as the funds, and at the time of retirement of a Group Target Officer (*), the Company’s shares and the amount of cash equivalent to the market value of the Company’s shares as of the retirement date of such Group Target Officer (hereinafter referred to as the “Company’s Shares etc.”) are provided to such Group Target Officer by the Trust.

* Before the amendments pursuant to this proposal, “Group Target Officers” means the Directors of the Company, group operating officers, and certain Directors of the Company’s subsidiaries (in all cases, excluding Outside Directors). After the amendments pursuant to this proposal, the term means the Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company, group operating officers, and certain Directors of the Company’s subsidiaries (in all cases, excluding Outside Directors). The same applies hereinafter.

(1) Targets of the BBT Plan	The Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company, group operating officers, and certain Directors of the Company's subsidiaries (in all cases, excluding Outside Directors).
(2) Maximum amount of the trust (maximum amount of remuneration, etc.)	446 million yen per each Target Period. (*1) (*2)
(3) Calculation method and upper limit for the number of the Company's shares to be provided	With the maximum limit set at 52,780 points per fiscal year (of which 18,540 points are allocated as the portion for the Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company and 34,240 points are allocated as the portion for group operating officers of the Company, and certain Directors of the Company's subsidiaries (in all cases, excluding Outside Directors)), the number of points granted shall be decided according to the Group Target Officer's respective position, achieved performance level and other factors, based on the Corporate Officer Share-Based Payment Regulations. Each point granted to a Group Target Officer shall be converted into one (1) share of the Company's common stock at the time of the provision of the Company's Shares, etc. described in (5) below. (*3)
(4) Method of acquiring the Company's shares	The shares shall be acquired through the stock market or by underwriting the disposition of the Company's treasury shares, using the money contributed in the manner set forth in (2) as funds. (*4)
(5) Provision of the Company's Shares, etc.	When a Group Target Officer retires and meets the beneficiary requirements stipulated in the Corporate Officer Share-Based Payment Regulations, the number of the Company's shares calculated in accordance with (3) above shall be provided to such Group Target Officer after retirement if such Group Target Officer completes the stipulated procedures to define the beneficiary. (*5)

- (*1) The Company establishes the Trust by contributing the funds (445,968,600 yen) necessary to acquire the required shares to provide the Company's Shares, etc. to the Group Target Officers pertaining to the three (3) fiscal years from the fiscal year ended at the end of December 2016 to the fiscal year ended at the end of December 2018 (hereinafter referred to as the "Initial Target Period"; Each of the Initial Target Period and subsequent periods of three (3) fiscal years in principle shall be hereinafter referred to as "Target Period"), within the scope approved at the 92nd Ordinary General Meeting of Shareholders. The Trust shall acquire the Company's shares using the money that is contributed by the Company as funds. Along with the Company's transition to a Company with Audit & Supervisory Committee, the Company intends to continue the Trust as a trust whereby the Group Target Officers who meet beneficiary requirements are made beneficiaries.
- (*2) In the case of making additional contributions in the future, if the Company's shares (excluding the number of the Company's shares equivalent to points granted to the Group Target Officers that have not been provided to such Group Target Officers) and money remain as trust assets as of the day immediately preceding the start of each Target Period (hereinafter referred to as the "Remaining Shares, etc."), the monetary value of the Remaining Shares, etc. (the value of the Company's shares shall be the market value on the day immediately preceding the start of the Target Period) and the additionally contributed money, together, shall not exceed 446,000,000 yen. When the Company determines to make additional contributions, the Company will make an appropriate disclosure in a timely manner.
- (*3) If the Company's stock undergoes an event such as a share split, allotment of shares without contribution, or consolidation of shares, after approval of this proposal, the Company will carry out a reasonable adjustment concerning the upper limit for the number of points to be granted, the number of points already granted, or the conversion ratio.
- (*4) Currently, there are no specific plans for the Trust to acquire the Company's shares. However, if the Company determines to make additional contributions and the Trust intends to acquire the Company's shares, the Company will make an appropriate disclosure of the details in a timely manner.
- (*5) If the requirements separately stipulated in the Corporate Officer Share-Based Payment Regulations are met, in respect of a certain percentage of the number of points granted to the relevant Group Target Officer, the Company will pay an amount of cash equivalent to the market value of the Company's shares as of the retirement date of such Group Target Officer in lieu of the Company's shares. The Trust may sell the Company's shares in order to make the monetary provisions.

Proposal No. 9 – Approval of Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company

In relation to the “Policy toward the Large-Scale Purchase of Share Certificates, etc. of the Company” which was consented to by the shareholders at the 93rd Ordinary General Meeting of Shareholders held on March 30, 2017, and became effective on the same date (with a period of validity until the end of the 96th Ordinary General Meeting of Shareholders to be held on March 27, 2020 (hereinafter referred to as the “General Meeting”)), the Company has continually been assessing the role of such policy, including whether or not to extend the period of validity of such policy, from the perspective of enhancing the corporate value and ultimately protecting the common interests of the shareholders of the Company while at the same time considering subsequent changes in the circumstances.

As a result of these deliberations, at the meeting of the Board of Directors of the Company held on February 13, 2020, by the agreement of all Board Directors, the “Basic Policy Regarding What and How a Person Controlling Decisions on a Stock Company’s Financial and Business Policies Should Be” (hereinafter referred to as the “Basic Policy on Company Control”) provided for in Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act was resolved, and in addition, conditional upon consent by the shareholders at the General Meeting, it was decided to continue with the “Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company” (hereinafter referred to as the “Policy”). With respect to the Policy, each of the four Audit & Supervisory Board Members of the Company rendered affirmative opinions on condition that the actual administration of the Policy is appropriate.

The Policy is prepared in order to protect corporate value and ultimately the common interests of the shareholders of the Company. The Policy, which is based on the philosophy that the “Carrying out of the Large-Scale Purchase shall be left to the final decision of the shareholders”, sets forth the “Large-Scale Purchase Rules” in order to enable the shareholders to make an appropriate decision by requiring the Large-Scale Purchaser of the share certificates, etc. of the Company to provide sufficient information, including the purpose and substance of the Large-Scale Purchase, and by securing a proper assessment period. Thus, the Policy does not prevent the Large-Scale Purchase or deprive the shareholders of the opportunity to determine whether or not to accept the Large-Scale Purchase.

With regard to the continuation of the Policy, we believe, taking the importance of the Policy into account, that it is appropriate to confirm the intention of shareholders, and we hereby request their approval of the continuation of the Policy.

If this proposal is approved by the majority of voting rights of all shareholders holding shares who are present at the General Meeting, the Policy shall continue to be in effect and the expiration date shall be the end of the 99th Ordinary General Meeting of Shareholders of the Company to be held by March 31, 2023.

As for the contents of the Basic Policy on Company Control as well as the Policy, please see the Attachment (pages 31 through 47).

In addition, the main features of the Policy and the parts that have been amended upon continuation of the Policy are as set out below.

1. **Main Features of the Policy**

The Company has reviewed and revised the Policy as necessary since it has been adopted in February 2006 from the perspective of protecting the common interests of the shareholders of the Company considering the enforcement of the Companies Act and the Financial Instruments and Exchange Act, or the “Role of Anti-Takeover Policy Taking Into Account the Recent Changes of Various Environment” announced by the Corporate Value Study Group as of June 30, 2008, or any other environmental change or opinions from the shareholders and investors. The main features of such Policy are as follows:

- 1) Structures to Avoid Unnecessary Prolongation of the Process of Large-Scale Purchase Rules
 - Specific contents of the necessary information the provision of which is to be requested to Large-Scale Purchasers have been limited to the extent necessary and sufficient for the shareholders of the Company to determine or the Board of Directors of the Company to form its opinion.
 - An upper limit (which shall be 60 days, unless an extension is requested by a Large-Scale Purchaser) on the requesting period for the provision of information from Large-Scale Purchasers has been set.
 - The assessment period for the Board of Directors shall be set as necessary within 60 days, and even if such assessment period is to be extended, such period shall be limited to 90 days maximum, including the original assessment period.
- 2) Structures to Eliminate Arbitrary Decisions by the Board of Directors of the Company
 - An Independent Committee, which shall be independent from the Board of Directors of the Company as its monitoring body, shall be established, and upon making important decisions concerning the Policy, the Board of Directors of the Company shall consult with such Independent Committee and give utmost respect to the recommendations of such Independent Committee.
 - Furthermore, where a resolution of the Board of Directors is conducted in relation to an important decision relating to the Policy, such decision may not be resolved unless there is agreement by two-thirds or more of the Independent Outside Directors attending the Board of Directors’ Meeting.
 - In addition to the monitoring by the Independent Committee and the Independent Outside Directors as described above, the Policy specifies that resolutions at the Shareholders’ Meeting or approval of the shareholders may be required depending on the content of the countermeasures selected.
- 3) Structures to Limit Implementation of Countermeasures
 - If a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Board of Directors of the Company shall not take countermeasures against the Large-Scale Purchase, unless it is an exceptional case where it is considered that the common interests of the shareholders of the Company will be clearly and seriously damaged. The Company shall not deem that a Large-Scale Purchaser has not complied with the Large-Scale Purchase Rules just because a Large-Scale Purchaser has not provided a part of the necessary information requested by the Board of Directors of the Company.
 - Cases where exceptional measures may be taken against Large-Scale Purchasers complying with the Large-Scale Purchase Rules are limited to cases where Large-Scale Purchases are considered to clearly and seriously damage the common interests of the shareholders of the Company, and the Policy specifies that exceptional measures will not be taken against any Large-Scale Purchase just because the intention of a Large-Scale Purchaser formally falls under any act exemplified in the Policy or the Large-Scale Purchase adversely affects the interests of any stakeholder other than the shareholders.
- 4) Others
 - In the event that the Board of Directors of the Company selects to issue share acquisition rights by allotment to the shareholders as a specific countermeasure, it has been set in relation to the acquisition terms and acquisition conditions of the share acquisition rights that no money shall be delivered as consideration to any persons belonging to a specific Group of Shareholders.

2. **Parts Which Have Been Amended upon Continuation of the Policy**

Upon continuation of the Policy, the following amendments shall be made.

- (1) An explanation about the “Group Management Plan 2024”, the five-year plan starting from 2020, which was announced on February 13, 2020 based on the “Sapporo Group Long-Term Management Vision ‘SPEED150’” that will continue through 2026, the year marking the 150th anniversary of the Group’s founding, is given in Attachment “II Effective Utilization of Our Assets, the Formation of the Appropriate Corporate Group, and Other Special Efforts to Realize the Basic Policy on Company Control”. Furthermore, if the Company’s proposals are approved at the General Meeting, the Company will become a Company with Audit & Supervisory Committee and increase the ratio of the Independent Outside Directors in the Board of Directors to one-half, and as such, the Company will further reinforce its corporate governance. With respect to the details thereof, please see the latest efforts of the Company described in the “Efforts toward the Strengthening and Reinforcing of Corporate Governance”.
- (2) With respect to the “total number of shares to be acquired upon the exercise of the share acquisition right” described in “Type and Number of Shares to be Acquired upon Exercise of the Share Acquisition Right” of Appendix 2 in the Attachment “Outline of Share Acquisition Rights”, the maximum number of shares is revised from the previous number of 120,000,000 shares to 116,000,000 shares since convertible type bonds with share acquisition rights have been issued.
- (3) In addition to the matters set forth above, some of the dates and phrases have been revised and some of the wording has been reorganized.

[End of document]

(Attachment to Proposal No. 9)

I Basic Policy on Company Control

The Board of Directors of the Company believes that the shareholders of the Company should be entrusted to make the final decision regarding whether or not to accept a large-scale purchase by a specific person.

However, in managing the Company that, as a holding company, controls the management of the entire business of the Group, which is primarily comprised of the alcoholic beverage business, food & soft drinks business and real estate business, it is indispensable to have extensive know-how, abundant experience, and an understanding of the relationships established with the stakeholders, including domestic and foreign customers, employees, business partners, etc. Without a sufficient understanding of the above matters by a person controlling decisions on our financial and business policies, the shareholder value that could be realized in the future by our shareholders may be damaged.

We shall make every effort to cultivate the shareholders' and the investors' understanding of the appropriate value of the Company's shares through IR activities; however, it is indispensable that the shareholders of the Company are provided with appropriate and sufficient information by both a purchaser and the Board of Directors of the Company in order to appropriately determine, within a short period of time, whether or not the purchase price of the Company's shares proposed by the purchaser is reasonable, when a large-scale purchase is suddenly made. In addition, we believe that information regarding the impact of the purchase on the Company, the basic management policy that the purchaser wishes to adopt if the purchaser participates in the management of the Company, and the opinion of the Board of Directors of the Company towards the purchase, etc. is material to the decision making process of the shareholders of the Company who intend to hold the Company's shares continuously in respect of whether or not to continue to hold such shares.

Taking the above into account, we believe that it is necessary for a large-scale purchaser to commence a large-scale purchase only after the purchaser provides necessary and sufficient information regarding the purchase in advance and a certain period for the Board of Directors of the Company elapses, in accordance with the rules established and disclosed in advance by the Company (please refer to III 3 for details; hereinafter referred to as the "Large-Scale Purchase Rules") for the benefit of the decision making process of the shareholders of the Company.

In addition, in large-scale purchases, it cannot be said that there are never cases where the large-scale purchase in question will be determined as clearly and seriously damaging to the common interests of the shareholders of the Company. In order to protect the common interests of the shareholders of the Company, we believe that it is necessary to take such measures against such purchase as the Board of Directors of the Company deems appropriate in accordance with the Large-Scale Purchase Rules.

II Effective Utilization of Our Assets, the Formation of the Appropriate Corporate Group, and Other Special Efforts to Realize the Basic Policy on Company Control

In addition to the efforts set forth in III below, we will make every special effort to realize the Basic Policy on Company Control as follows.

1 Efforts Based on the Sapporo Group Long-Term Management Vision

In November 2016, the Sapporo Group formulated and announced the “Sapporo Group Long-Term Management Vision ‘SPEED150’”. This vision sets forth the overall direction the Company should pursue over the 10 years from 2017 to 2026, the year marking the 150th anniversary of the Group’s founding. The Group once again recognizes 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, and promoted the “First Medium-Term Management Plan (2017–2020)”.

However, in light of recent business trends, we judged that the current organizational structure and continuation of business activities were insufficient to respond to changes in the market environment and customer consumption styles. Accordingly, we formulated a new management plan, the “Group Management Plan 2024” and announced it on February 13, 2020.

The “Group Management Plan 2024” is a five-year plan starting in 2020, taking into account the issues faced by each business and differences in the speed of growth. Based on the following basic policies, we will vigorously push forward toward achieving the plan in 2024.

“Basic Policy”

- (1) Concentration and strengthening of core business
- (2) Acceleration of global expansion
- (3) Establishment of a simple and compact corporate structure
- (4) Promotion of sustainability management

2 Efforts toward the Strengthening and Reinforcing of Corporate Governance

We shifted to a pure holding company system in July 2003, and established the management philosophy and basic management policy of the Group as well as the basic principles of the operation of the Group and formulated the corporate governance system based on the “Basic Policy on Corporate Governance” (hereinafter referred to as the “Basic Policy”) as follows:

(1) Management Philosophy of the Group and Basic Policy on Our Management

Sapporo Group states its management philosophy to be “create enjoyment and contribute to enrichment” and its basic management policy is “strive to maintain integrity in corporate conduct that reinforces stakeholder trust and aim to achieve continuous growth in corporate value”, and is focused on improving the corporate value of the whole Group by achieving continuous growth and revenue and to contribute to the stakeholders in the future.

(2) Basic Principles of the Operation of the Group

Under a holding company system, Sapporo Group has established the basic principles of group operation (the total optimization of the Group, the maintenance of autonomy of each Group company and the mutual cooperation among Group companies) and aims to maximize corporate value by achieving total optimization of Sapporo Group and creating synergies, while retaining the autonomy of each business segment.

(3) Basic Policy on the Constitution of the System of Corporate Governance

In order to realize the management philosophy and the basic policy of management and to promote the continuous improvement of the corporate value of the whole Group, we established the “Basic Policy” in December 2015. We, in accordance with this Basic Policy, regard the strengthening and reinforcement of corporate governance as an important management issue. We are clarifying the supervisory function, operating function and audit function of our Group under the holding company system, and are endeavoring to improve the transparency of the management and to reinforce the management monitoring function toward the achievement of management goals.

(4) Efforts toward Strengthening the Corporate Governance System

We have made positive efforts toward strengthening the corporate governance system as follows:

In November 1998, we have voluntarily established a “nominating committee” and a “compensation committee” (each of such committees consists of the Independent Outside Directors and the Director and President, and one chairman is elected from the Independent Outside Directors) to enhance the transparency of the operations concerning personnel and the treatment of Directors and made efforts to maintain and improve the soundness of management organizations.

In March 1999, the Operating Officer System was adopted.

In March 2002, the term of office of the Directors was reduced to one year.

In July 2003, we shifted to a pure holding company system, and since then we have gradually increased the number of Outside Directors, and we have elected three Independent Outside Directors since 2009.

In December 2015, we set up an “Independent Outside Directors Committee” (which consists of the Independent Outside Directors) to encourage the Independent Outside Directors to exchange information and share their thoughts with regard to the Company and the Group’s management strategy and matters relating to corporate governance, etc.

If our proposals are approved at the General Meeting, we will become a Company with Audit & Supervisory Committee, and will further enhance our corporate value by further enhancing our corporate governance, enhancing management transparency and efficiency, and enabling flexible decision-making as follows:

- (1) A Company with Audit & Supervisory Committee will not have any Audit & Supervisory Board Members and Audit & Supervisory Board. Instead, an Audit & Supervisory Committee consisting of three or more Directors, where the Outside Directors are the majority, will be established;
- (2) A Director who is an Audit & Supervisory Committee Member is entitled to vote as a Director at a meeting of the Board of Directors, and a Director who is an Audit & Supervisory Committee Member appointed by the Audit & Supervisory Committee may state, at the meeting of shareholders, the opinions of the Audit & Supervisory Committee on the election and dismissal and the remunerations of Directors who are not Audit & Supervisory Committee Members;
(The “Nominating Committee”, the “Compensation Committee” and the “Independent Outside Directors Committee”, which the Company voluntarily established, will be maintained.)
- (3) The Company’s Board of Directors will consist of ten Directors (of which three Directors will be the Audit & Supervisory Committee Members), of which five Directors will be the Independent Outside Directors (of which two Directors will be the Audit & Supervisory

- Committee Members); therefore, the ratio of the Independent Outside Directors in the Board of Directors will increase from one-third to one-half; and
- (4) The Company will delegate part of decisions of execution of important operations to Directors and ensure swift and efficient decision-making.

After we become a Company with Audit & Supervisory Committee, we will properly establish and operate the system of such company, and further endeavor to strengthen and reinforce corporate governance in order to realize continuous growth and improve corporate value in the medium-to-long term.

III Efforts to Prevent the Company's Financial and Business Policies from Being Controlled by an Inappropriate Party According to the Basic Policy on Company Control

In accordance with the Basic Policy on Company Control described in I above, we consider that it is the efforts to prevent the Company's financial and business policies from being controlled by an inappropriate party according to the Basic Policy on Company Control that we establish certain reasonable rules that the Large-Scale Purchaser (as defined below) is requested to follow ("Large-Scale Purchase Rules") in the event of the implementation of any purchase of Share Certificates, Etc.³ of the Company by a Group of Shareholders¹ with the intent to hold 20% or more of the Voting Rights Ratio² of the Group of Shareholders or any purchase of Share Certificates, Etc. of the Company resulting in a Group of Shareholders holding 20% or more of the total voting rights of the Company (we do not make any distinction based on specific means of purchase, such as market transactions or tender offers, but the purchases to which the Board of Directors of the Company has given prior consent are not included; such a purchase shall be hereinafter referred to as a "Large-Scale Purchase" and a person that conducts a Large-Scale Purchase shall be hereinafter referred to as a "Large-Scale Purchaser"); and that we constitute certain policies depending on whether or not the Large-Scale Purchaser observes the rules. We materialize those rules and policies as the policy toward Large-Scale Purchase of share Certificates, etc. of the Company (hereinafter referred to as the "Policy"), and set forth them as follows.

Notes

1 A Group of Shareholders means:

- (i) a Holder (including a person deemed as a holder pursuant to Paragraph 3, Article 27-23 of the Financial Instruments and Exchange Law. The same shall apply hereinafter) and any Joint Holders (provided in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Law, including a person deemed as a Joint Holder pursuant to Paragraph 6 thereof. The same shall apply hereinafter) of Share Certificates, Etc. (provided in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law) of the Company; or
- (ii) a person who makes purchases, etc. (provided in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Law, including any purchase, etc. made on a Financial Instruments Exchange Market) of the Share Certificates, Etc. (provided in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Law) and any Specially Related Parties (provided in Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Law).

2 Voting Rights Ratio means:

- (i) in the case of Note 1(i) above, the Share Holding Ratio (provided in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law; in this case, the number of Share Certificates, Etc. Held (the number of Share Certificates, Etc. Held as provided in the same

Paragraph. The same shall apply hereinafter) of the Joint Holders in respect of the holder shall be added) of the holder of the Share Certificates, Etc. of the Company; or

- (ii) in the case of Note 1(ii) above, the amount of the sum of the Shareholding Ratio (provided in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Law) of the Large-Scale Purchaser and its Specially Related Parties.

In calculating the Shareholding Ratio, the annual report, the quarterly report or the treasury shares purchase report of the Company, whichever document has been most recently submitted to the authorities, may be referred to in deciding the Total Number of Voting Rights (provided in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Law) or Total Number of Issued Shares (provided in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law).

3 Share Certificates, Etc. mean Share Certificates, Etc. as provided in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law.

1 Necessity of the Policy

(1) Purpose of Introducing the Policy

As described in I above, we believe that, in the event of a Large-Scale Purchase, the Large-Scale Purchaser should provide the Board of Directors of the Company with necessary and sufficient information regarding the Large-Scale Purchase in advance and should only be allowed to commence a Large-Scale Purchase after a certain assessment period for the Board of Directors of the Company elapses, in accordance with the Large-Scale Purchase Rules that the Company established and disclosed in advance, for the benefit of the decision making process of the shareholders.

After such information is provided, the Board of Directors of the Company will immediately start to consider its opinion on the Large-Scale Purchase and shall subsequently form and disclose such opinion after careful consideration with advice from outside experts, etc. In addition, the Board of Directors of the Company may negotiate with the Large-Scale Purchaser in order to improve the proposal of the Large-Scale Purchaser or offer the shareholders alternative plans developed by the Board of Directors of the Company, if deemed necessary. Such process shall enable the shareholders of the Company to examine the proposal of the Large-Scale Purchaser and the alternative plans (in the case that any alternative plans are proposed) with reference to the opinion of the Board of Directors of the Company, and thus, the shareholders of the Company shall be given the opportunity to make the final decision as to whether or not to accept the proposal of the Large-Scale Purchaser.

In addition, the Board of Directors of the Company established a certain policy to be applied depending on whether or not the Large-Scale Purchaser Rules are observed, and determined to establish the Policy as efforts in the case of a Large-Scale Purchase by an inappropriate party according to the Basic Policy on Company Control.

The Policy is in compliance with the three principles set forth in “Guidelines With Respect To Anti Takeover Policy for Securing And Enhancing Corporate Value and Common Interests of Shareholders” made by Ministry of Economy, Trade and Industry and Ministry of Justice and dated May 27, 2005 and has been drafted in reference to “Role of Anti Takeover Policy Based on Recent Changes of Environments” made by Corporate Value Study Group and dated June 30, 2008.

(2) Necessity of Continuing the Policy

The Group formulated the “Sapporo Group Long-Term Management Vision ‘SPEED150’” in November 2016, which set out the direction to be taken over the 10-year period from 2017 to 2026, the year marking the 150th anniversary of the Group’s founding, and has been working to increase its corporate value. However, there is always the possibility that unforeseen circumstances will occur. We cannot, even at this point, completely deny the risk that a “Large-Scale Purchaser” may emerge and significantly undermine the common interests of the shareholders of the Company.

As described in II, in “Sapporo Group Long-Term Management Vision ‘SPEED150’”, the Group recognized that the Group’s further growth lies in “Our Unique Brand Assets” cultivated with support from customers since our founding in 1876 and “Group Management Plan 2024” (announced on February 13, 2020) was launched. Under such circumstances, the policy and strategy of a “Large-Scale Purchaser” who does not fully understand the Group’s business may damage those brand values, resulting in a decline in corporate value in the medium-to-long term.

As describe in II, the Company believes that strengthening the base of the corporate governance system and achieving the goals set up under the “Sapporo Group Long-Term Management Vision ‘SPEED150’” will result in lowering the risk that a “Large-Scale Purchaser” will emerge. Thus, at this point, we believe that it is essential to continue the Policy.

For the avoidance of doubt, the Company has not received any specific offer of the Large-Scale Purchase at this point.

2 Establishment of Independent Committee

The Independent Committee is established as a body to ensure that the Policy is properly applied and to prevent arbitrary decisions by the Board of Directors of the Company (hereinafter referred to as the “Independent Committee”). The Independent Committee shall have at least three members and in order to be able to judge fairly and neutrally, its members shall be elected from the Independent Outside Directors of the Company or outside knowledgeable persons⁴ who are independent of the management team of the Company. The names and personal histories of those who are elected as the members will be immediately disclosed. In addition, the term of office of the members shall expire at the close of the meeting of the Board of Directors that is to be held immediately after the ordinary general meeting of shareholders regarding the last fiscal year ending within one year after the appointment, and the members for the next term shall be elected at such meeting of the Board of Directors.

For reference, the names and personal histories of those who will be elected as the members of the Independent Committee at the meeting of the Board of Directors, to be held immediately after the General Meeting, are described in Appendix 1.

In the Policy, we set forth the objective requirements for the invocation of countermeasures, that we will not take the countermeasures in the event the Large-Scale Purchaser observes the Large-Scale Purchase Rules, unless it is an exceptional case where it is considered that the common interests of the shareholders of the Company will be clearly and seriously damaged (described in III 4(1) below), and that we may take the countermeasures in the event the Large-Scale Purchaser does not observe the Large-Scale Purchase Rules (described in III 4(2) below); however, in the event the Board of Directors of the Company makes a significant determination pertaining to the Policy, including an event in which we make an exceptional response described in III 4(1) below and an event in which we take the countermeasures described in III

4(2) below, the Board of Directors of the Company shall consult with the Independent Committee and respect the recommendations of the Independent Committee to the utmost extent.

Furthermore, where a vote of the Board of Directors is conducted in relation to an important decision relating to the Policy, the decision will not be resolved unless there is agreement by two-thirds or more of the Independent Outside Directors of the Company attending the meeting.

Note 4 Outside knowledgeable persons are elected from corporate managers who have sufficient experience, persons who are familiar with the investment banking business, lawyers, certified public accountants, academic experts who specialize in the Corporation Law, etc. or persons who are equivalent to these personnel.

3 Details of the Large-Scale Purchase Rules

(1) Provision of Information

The Large-Scale Purchase Rules which we hereby establish require that (i) a Large-Scale Purchaser provide, in advance, necessary and sufficient information regarding the Large-Scale Purchase to the Board of Directors of the Company, and that (ii) the Large-Scale Purchaser commence the Large-Scale Purchase only after a certain assessment period for the Board of Directors of the Company.

More specifically, first, a Large-Scale Purchaser is required to submit to the Representative Director of the Company a “letter of intent” to comply with the Large-Scale Purchase Rules, which shall specify the name, address, law governing the incorporation, name of the representative, contact details in Japan of the Large-Scale Purchaser and an outline of the proposed Large-Scale Purchase, and in addition, a Large-Scale Purchaser is required to provide the Board of Directors of the Company with necessary and sufficient information (hereinafter referred to as the “Necessary Information”) to allow shareholders of the Company to make their decision and the Board of Directors of the Company to form its opinion.

Within ten (10) business days after receipt of such letter of intent, the Board of Directors of the Company will deliver to the Large-Scale Purchaser a list of the Necessary Information to be initially provided by the Large-Scale Purchaser. If the information initially provided by the Large-Scale Purchaser is deemed less than as the Necessary Information as a result of the Board of Directors’ examination, the Board of Directors of the Company will require the Large-Scale Purchaser to provide additional information until the Company has received all of the Necessary Information.

The Board of Directors of the Company may, as necessary, set the due date for responses of the Large-Scale Purchaser every time the Board of Directors of the Company requests the provision of information from the perspective of prompt administration of the Large-Scale Purchase Rules. In addition, the Board of Directors of the Company shall set a period equal to 60 days commencing on the date of dispatch of the list of the Necessary Information to be initially provided by the Large-Scale Purchaser as the upper limit of the period within which the Board of Directors of the Company shall request the Large-Scale Purchaser to provide information and the Large-Scale Purchaser shall respond (hereinafter referred to as the “Information Provision Request Period”). In the event that the Information Provision Request Period reaches the upper limit and expires, the Board of Directors of the Company shall terminate the correspondence with the Large-Scale Purchaser with respect to the provision of information at that time and immediately commence the Board Assessment Period (as defined below.), even where not all Necessary Information has been provided. However, if the Large-Scale Purchaser requests for an extension of the Information Provision Request Period for reasonable cause, the Board of Directors may extend the Information Provision Request Period by up to 30 days as necessary. On the other hand, the Board of Directors shall terminate the Information Provision Request Period and commence the Board Assessment Period immediately upon provision of all Necessary Information even before the expiration of the Information Provision Request Period.

Part of the general items of the Necessary Information is as set forth in (1) through (5) below. Details of the Necessary Information may differ according to the characteristics of the Large-Scale Purchaser and the purpose and details of the Large-Scale Purchase; however, in all cases, such Necessary Information shall be limited to within the necessary and sufficient scope for the judgment of the shareholders of the Company and the formation of opinion of the Board of Directors of the Company. In the case that the Large-Scale Purchaser is unable to provide part of the Necessary Information, the Board of Directors will request the Large-Scale Purchaser to provide instead the specific reasons for the inability to provide such information. Such inability of the Large-Scale Purchaser to provide information and the reasons for such inability will be information subject to evaluation and analysis for the judgment of the shareholders of the Company and the formation of opinion of the Board of Directors of the Company.

- (1) An outline (including information relating to the substance of the business of the Large-Scale Purchaser, capital structure and experience in businesses similar to the Company's business or the Group's business) of the Large-Scale Purchaser and its group (including Joint Holders and Specially Related Parties);
- (2) The purpose and substance of the Large-Scale Purchase (including amounts/type of the consideration of the purchase, etc., timing of the purchase, etc., structure of related transactions, and legality of the means of purchase, etc., feasibility of purchase, etc. and related transactions);
- (3) The basis for the calculation of the value of the Company's shares and financial resources backing the purchase (including specific names of the financial backers (including substantial backers), financing methods, and substance of related transactions);
- (4) The candidates for the management team (including information regarding experience at businesses similar to business of the Company and the Group), basic management policy, business plan, capital policy, distribution policy, policy of utilization of assets, etc. (hereinafter referred to as the "Management Basic Policy after Purchase") expected after the Large-Scale Purchaser participates in the management of the Company's business and the Group's business; and
- (5) The possibility and basic substance of any change of the Company's and the Group's relationship with stakeholders, such as business partners, customers, employees, etc., as planned after the completion of the Large-Scale Purchase.

In addition to the cases of disclosure required in accordance with laws and regulations and the rules of financial instruments exchanges, we will disclose at the time the Board of Directors of the Company deems appropriate all or part of the fact that a Large-Scale Purchase was proposed and the Necessary Information provided to the Board of Directors of the Company, if such disclosure is considered necessary for the shareholders of the Company to make their decisions.

(2) Assessment Period for the Board of Directors

Subsequent to the expiration or termination of the Information Provision Request Period, the Board of Directors of the Company shall set a period equal to or less than 60 days which is necessary for the Board of Directors to assess, examine, negotiate, form an opinion and seek alternative plans (hereinafter referred to as the "Board Assessment Period"). The Board of Directors of the Company sets the specific period in consideration of the level of difficulty in making an assessment of the Large-Scale Purchase, including an assessment of the purpose of the purchase, the kind of consideration, the means of the purchase, etc., and the Board of Directors of the Company may extend the period to a maximum of 90 days (including the

initial set period), upon consultation with the Independent Committee and giving the utmost respect to the recommendations of the Independent Committee. The Large-Scale Purchase may only be commenced after the Board Assessment Period has elapsed. Moreover, in the event the Necessary Information is completely provided, the Board of Directors of the Company shall promptly disclose such fact and the expiration date of the Board Assessment Period. In addition, in the event the Board of Directors of the Company extends the Board Assessment Period after receiving the recommendation of the Independent Committee, it promptly discloses the extended period and the reasons for the extension.

The Board of Directors of the Company shall thoroughly assess and examine the Necessary Information it receives, in consultation with the Independent Committee, with advice from outside experts during the Board Assessment Period as needed and giving the utmost respect to the recommendation of the Independent Committee, and shall form and disclose its opinion. In addition, the Board of Directors of the Company may negotiate with the Large-Scale Purchaser in order to improve the terms of the proposed Large-Scale Purchase or may offer alternative plans to shareholders of the Company, as necessary.

4 Policy toward Large-Scale Purchases

(1) In the Event a Large-Scale Purchaser Observes the Large-Scale Purchase Rules

If a Large-Scale Purchaser observes the Large-Scale Purchase Rules, the Board of Directors of the Company, even if it disagrees with the proposed Large-Scale Purchase, will not, except for the exceptional cases set forth below, take countermeasures against the Large-Scale Purchase, while it may attempt to persuade the shareholders of the Company by expressing an objection to the proposal of the Large-Scale Purchase or by offering alternative plans. The Board of Directors of the Company believes that the shareholders of the Company should make their own decision as to whether or not they accept the proposal of the Large-Scale Purchaser upon consideration of such proposal and the opinion on such proposal and alternative plans provided by the Company.

As exceptional cases, in the event that it is considered that the Large-Scale Purchase will clearly and seriously damage the common interests of the shareholders of the Company, including the case where, for example, it is intended that the Large-Scale Purchase entails any of the acts set forth in (1) through (5) below and such act will likely cause irreparable damage to the Company or will in fact likely coerce shareholders to sell their shares, the Board of Directors of the Company may take any measures considered to be appropriate, as exceptional measures, in order to protect the interests of the shareholders of the Company.

- (1) act of purchasing a substantial portion of shares and demanding the company to repurchase such shares at a high price;
- (2) acts such as temporarily controlling the company and managing it to realize a profit for the purchaser at the sacrifice of the company, including the acquisition of important assets, etc. of the company at a low price;
- (3) act of using the assets of the company as security or the source of repayment of the debt of the purchaser or its Group companies, etc.;
- (4) act of temporarily controlling the management of the company and to have the company dispose of its valuable assets, etc., which have no immediate relationship with the businesses of the company, and to have the company temporarily pay large dividends against the profits gained from such disposition, or sell the shares at a higher price, taking the opportunity to rapidly increase the share price influenced by the temporarily large payment of dividends; or

- (5) act of purchasing shares, including takeover bids, etc., without soliciting the purchase of all shares at the initial purchase and with terms and conditions for second purchase that are less favorable or that are unclear.

However, even in the case where the Large-Scale Purchaser intends with respect to such Large-Scale Purchase to use the assets of the company as security for the purchaser's debt or to dispose of idle assets of the company and have the company pay large dividends against the profits of such disposition, the above-mentioned exceptional measures shall be taken only in the event that such Large-Scale Purchase is determined as clearly and seriously damaging the common interests of the shareholders of the Company, and shall not be taken solely for reasons that the intention of the Large-Scale Purchaser falls within the actions set forth above or negatively affects the interests of stakeholders other than the shareholders.

In addition, in order to secure the objectiveness and reasonableness of the decisions made in the event that the exceptional measures described above are taken, the Board of Directors of the Company shall assess the specific details of the Large-Scale Purchaser and the Large-Scale Purchase and the influence of the Large-Scale Purchase on the common interests of the shareholders of the Company by taking into account the Necessary Information, including the Management Basic Policy after Purchase, provided by the Large-Scale Purchaser, and obtaining the advice of outside experts, etc., as necessary, and give utmost respect to the recommendations of the Independent Committee, before making judgment.

(2) In the Event a Large-Scale Purchaser Does Not Observe the Large-Scale Purchase Rules

If a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, regardless of the specific method of purchase, the Board of Directors of the Company may take countermeasures against the Large-Scale Purchase to protect the common interests of the shareholders of the Company. Countermeasures include the issuance of share acquisition rights or any other measures that the Board of Directors of the Company is permitted to take under the Corporation Law or other laws and the Articles of Incorporation of the Company. When determining whether or not the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, the Board of Directors shall sufficiently consider to a reasonable extent various facts on the side of the Large-Scale Purchaser, including the facts that the Large-Scale Purchaser may not necessarily have detailed information with respect to the Company or that there are items with respect to which the Large-Scale Purchaser is not expected to disclose voluntarily due to its takeover strategy (for example, specific figures of profits after acquisition, etc.), and at least shall not determine that the Large Scale Purchaser has not complied with the Large-Scale Purchase Rules solely for the reason that part of the Necessary Information that has been requested by the Board of Directors of the Company has not been provided by the Large-Scale Purchaser. The Board of Directors of the Company shall decide whether or not a Large-Scale Purchaser observes the Large-Scale Purchase Rules and whether it is appropriate to take countermeasures by taking into account the opinions of outside experts, etc. and by giving the utmost respect to the recommendations of the Independent Committee.

The Board of Directors of the Company will select the specific countermeasures that it deems most appropriate at that time and adopt such countermeasures after receiving the recommendations of the Independent Committee. Depending on the content of the countermeasures selected, the Board of Directors may request resolutions of the general meeting of shareholders in accordance with the laws and regulations or provisions of the Articles of Incorporation, or approval by the shareholders present at the general meeting of shareholders based on the recommendations of the Independent Committee.

In the event the Board of Directors of the Company elects to issue share acquisition rights as a specific countermeasure, the outline of such share acquisition rights shall be as described in Appendix 2 attached hereto; however, if the Board of Directors of the Company actually elects to issue share acquisition rights as a countermeasure, it may determine the exercise period and the conditions for exercise, acquisition terms and acquisition conditions etc., of the share acquisition rights considering the effectiveness thereof as a

countermeasure, including, for instance, the condition not to belong to a specific Group of Shareholders with a 20% or more Voting Rights Ratio.

(3) Cessation, etc. of Taking Countermeasures

When the Board of Directors of the Company, after having decided to take the exceptional measures described in III 4(1) above or the countermeasures described in III 4(2) above, judges that it is no longer appropriate to take countermeasures in such an event as the withdrawal or change by the Large-Scale Purchaser of the Large-Scale Purchase, it may cease to take or change countermeasures upon giving the utmost respect to the recommendations of the Independent Committee.

For example, when the Board of Directors of the Company judges that it is no longer appropriate to take countermeasures in such an event as the withdrawal or change by a Large-Scale Purchaser of the Large-Scale Purchase in the case of the gratuitous allotment of share acquisition rights, even after shareholders who are entitled to receive share acquisition rights have been determined, it may cease the countermeasures, as follows:

- (1) Until the effective date of the share acquisition rights, the Board of Directors of the Company may cease the gratuitous allotment of share acquisition rights upon the recommendation of the Independent Committee; or
- (2) After the gratuitous allotment of share acquisition rights and until the exercise period begins, the Board of Directors of the Company may acquire share acquisition rights gratuitously upon the recommendation of the Independent Committee.

In the event of such cessation of countermeasures, the Board of Directors of the Company shall disclose the information that the Independent Committee believes necessary.

5 Influence, etc. on Shareholders and Investors

(1) Influence, etc. of the Large-Scale Purchase Rules on Shareholders and Investors

The purpose of the Large-Scale Purchase Rules is to provide the shareholders of the Company with the information necessary for them to determine whether or not to accept a Large-Scale Purchase in addition to the opinion of the Board of Directors of the Company that is actually in charge of the Company's management, and to ensure that the shareholders of the Company have opportunities to receive any alternative plans. The Board of Directors of the Company believes that under the Large-Scale Purchase Rules, the shareholders of the Company, with sufficient information, will be able to make appropriate decisions as to whether or not to accept the Large-Scale Purchase, whereby the common interests of the shareholders of the Company shall be protected. Accordingly, the Board of Directors of the Company believes that the establishment of the Large-Scale Purchase Rules is a prerequisite for appropriate investment decisions of the shareholders of the Company and investors and is for the interest of the shareholders of the Company and investors.

The Board of Directors of the Company hereby advises the shareholders of the Company and investors to observe carefully any actions by a Large-Scale Purchaser, because the policy of the Company will differ depending on whether or not a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, as described in III 4 above.

(2) Influence, etc. of Countermeasures on Shareholders and Investors

If a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, the Board of Directors of the Company may take countermeasures, which the Board of Directors of the Company is permitted to take under the Corporation Law or other laws and the Articles of Incorporation of the Company, to protect the common interests of the shareholders of the Company. However, given the structure of the countermeasures, the Board of Directors of the Company does not expect that taking such countermeasures will cause any legal or economic damage or loss to the shareholders of the Company (excluding a Large-Scale Purchaser who does not observe the Large-Scale Purchase Rules or implements a Large-Scale Purchase which is considered to clearly and seriously damage the common interests of the shareholders of the Company). When the Board of Directors of the Company elects to take any specific countermeasure, the Board of Directors of the Company will make an appropriate disclosure in a timely manner in accordance with the relevant laws, regulations and stock exchange regulations.

The procedures related to the shareholders of the Company in respect of the issuance of share acquisition rights, as one of the possible countermeasures, are as follows.

With respect to the issuance of share acquisition rights, it may be necessary for the shareholders to make a payment of certain amount of money within a specific period in order to acquire new shares upon exercising his/her share acquisition rights. When the Board of Directors of the Company decides to acquire share acquisition rights, it may issue new stock to shareholders without paying the amount equivalent to the exercise price, in exchange for the acquisition of the share acquisition rights. Details of these procedures will be informed in accordance with the laws and regulations in the event of actual issuance of share acquisition rights. However, in order for shareholders to acquire the share acquisition rights, the shareholders of the Company need to be recorded in the register of shareholders as of the end of the date of the allotment of the share acquisition rights to be separately decided upon and publicly announced by the Board of Directors of the Company.

In addition, in the event the Board of Directors of the Company ceases to issue share acquisition rights or acquire issued share acquisition rights gratuitously, upon the recommendation of the Independent Committee, the share value shall not be diluted, so that shareholders and investors, who purchased or sold shares after the date of the expiration of the gratuitous allotment of share acquisition rights on the assumption that the stock value of the Company would be diluted do not suffer unexpected losses because of movements in share price.

6 Period of Validity, and Expiration and Repeal of the Policy

The Policy shall continue to be in effect, provided it is approved at the General Meeting, and the Policy will remain effective until the close of the Company's 99th Ordinary General Meeting of Shareholders to be held on or before March 31, 2023.

However, the Policy may be repealed, even during the period of validity, if a repeal of the Policy is resolved at the general meeting of shareholders. Furthermore, the Policy shall be repealed on the date of resolution of the Board of Directors of the Company if it adopts a resolution of repeal of the Policy without the resolution of the general meeting of shareholders. If the Policy is determined to be repealed, the Board of Directors of the Company shall promptly give notice of such fact.

In addition, during the period of validity of the Policy, from the viewpoint of the improvement of corporate value and, ultimately, the protection of the common interests of the shareholders of the Company, the Board of Directors of the Company will review the Policy from time to time in light of improvement of related laws and regulations and the listing system of the Tokyo Stock Exchange and the Sapporo Stock Exchange,

and may change the Policy upon the approval of the Company's general meeting of shareholders. In such case, the Board of Directors of the Company will promptly disclose the content of such change.

Although the period of validity of the Policy is approximately three years, up to the close of the Company's 99th Ordinary General Meeting of Shareholders, as described above, the Policy may be repealed by the resolution of the general meeting of shareholders or the Board of Directors of the Company before the expiration of the period of validity of the Policy. Moreover, the Board of Directors of the Company may exempt the application of the Policy to a specific purchase of shares, etc. of the Company, even during the period of validity of the Policy, by consenting in advance to the purchase. Therefore, the Policy is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped). Also, as the term of office of the Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company is one year and the Company has not adopted a staggered board, the Policy is not a slow-hand takeover defense measure either (i.e., a takeover defense measure the triggering of which takes more time to stop due to the fact that the Directors cannot be replaced all at once), and the Policy can be repealed by way of replacing the Directors (excluding Directors who are Audit & Supervisory Committee Members) at the annual general meeting of shareholders.

IV The Policy Will Comply with the Basic Policy on Company Control, So As Not to Damage the Common Interests of Shareholders and Not to Pursue the Maintenance of the Status of Directors and Reasons Therefor

(1) The Policy Will Comply with the Basic Policy on Company Control

The Policy sets forth matters such as the substance of the Large-Scale Purchase Rules, the policy toward a Large-Scale Purchase, the establishment of the Independent Committee, and the influence on shareholders and investors.

In the Policy, it is stipulated that a Large-Scale Purchaser is required to provide the Board of Directors of the Company with all necessary and sufficient information concerning the Large-Scale Purchase in advance and that it may commence the Large-Scale Purchase only after a certain assessment period for the Board of Directors of the Company has elapsed, and that the Board of Directors of the Company may take countermeasures against any Large-Scale Purchaser who does not observe these rules.

In addition, it is stipulated that, even if the Large-Scale Purchaser observes the Large-Scale Purchase Rules, in the event that the Board of Directors of the Company judges that the Large-Scale Purchase by the Large-Scale Purchaser will seriously damage the common interests of the shareholders of the Company, the Board of Directors of the Company may take countermeasures against the Large-Scale Purchaser that are considered necessary in order to protect the common interests of the shareholders of the Company.

As set forth above, the Policy is consistent with the Basic Policy on Company Control.

(2) The Policy Will Not Damage the Common Interests of Shareholders of the Company

As described in I, the Basic Policy on Company Control is based on the assumption that the common interests of shareholders of the Company should be respected. The Policy is consistent with the Basic Policy on Company Control and intended to ensure that shareholders of the Company are provided with the information necessary to decide whether or not to accept a Large-Scale Purchase, the opinion of the Board of Directors of the Company and the opportunity to receive alternative plans. Because the shareholders of the Company and investors can make proper investment judgments through the Policy, it does not damage the common interests of the shareholders of the Company, but rather contributes to their interests.

In addition, we believe that the facts that, among other things, (i) the implementation and continuation of the Policy depend on the approval of shareholders of the Company, (ii) when the Board of Directors of the Company makes a material decision in relation to the Policy, it gives the utmost respect to the recommendation made by the Independent Committee, which consists of members who are independent of the management team operating businesses of the Company, and (iii) the shareholders of the Company can repeal the Policy if they so desire, ensure that the Policy will not damage the common interests of shareholders of the Company.

(3) The Policy Will Not Pursue the Maintenance of the Status of Directors

The Policy has a broad principle that leaves the final decision whether or not a Large-Scale Purchase shall be accepted to the judgment of the shareholders of the Company, requires compliance with the Large-Scale Purchase Rules and allows countermeasures to the extent necessary to protect the common interests of the shareholders of the Company. The Policy discloses the condition that the Board of Directors of the Company may take countermeasures in advance and in detail, and countermeasures by the Board of Directors of the Company may be taken in accordance with the provisions of the Policy. The Board of Directors of the Company cannot solely implement and continue the Policy, and the approval of shareholders of the Company is necessary.

In addition, in the event that, in relation to a Large-Scale Purchase, the Board of Directors of the Company assesses and reviews the purchase, forms opinions, suggests alternative plans, negotiates with the Large-Scale Purchaser, or takes countermeasures, the Board of Directors requests advice from outside experts, etc., as necessary, and consults with the Independent Committee consisting of members who are independent of the management team operating businesses of the Company and gives utmost respect to the recommendation of the Independent Committee. As mentioned above, the Policy includes procedures through which the appropriate operations by the Board of Directors of the Company are ensured.

As described above, we believe that it is clear that the Policy does not pursue the maintenance of the status of Directors.

[End of document]

Name and Personal History of the Members of Independent Committee (Scheduled)

Shizuka Uzawa

January 1946 Born
 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 and Outside Director of Nichirei Corporation

Shuji Fukuda

December 1951 Born
 April 1974 Joined Onoda Cement Co., Ltd. (currently Taiheiyo Cement Corporation)
 April 2008 Executive Officer and General Manager of Human Resources Department and General Manager of Personnel Business Operation Center of Taiheiyo Cement Corporation
 October 2008 Executive Officer and General Manager of Human Resources Department of Taiheiyo Cement Corporation
 August 2010 Director, Managing Executive Officer and General Manager of Human Resources Department, of Taiheiyo Cement Corporation
 October 2010 Director and Managing Executive Officer of Taiheiyo Cement Corporation
 April 2012 President and Representative Director of Taiheiyo Cement Corporation
 April 2018 Chairman and Director of Taiheiyo Cement Corporation (up to the present)
 March 2019 Outside Director (Member of the Board) of the Company (up to the present)

<Status of Important Concurrent Occupations or Positions at Other Organizations>

Chairman and Director of Taiheiyo Cement Corporation

Outside Director of Yakushima Denko Co., Ltd.

Kohtaro Yamamoto

October 1955 Born
 April 1985 Registered as a lawyer (Daiichi Tokyo Bar Association)
 Joined Yamashita & Oshima Law Offices
 September 1991 Registered as a lawyer in the State of New York
 January 1994 Established YAMAMOTO Law Office
 (currently YAMAMOTO & SHIBASAKI Law Offices) (up to the present)
 April 2012 Vice-President of Daiichi Tokyo Bar Association

<Status of Important Concurrent Occupations or Positions at Other Organizations>

Outside Director of Keihin Corporation

[End of document]

Outline of Share Acquisition Rights

1. Shareholders Who are Entitled to Receive Share Acquisition Rights and Conditions of Issuance Thereof:

One (1) share acquisition right shall be allotted to a shareholder for each share of common stock of the Company held by such shareholder (excluding the Company's common stocks held by the Company), whose name is recorded in the register of shareholders as of the end of the date of allotment to be specified by the Board of Directors of the Company.

2. Type and Number of Shares to be Acquired upon Exercise of the Share Acquisition Right:

The type of shares to be acquired upon exercise of the share acquisition right shall be common stock of the Company, and the total number of such shares shall be up to 116,000,000. The number of shares to be acquired upon exercise of one (1) share acquisition right shall be separately determined by the Board of Directors of the Company; provided, however, that such number shall be adjusted to the extent necessary if the Company performs a share split or a share consolidation.

3. Total Number of Share Acquisition Rights to be Issued:

The total number of share acquisition rights to be allotted shall be separately determined by the Board of Directors of the Company. The Board of Directors of the Company may allot share acquisition rights in installments.

4. Issuance Price of Share Acquisition Rights:

The issuance price of the share acquisition right is nil.

5. Amount to be Paid upon Exercise of Share Acquisition Rights:

The amount to be paid upon exercise of a share acquisition right shall be an amount to be determined by the Board of Directors of the Company which shall be at least one (1) Japanese yen.

6. Restriction on Transfer of Share Acquisition Rights:

Share acquisition rights may not be transferred without the approval of the Board of Directors of the Company.

7. Conditions of Exercise, Terms of Acquisition and Conditions of Acquisition of Share Acquisition Rights:

Certain conditions of exercise shall be provided, including a condition that a person belonging to a Group of Shareholders that holds at least 20% of the Voting Rights Ratio may not exercise share acquisition rights. Details of the conditions shall be separately determined by the Board of Directors of the Company.

In addition, there could be terms of acquisition and conditions of acquisition established. As between certain shareholder groups holding at least 20% of the Voting Rights Ratio and other shareholders, there could be differences in treatment relating to the price of the acquisition or other terms, and the share acquisition rights held by people belonging to a certain group of shareholders holding at least 20% of the Voting Right Ratio will not be within the class that can acquire. In the case of acquisition of the share acquisition rights held by people belonging to a certain group of shareholders holding at least 20% of the Voting Right Ratio, the

Company shall not pay cash as consideration of such share acquisition rights. Further details will be decided separately by the Board or Directors of the Company.

8. Exercise Period, etc. of Share Acquisition Rights:

The exercise period, extinguishment grounds, extinguishment conditions and other necessary subject matter of the share acquisition rights shall be separately determined by the Board of Directors of the Company.

[End of document]

Business Report

(From January 1, 2019 to December 31, 2019)

1. Review of Sapporo Group Operations

(1) Operations and Operating Results

During the term under review, the Japanese economy continued on a firm footing overall, with investment in capital expenditure increasing thanks to stable growth of corporate earnings, and steady improvement in employment and income for individuals, despite a weakening of domestic demand, mainly due to the consumption tax hike and natural disasters. In the overseas economy, meanwhile, experienced a higher degree of uncertainty due to the rising geopolitical risk associated with U.S.-China trade friction, the escalation of U.S.-Iran tensions, and other developments.

In the alcoholic beverages industry, in Japan, a deep-rooted sense of frugality persisting among consumers led to a further prominent shift in demand toward low priced products. The North American beer market appears to have been weaker than the previous term mainly due to the impact of the cold snap, and although the situation in the Asian beer market was different for each country, continued growth was achieved in Vietnam. The soft drinks industry experienced weaker overall demand year on year in Japan, mainly due to the impact of typhoons. In the real estate industry, rent levels in the Greater Tokyo office leasing market continued to climb moderately amid the continuously robust office demand.

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 2019, 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.

Because the Company transferred its entire holding of shares in Country Pure Foods, Inc., a holding company that manages the North American Soft Drinks business in the food & soft drinks business to BPCP CPF Holdings Inc., during the fiscal year under review, the profit and loss related to the North American Soft Drinks business is classified as discontinued operations.

Revenue

In the alcoholic beverages business, revenue declined despite the achievement of strong sales for core-brand Sapporo Draft Beer Black Label 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 new-genre beers falling below the previous year’s level. In the food & soft drinks business, revenue increased owing to the new consolidation of Yasuma Co., Ltd., despite a lull in demand due to the stalling of the canned coffee market and unfavorable weather. In the real estate business, an increase in rent income from core properties led to higher revenue.

As a result, consolidated revenue came to ¥491.9 billion, reflecting a decrease of ¥2.0 billion or 0.4% compared with the previous term.

Operating profit

The alcoholic beverages business achieved profit growth, reflecting cost control and improvements to the product mix in Japan and the absence of the impairment loss in U.S. subsidiary Anchor Brewing Company that was recorded in the previous year. In the food & soft drinks business, profit declined due to a decrease in sales volume in Japan. The real estate business achieved profit growth as a result

of the contribution of a gain on sales of real estate associated with the review of the property portfolio in addition to an increase in rent income from core properties.

As a result, consolidated operating profit amounted to ¥12.2 billion, reflecting an increase of ¥0.6 billion or 5.3% compared with the previous term.

Profit before tax

Profit before tax amounted to ¥11.6 billion, reflecting an increase of ¥1.0 billion or 9.0% compared with the previous term.

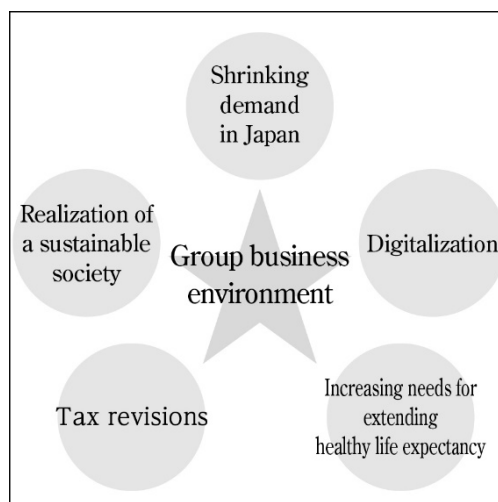
Profit attributable to owners of parent

Due to the increased loss from discontinued operations pertaining to the transfer of shares of Country Pure Foods, Inc., profit attributable to owners of parent amounted to ¥4.4 billion, reflecting a decrease of ¥4.2 billion or 48.9% compared with the previous term.

(2) Issues to be Addressed by the Group

Implementation of the “Group Management Plan 2024”

The Group carried out the “First Medium-Term Management Plan (2017–2020)” under the Long-Term Management Vision “SPEED150”, which will set the goal in the year 2026, the year marking the 150th anniversary of the Group’s founding. However, because we judged that the continuation of current organizational structure and business activities were insufficient to respond to the speed of changes in the market environment and customer consumption styles, we reviewed the medium-term management plan. The new Group management plan is a five-year plan starting in 2020, taking into account the issues each business is facing and differences in the speed of growth of each business.



Basic Policy	
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">Concentration and strengthening of core business</p> <ul style="list-style-type: none"> • Concentration of management resources on the beer business • Contraction of and withdrawal from low-profit businesses and shift to growth fields such as food </div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">Acceleration of global expansion</p> <ul style="list-style-type: none"> • Transfer of all overseas operations to operating companies and development of a consistent global brand strategy • Investment in expanding the North American business • Acceleration of expansion of the Asia-Pacific business • Development of global human resources </div>
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">Establishment of a simple and compact corporate structure</p> <ul style="list-style-type: none"> • Reorganization into a small headquarters and simple organization, and promotion of BPR (*1) and DX (*2) • Shift of the Sapporo Holdings’ focus to governance, support for operating companies, and management resource allocation • Transfer of all business promotion functions to operating companies to leverage flexibility <p>(*1) BPR = Business Process Engineering. It means resolutely reviewing the existing organizations and systems, and redesigning business processes.</p> <p>(*2) DX = Digital Transformation. It means taking advantage of IT technologies and changing the business model itself.</p> </div>	<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Promotion of sustainability management</p> <ul style="list-style-type: none"> • Creation of social value as well as economic value, including a system for cultivating the Group’s own high-quality raw materials • Promotion of urban development in Ebisu, Sapporo and Ginza, areas to which the Company has its connections and/or origins • Enhancement of management transparency and fairness to be in line with needs of the current times </div>

Financial targets, financial policy, and shareholder return policy

Financial targets

Profit from operations before non-recurring items in 2024	Revenue growth	2% or more (annual average)
¥30.0 billion (Group consolidated)	Ratio of profit from operations before non-recurring items to revenue	5% or more
	Overseas revenue growth	1.6 times (compared to 2019)

Financial policy

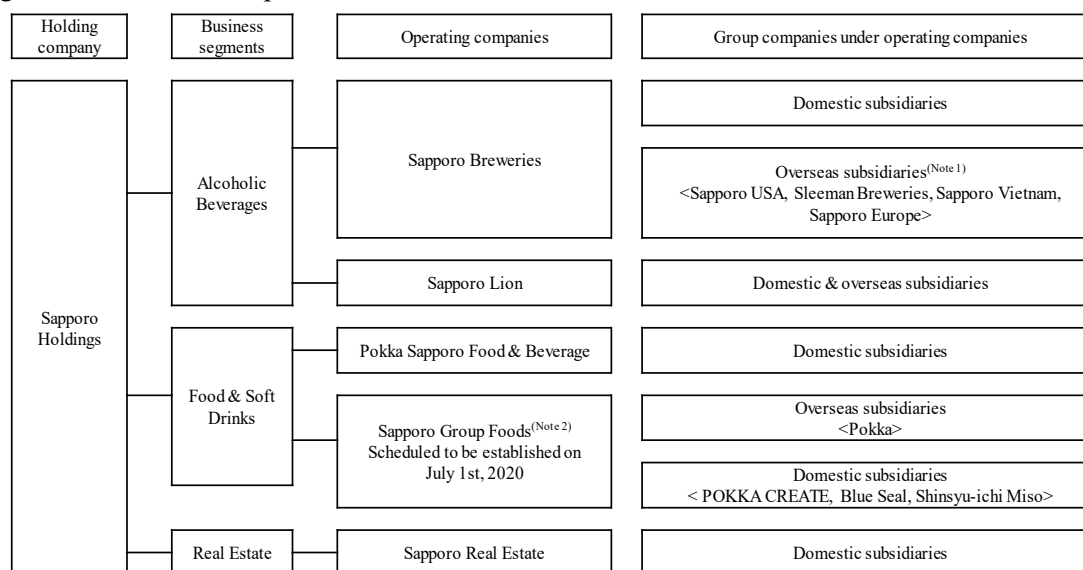
- The Company will strive to strengthen its profitability by investing the amount equivalent to its operating cash flow, while emphasizing profitability and efficiency in relation to the capital invested.
- The Company will maintain its current credit rating levels by using Net D/E ratio and the ratio of interest-bearing debt to EBITDA as key indicators, taking into account the balance of capital and profitability relative to the level of interest-bearing debt

Shareholder return policy

- The Company regards the appropriate return of profits to shareholders as an important management policy and will pay stable dividends in consideration of its business performance and financial condition.
- As for the level of dividends, the Company will take into account dividend payout ratio and DOE(*) while working to enhance its corporate value under this Management Plan. In the event that “profit attributable to owners of parent” fluctuates significantly due to temporary losses related to special factors or recording of profits, the dividend amount may be determined taking into account the impact of such fluctuations.

* DOE = Amount of dividends/Amount of capital (i.e., total equity attributable to owners of parent)

Reorganization of the Group structure



Notes:

1. Sapporo USA and Sleeman Breweries will be transferred from Sapporo Holdings to Sapporo Breweries on April 1, 2020.
2. Focusing on the core businesses, the Group will flexibly construct a portfolio for the food & soft drinks business in Japan and other countries and, in order to realize food innovation tied to new lifestyle scenes and styles, establish a new company on July 1, 2020 (scheduled) for a two-company structure, including Pokka Sapporo Food & Beverage.

Consolidated Statement of Financial Position

(As of December 31, 2019)

(Million Yen)

Item	96th business term (As of December 31, 2019)	(Reference) 95th business term (As of December 31, 2018)	Item	96th business term (As of December 31, 2019)	(Reference) 95th business term (As of December 31, 2018)
[Assets]			[Liabilities]		
Current assets	155,765	153,544	Current liabilities	210,472	214,591
Cash and cash equivalents	15,215	9,989	Trade and other payables	34,475	35,292
Trade and other receivables	92,529	93,340	Bonds and borrowings	72,121	73,863
Inventories	36,528	37,109	Lease liabilities	6,538	6,743
Other financial assets	5,403	4,790	Income taxes payable	2,414	1,527
Other current assets	6,090	8,316	Other financial liabilities	33,021	33,905
Non-current assets	482,957	486,148	Other current liabilities	61,903	63,260
Property, plant and equipment	147,014	152,676	Non-current liabilities	253,725	260,367
Investment property	219,589	215,522	Bonds and borrowings	155,220	154,483
Goodwill	18,358	21,229	Lease liabilities	23,921	24,495
Intangible assets	8,844	12,056	Other financial liabilities	46,624	45,733
Investments accounted for using equity method	428	410	Retirement benefit liability	5,007	11,715
Other financial assets	78,728	70,205	Other non-current liabilities	2,828	2,991
Other non-current assets	7,445	8,526	Deferred tax liabilities	20,125	20,950
Deferred tax assets	2,551	5,523	Total liabilities	464,197	474,957
			[Equity]		
			Share capital	53,887	53,887
			Capital surplus	40,958	40,998
			Treasury shares	(1,792)	(1,822)
			Retained earnings	51,521	46,065
			Other components of equity	29,497	22,373
			Total equity attributable to owners of parent	174,071	161,501
			Non-controlling interests	454	3,234
			Total equity	174,524	164,735
Total assets	638,722	639,692	Total liabilities and equity	638,722	639,692

Consolidated Statement of Profit or Loss

(From January 1, 2019 to December 31, 2019)

(Million Yen)

Item	96th business term (From January 1, 2019 to December 31, 2019)	(Reference) 95th business term (From January 1, 2018 to December 31, 2018)
Continuing operations		
Revenue	491,896	493,908
Cost of sales	336,682	335,631
Gross profit	155,213	158,277
Selling, general and administrative expenses	143,490	143,118
Other operating income	3,528	3,009
Other operating expenses	3,044	6,580
Operating profit	12,208	11,588
Finance income	1,227	1,139
Finance costs	1,864	2,117
Share of profit of investments accounted for using equity method	18	19
Profit before tax	11,588	10,629
Income tax expense	4,259	2,023
Profit from continuing operations	7,329	8,606
Discontinued operations		
Loss from discontinued operations	(3,509)	(886)
Profit	3,820	7,721
Profit attributable to		
Owners of parent	4,356	8,521
Non-controlling interests	(536)	(801)
Profit	3,820	7,721

Consolidated Statement of Changes in Equity

(From January 1, 2019 to December 31, 2019)

(Million Yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity				
					Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total
Balance as of January 1, 2019	53,887	40,998	(1,822)	46,065	(1,485)	(188)	24,046	–	22,373
Profit				4,356					–
Other comprehensive income					622	120	6,411	4,595	11,748
Comprehensive income	–	–	–	4,356	622	120	6,411	4,595	11,748
Purchase of treasury shares			(9)						–
Disposal of treasury shares		0	39						–
Dividends				(3,277)					–
Disposal of subsidiaries, etc.				(245)					–
Share-based payment transactions		(41)							–
Transfer to retained earnings				4,623			(28)	(4,595)	(4,623)
Total transactions with owners	–	(41)	30	1,100	–	–	(28)	(4,595)	(4,623)
Balance as of December 31, 2019	53,887	40,958	(1,792)	51,521	(863)	(68)	30,428	–	29,497

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2019	161,501	3,234	164,735
Profit	4,356	(536)	3,820
Other comprehensive income	11,748	348	12,095
Comprehensive income	16,104	(188)	15,915
Purchase of treasury shares	(9)	–	(9)
Disposal of treasury shares	39	–	39
Dividends	(3,277)	(12)	(3,289)
Disposal of subsidiaries, etc.	(245)	(2,580)	(2,826)
Share-based payment transactions	(41)	–	(41)
Transfer to retained earnings	–	–	–
Total transactions with owners	(3,534)	(2,592)	(6,126)
Balance as of December 31, 2019	174,071	454	174,524

Non-Consolidated Balance Sheet

(As of December 31, 2019)

(Million Yen)

Item	96th business term (As of December 31, 2019)	(Reference) 95th business term (As of December 31, 2018)	Item	96th business term (As of December 31, 2019)	(Reference) 95th business term (As of December 31, 2018)
[Assets]			[Liabilities]		
Current assets	65,699	165,457	Current liabilities	80,828	80,840
Cash and deposits	5,532	2,114	Short-term borrowings	11,000	10,000
Operating accounts receivable	692	554	Current portion of bonds	20,000	10,000
Advance payments - trade	0	0	Current portion of long-term borrowings	15,995	20,192
Prepaid expenses	5	7	Commercial papers	22,000	28,500
Deferred tax assets	-	69	Accounts payable - other	2,718	1,350
Accounts receivable - other	5,905	5,970	Accrued expenses	266	237
Short-term loans receivable	53,556	156,734	Income taxes payable	637	9
Other	8	9	Accrued consumption taxes	253	17
			Deposits received	7,802	10,432
			Unearned revenue	0	0
			Provision for bonuses	157	103
Non-current assets	343,119	236,594	Non-current liabilities	156,312	150,805
Property, plant and equipment	368	427	Bonds payable	40,000	40,000
Buildings	69	73	Bonds with share acquisition rights	19,929	19,875
Structures	5	6	Long-term borrowings	94,450	89,127
Machinery and equipment	2	3	Provision for retirement benefits	7	38
Tools, furniture and fixtures	289	263	Provision for share-based remuneration for directors (and other officers)	68	110
Construction in progress	1	81	Deferred tax liabilities	1,833	1,637
Intangible assets	49	7	Asset retirement obligations	9	9
Software	49	7	Other	16	9
Investments and other assets	342,703	236,160	Total liabilities	237,140	231,645
Investment securities	7,953	7,519	[Net Assets]		
Shares of subsidiaries and associates	186,273	189,122	Shareholders' equity	168,785	167,642
Long-term loans receivable	150,497	41,535	Share capital	53,887	53,887
Long-term prepaid expenses	10	9	Capital surplus	46,723	46,723
Claims provable in bankruptcy, claims provable in rehabilitation and other	-	4	Legal capital surplus	46,544	46,544
Prepaid pension cost	2,074	1,141	Other capital surplus	180	180
Other	328	366	Retained earnings	69,967	68,854
Allowance for doubtful accounts	(900)	(4)	Legal retained earnings	6,754	6,754
Allowance for investment loss	(3,532)	(3,532)	Other retained earnings	63,213	62,100
			General reserve	16,339	16,339
			Retained earnings brought forward	46,874	45,761
			Treasury shares	(1,792)	(1,822)
			Valuation and translation adjustments	2,709	2,581
			Valuation difference on available-for-sale securities	2,709	2,581
			Share acquisition rights	182	182
Total assets	408,817	402,051	Total net assets	171,677	170,405
			Total liabilities and net assets	408,817	402,051

Non-Consolidated Statement of Income

(From January 1, 2019 to December 31, 2019)

(Million Yen)

Item	96th business term (From January 1, 2019 to December 31, 2019)	(Reference) 95th business term (From January 1, 2018 to December 31, 2018)
Operating revenue	16,644	19,406
Managing revenue from operating companies	6,969	4,787
Dividend income from subsidiaries and associates	8,423	14,384
Other	1,252	234
Operating expenses	7,878	6,231
General and administrative expenses	7,878	6,231
Operating profit	8,766	13,175
Non-operating income	1,341	1,322
Interest and dividend income	1,310	1,308
Other revenue	30	14
Non-operating expenses	1,979	975
Interest expenses	871	934
Provision of allowance for doubtful accounts	900	-
Other expenses	209	40
Ordinary profit	8,128	13,522
Extraordinary income	-	570
Gain on sales of investment securities	-	570
Extraordinary losses	5,130	111
Loss on retirement of non-current assets	5	0
Loss on valuation of shares of subsidiaries and associates	-	111
Loss on sales of investment securities	20	-
Loss on sales of shares of subsidiaries	5,105	-
Profit before income taxes	2,997	13,981
Income taxes - current	(1,585)	(461)
Income taxes - deferred	192	378
Profit	4,390	14,063

Non-Consolidated Statement of Changes in Equity

(From January 1, 2019 to December 31, 2019)

(Million Yen)

	Shareholders' equity									
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	Total retained earnings		
Balance as of January 1, 2019	53,887	46,544	180	46,723	6,754	16,339	45,761	68,854	(1,822)	167,642
Changes of items during period										
Dividends of surplus							(3,277)	(3,277)		(3,277)
Profit							4,390	4,390		4,390
Purchase of treasury shares									(9)	(9)
Disposal of treasury shares			0	0					39	39
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	0	0	-	-	1,113	1,113	30	1,142
Balance as of December 31, 2019	53,887	46,544	180	46,723	6,754	16,339	46,874	69,967	(1,792)	168,785

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of January 1, 2019	2,581	2,581	182	170,405
Changes of items during period				
Dividends of surplus				(3,277)
Profit				4,390
Purchase of treasury shares				(9)
Disposal of treasury shares				39
Net changes of items other than shareholders' equity	129	129		129
Total changes of items during period	129	129	-	1,272
Balance as of December 31, 2019	2,709	2,709	182	171,677