

Q&A from Financial Statements Briefing for 1H of Year ending December 31, 2014

<Date and Time> August 6, 15:30-17:00

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

1. Japanese Alcoholic Beverages Business

Q. Could you explain the details behind the voluntarily amended return that your company filed for the difference in liquor tax payment due to the amendment in the tax rate category applicable to Goku ZERO, as well as the main reasons that sales have been positive even after Goku ZERO's classification has been changed to "sparkling liquor"(with a malt ratio of less than 25%) and sales have recommenced?

A. (SB President Oga) With regard to the applicable tax rate category, we received a request from the National Tax Agency to provide information on the production method of Goku ZERO. We internally verified interpretations of the statutes regarding the agency's Liquor Tax Act, and while conducting tests on the data requested from the bureau in accordance with this, we determined that we would cause trouble for many customers and clients in the event that "Goku ZERO" did not come under "(1) effervescent alcoholic beverages," and decided to end sales. In addition, also taking into consideration the opinions of outside experts, from the standpoint of reducing additional financial burdens, we voluntarily filed a revised tax return. We conducted our payments for the products that shipped through April at the end of June.

For the last portion, which shipped in June, the payment deadline is at the end of August. Our company is of the understanding that "Goku ZERO" falls under "(1) effervescent alcoholic beverages" and we will continue to seek the opinions of outside experts and pursue the necessary actions in order to advocate our understanding while complying with statutory procedures.

We rereleased Goku ZERO on July 15 as a sparkling liquor. Despite the increased sales price, customers concerned about purines have continued to offer strong support, and we believe that we can achieve our annual sales volume target of 5.5 million cases. We will continue to make appeals regarding the superiority of this beverage, a "world first" as a product in the beer genre that is so refreshing you can gulp it down, and featuring 0 carbohydrates and 0 purines.

Q. Could you please speak about the growth of the premium beer market and the trends for YEBISU this year?

A. (SB President Oga) This year, from the beginning of the year, each company has released new products, and the interest in the premium beer market has grown. In that context, YEBISU has seen an increase in sales volume compared to the same period in the previous year, and is performing favorably. The stimulation of the market has brought about a positive influence, and we will continue to provide customers with value that can only be found in YEBISU.

Q. While premium beers and functional products have generated buzz, Sapporo Draft Beer Black Label is performing strongly in the standard beer category as well. What is in the background of that?

A. (SB President Oga) In particular, the canned Black Label is performing strongly. I feel that the phrase from our TV commercials has resonated with the younger generation. From this year, we have linked canned beer for home consumption and draft beer for commercial use, and are rolling out efforts for "The Perfect Black Label" to really make our brand stand out.

2. International Business

Q. What is the situation regarding the North American alcoholic beverage business?

A. (President Kamijo) The price range in the Canadian market is the same as in Japan: starting from the lowest price, there are "value," "standard," and "premium" categories. Price wars are occurring in the standard portion. SLEEMAN BREWERIES does not have any products in the standard price range, but there was influence on its sales volume in the value category from January to March. However, it has been able to catch up from April to June, and the sales volume for its premium products has improved, reaching 105% compared to the previous year.

3. Food and Soft Drinks Business

Q. Can you please inform us about the context for the business reorganization within the group and about its impact on the performance of the food and soft drinks business?

A. (President Kamijo, Director Mizokami) We are conducting these measures as efforts toward the more efficient operation of the group. On this occasion, we have reorganized the operational business of soft drink vending machines, which had been separated into multiple operators around the country, by elements such as clients and areas. We believe that the benefits that come about through business reorganization, which include speedier decision making and the elimination of redundancy in terms of sales locations, will exert influence on our performance, both directly and indirectly.