

The Board of Directors' Opinion on the Agenda Items Proposed by a Shareholder and Supplementary Explanation Concerning the Company's Governance Structure (and Its Position on the Shareholder's Letter of Inquiry)

Sapporo Holdings Limited (the "Company") received a shareholder proposal from 3D Investment Partners Pte. Ltd. ("3D"), a shareholder of the Company, and disclosed the Board of Directors' dissenting opinion on February 17, 2025.

Subsequently, on February 18, 3D disclosed a public inquiry concerning our acquisition of Stone Brewing Co., LLC, requesting a public response by February 28.

The Company has always sincerely explained the issues in question to its shareholders through timely disclosures, briefings, and individual interviews.

To ensure that the Company's shareholders fully understand its perspective, the Company hereby provides its Board of Directors' dissenting opinion on the agenda items proposed by a shareholder (3D) and supplementary explanation concerning the Company's governance structure, as well as its response to the shareholder's Letter of Inquiry. For details of the Company's response to 3D's public inquiry, see the attached document.

The Company is committed to continuously disclosing fair and reliable information in compliance with relevant regulations to promote understanding of the Company.

The Company will continue to explain its views as needed in a timely and appropriate manner.

End



SAPPORO

Opinion of the Board of Directors on the Shareholder's Proposal and Supplementary Explanation of the Company's Governance Structure (And the Company's Comments on the Shareholders' Questionnaire)

Sapporo Holdings Limited

February 28, 2025

URL <https://www.sapporoholdings.jp>

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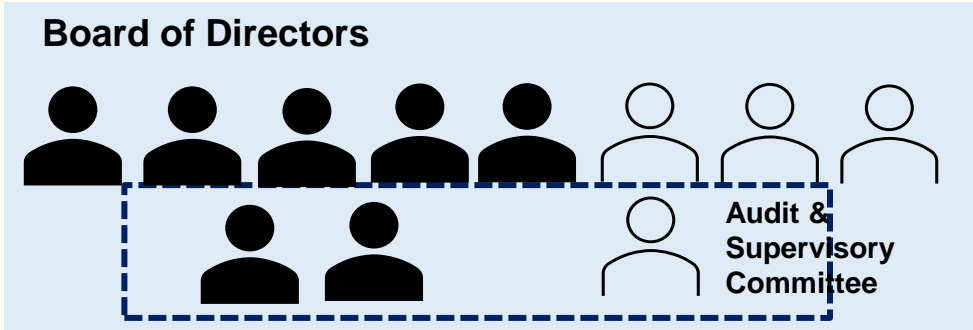
1. The Company's Governance Structure

The Company has strengthened its corporate governance structure by ensuring that the majority of the Board of Directors is composed of Independent Outside Directors, and by fulfilling the skill matrix required to oversee the implementation of the Medium-Term Management Plan, the Company realizes the structure of the Board of Directors which contributes to sustainable growth and increased corporate value.

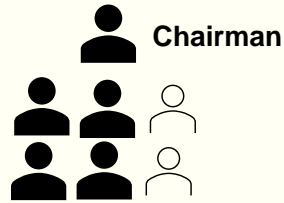
- ✓ **The Board of Directors and Nominating and Remuneration Committee are made up of a majority of Independent Outside Directors and thus are independent, objective, and professional.**
- ✓ **We will continue to steadily implement the Medium- to Long-Term Growth Strategy with the structure of the Board of Directors that has been gradually strengthening its lineup and formulating strategies with continuity and potential.**
- ✓ **The Directors proposed by the Company are well balanced with sufficient skills required to oversee the execution of the strategy to increase corporate value.**
- ✓ **We expect our Independent Outside Directors to contribute to the corporate improvement by utilizing their respective skills, and all of them meet the standards for independence.**
- ✓ **The Audit & Supervisory Committee, the majority of which is composed of Independent Outside Directors, is responsible for monitoring the status of execution in detail and performing an appropriate supervisory function.**

The Board of Directors and Nominating and Remuneration Committee are made up of a majority of Independent Outside Directors and thus are independent, objective, and professional.

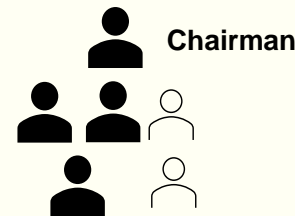
Structure in 2024



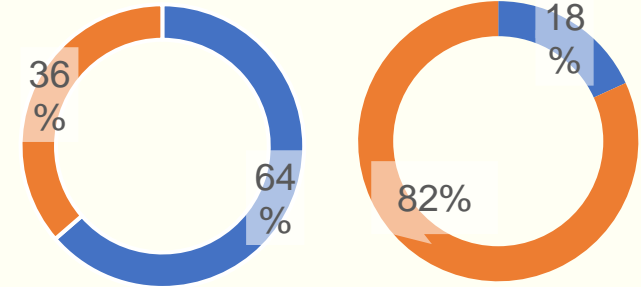
Nominating Committee



Remuneration Committee



Board Diversity



■ Independent Outside Director
■ Internal Director

■ Female
■ Male

■ Independent Outside Director
○ Internal Director

We will continue to steadily implement the Medium- to Long-Term Growth Strategy with the structure of the Board of Directors that has been gradually strengthening its lineup and formulating strategies with continuity and potential.

2022



Formulated the Medium-Term Management Plan (Emphasis on profitability and capital efficiency)

Participated in by Independent Outside Directors in dialogue with capital market (continued)
Discontinued the policy in response to large-scale purchases of the Company's share certificates, etc.
Formulated a policy to reduce cross-shareholdings (Ratio of cross-shareholdings at less than 20% of capital by the end of December 2026)

2023



Elected Outside Director with expertise in the real estate business

Formulated the Medium- to Long-Term Management Policy (Concentration on the Alcoholic Beverages business, injection of external capital into the Real Estate business)

Conducted a review of the Board of Directors' skill matrix
Set a target for further reduction of cross-shareholdings (Ratio of cross-shareholdings to be less than 10% of capital by the end of December 2026)

2024



Elected Outside Directors with expertise in finance, M&A, and food



Formulated the Medium- to Long-Term Growth Strategy
Initiated the process of injecting external capital into the Real Estate business

Revision of the compensation system for the Directors

2025



Execute the Medium- to Long-Term Growth Strategy

1-2 Structure of the Board of Directors



The Directors proposed by the Company at the General Meeting of Shareholders are well balanced with sufficient skills required to oversee the execution of the strategy to increase corporate value.








Name	Internal Director			Outside Director					Internal Director Audit & Supervisory Committee Member	Outside Director and Audit & Supervisory Committee Member	
	Hiroshi Tokimatsu	Yoshitada Matsude	Rieko Shofu	Tetsuya Shoji	Toshihiro Uchiyama	Makio Tanehashi	Kotaro Okamura	Ryotaro Fujii	Toru Miyaishi	Kohtarō Yamamoto	Naoko Tanouchi
Independent				○	○	○	○	○		○	○
Years in office	Newly elected	3 years	3 years	4 years	3 years	2 years	1 year	1 year	1 year	5 years	1 year
Corporate management	○	○	○	○	○	○	○	○	○		
Financial accounting	○	○	○			○	○	○			○
Legal compliance Risk management	○				○	○				○	○
Human resources Human assets		○		○			○		○		
Global operation			○	○	○		○	○		○	○
Marketing	○		○		○			○	○		○
DX & IT				○					○		
Sustainability		○				○				○	

* To clarify the balance of skills as a Board of Directors, this list focuses on the skills that each director possesses that are “expected” in the Company, and does not represent all the skills (knowledge, experience, and abilities) possessed by each director.

1-3 Roles and Independence of Independent Outside Directors



We expect our Independent Outside Directors to contribute to corporate improvement by utilizing their respective skills, and all of them meet the standards for independence.

Name	Independence	Expected role	Last year's rate of approval
Tetsuya Shoji	 ○	He has a wealth of experience and a rich track record as a corporate manager. He has extensive insight for planning, human resources and general affairs, global expansion, and the promotion of digital transformation (DX) in particular. He is expected to offer pertinent opinions and advice regarding business portfolio streamlining, global expansion, and operational reform through DX.	98.75%
Toshihiro Uchiyama	 ○	He has a wealth of experience and a rich track record as a corporate manager. He has extensive insight for global expansion, compliance, and marketing in particular. He is expected to offer pertinent opinions and advice regarding global expansion and marketing.	99.69%
Makio Tanehashi	 ○	He has a wealth of experience and a rich track record as a corporate manager as well as extensive insight into real estate business, finance, and compliance. He is expected to offer pertinent opinions and advice regarding improvement of asset efficiency in the real estate business based on his abundant management experience in finance and real estate.	99.48%
Kotaro Okamura	 ○	He has a wealth of experience and a rich track record in business operations and corporate management through his work at an investment bank and a foreign affiliate. In particular, he has extensive insight into the areas of financial accounting, global expansion, and human resources and human assets. He is expected to offer pertinent opinions and advice regarding capital efficiency improvement, global M&A, and active participation of diverse human assets.	99.74%
Ryotaro Fujii	 ○	He has a wealth of experience and a rich track record at private equity funds, in addition to extensive insight into the areas of financial accounting, global expansion, and marketing. He is expected to offer pertinent opinions and advice regarding the formulation of growth strategies such as capital efficiency improvement, structural reform, and global M&A.	99.74%
Kohtarō Yamamoto	 ○	He specializes in corporate law, antitrust law, and international contracts, and we expect that he will be able to audit and supervise the execution of duties based on his extensive knowledge and experience as an attorney with expertise in the field of corporate legal affairs.	99.71%
Naoko Tanouchi	 ○	She has a wealth of experience, a rich track record, and insight into M&A, corporate planning, internal auditing, and auditing at a major food company. We expect that she will be able to audit and supervise the execution of duties by directors based on her past experience in corporate planning, internal auditing, auditing, and as an outside director.	99.81%

✓ **All of the Company's Outside Directors meet the Standards for Independence as stipulated by the financial instruments exchanges, and the Company has notified the Tokyo Stock Exchange and the Sapporo Securities Exchange of their appointment as Independent Officers.**

* Standards for Independence of Outside Directors of the Company (Excerpt)
 A person who is **not currently or during the past three years has not been** a major business partner (has made payments of an amount equivalent to 2% or more of the Company's annual consolidated revenue) of the Group or a major shareholder (directly or indirectly holds 10% or more of the total voting rights of the company within the Group) of the Group

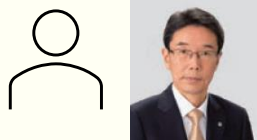
1-4 Structure of the Audit & Supervisory Committee

The Audit & Supervisory Committee, the majority of which is composed of Independent Outside Directors, is responsible for monitoring the status of execution in detail and performing an appropriate supervisory function.

■ Composition of the Audit & Supervisory Committee

- ✓ The Audit & Supervisory Committee is made up of a majority of Independent Outside Directors.

Chairman



Internal Director

Mr. Miyaiishi, the Chairman, is responsible for corporate planning, human resources, and marketing in the Alcoholic Beverages business and the Food & Soft Drinks business.

He has skills in corporate management, human resources and human assets, marketing, and DX & IT.



Independent
Outside Director

Mr. Yamamoto is an attorney-at-law and has skills in legal affairs, compliance, risk management, global operations, and sustainability.



Independent
Outside Director

Ms. Tanouchi has experience in M&A, corporate planning, and auditing at a major food company. She has skills in financial accounting, legal affairs, compliance, risk management, global operations, and marketing.

■ Major Activities of the Audit & Supervisory Committee (2024 Result)

- ✓ The statutory Audit & Supervisory Committee Chairman attends important meetings such as the ■ ■ Management Committee □ □ and works closely with the Internal Auditing Department, the internal control departments, and the accounting auditors.

- 1) Number of Audit & Supervisory Committee meetings held: 17 times
- 2) Hearing of business reports from directors and exchange of opinions
- Directors: 30 times, Group Executive Officers: 13 times
- 3) Investigation and exchange of opinions on the financial results and assets of group companies
- Exchange of opinions with managers of major departments and on-site inspections (domestic business units, North American alcoholic beverages subsidiaries, Asian food & soft drinks subsidiaries)
- 4) Communication with accounting auditors, Internal Auditing Department, and internal control departments
- 53 times
- 5) Others
- Attendance at important meetings and exchange of opinions with auditors of operating companies and subsidiaries

2. The Company's Management to Enhance Corporate Value

Promotion of the Medium-Term Management Plan (2023-2026)

- ✓ We have formulated the Medium-Term Management Plan based on our awareness of the issues of low return on capital and weak commitment to achieving the plan.
- ✓ We have set a financial target of 8% ROE in 2026, and we expect to achieve this target at this time.
- ✓ For the 2023-2024 period, we achieved the annual plan for revenue and core operating profit. We have steadily strengthened our earnings capability, and core operating profit has grown significantly from 9.3 billion yen in 2022 to 22.0 billion yen in 2024.
- ✓ In addition, we have been making steady progress in business portfolio streamlining and reduction of cross-shareholdings.
- ✓ As for the overseas alcoholic beverages segment, the U.S. business is working on early improvement of profitability through structural reforms, while Canada and Vietnam are making stable contributions to profits. We will continue to expand our business in Canada by strengthening Beyond Beer (RTD and non-alcoholic beverages) in addition to beer, and in Vietnam by forming a partnership with Carlsberg in both production and sales.

Formulated the Medium- to Long-Term Growth Strategy

- ✓ In response to requests for “Sapporo's medium- to long-term outlook” in dialogue with capital markets immediately after the start of the Medium-Term Management Plan, we formulated a Medium- to Long-Term Management Policy in February 2024, and have been studying how to put it into place.
- ✓ In February 2025, we announced the Medium- to Long-Term Growth Strategy, establishing a medium- to long-term vision and a framework for the Medium- to Long-Term Strategy, as well as a target for average core operating profit growth of approximately 10% and a core operating profit margin of 10% or more for the domestic Alcoholic Beverages business by 2030, in order to achieve the long-term financial target of ROE of 10% or more.
- ✓ Regarding the off-balancing of the Real Estate business through the injection of external capital, the process of soliciting and selecting partner candidates began in September 2024, and a conclusion will be reached by the end of 2025.

2-1 2024 Financial Results



2024 Financial Results: Despite a net profit decline due to impairment losses in the overseas alcoholic beverages segment (U.S. business), core operating profit increased

- Strengthening the domestic beer business and structural reforms across various segments led to core operating profit exceeding 20 billion yen for the first time since IFRS adoption, demonstrating the Company's core earnings capability
- Continued balance sheet reforms, including asset sales in cross-shareholdings, to enhance capital efficiency
- Annual dividend is scheduled to increase for the second consecutive year (52 yen) in consideration of stable dividend payments and profit growth, excluding temporary special factors

2025 Plan: Aiming for further profit growth by leveraging strengths, centered on the domestic beer business

- Targeting revenue and profit growth. While strengthening the domestic beer business in anticipation of the alcohol tax revision, we will also advance structural reforms in the overseas alcoholic beverages segment (U.S. business) and continue balance sheet restructuring
Planning to increase the annual dividend for the third consecutive year to 60 yen

(billions of yen)	2023 Result	2024 Initial plan	2024 Result	2024		2025 Plan	YoY
				YoY	vs. Initial plan		
Revenue	518.6	523.5	530.8	+12.2 +2.3%	+7.3 +1.4%	532.0	+1.2 +0.2%
Core operating profit (Revenue - COGS - SGA)	15.6	19.0	22.0	+6.4 +41.0%	+3.0 +16.0%	24.5	+2.5 +11.2%
Operating profit	11.8	17.6	10.4	(1.4) (11.9%)	(7.2) (40.8%)	20.0	+9.6 +92.0%
Profit attributable to owners of parent	87	100	77	(10) (11.6%)	(23) (22.9%)	11.0	+3.3 +42.6%
ROE	5.0%	5.5%	4.1%	-	-	5.5%	-

Progress report on Medium- to Long-Term Policies

- The results of the study were announced in the timely disclosure of "Group Medium- to Long-Term Growth Strategy" on February 14, 2025.

2-2 Initiatives to Enhance Capital Profitability and Reduce Capital Cost



Under the policy to promote a financial strategy that emphasizes sustainable growth and capital efficiency with an awareness of the cost of capital and stock price, and to achieve corporate value enhancement, we implemented the following initiatives in 2024.

Efforts to reduce cross-shareholdings are progressing well

Main efforts to enhance corporate value

Achievements in 2024 and future policy

Enhancement of capital profitability

Business growth

The concentration of production sites in domestic beer and continued positive trends for Black Label and SPB contributed to profit growth. **Going forward, we will strengthen investment in sales promotion of Black Label in Japan, and overseas, we will strengthen the manufacturing and sales structure of SPB, whose revenue continues to grow.**

Review of business portfolio

The liquidation process for Anchor is in progress, and the transfer of the plant-based yogurt business has been completed. Continue to **strengthen monitoring by business and set and manage target ROIC by adding spread to WACC.**

Structural reforms

The structural reforms for part of the domestic Food & Soft Drinks business and the Restaurants business, as planned in the current medium-term management plan, have been completed. In the U.S. business, which has been newly positioned for restructuring, we will carry forward structural reforms and rebuild the management and business foundation.

Balance sheet reforms

In 2024, we sold 19 stocks of cross-shareholdings worth 19.7 billion yen, reducing the book value ratio of cross-shareholdings to capital from 27% to 16%.
Continuation of further reductions in cross-shareholdings to achieve the target of a book-value ratio of less than 10% by 2026.

Capital policy and shareholder returns

The dividend is **expected to increase for the second consecutive year** in 2024 (dividend per share: 47 yen → 52 yen) and **for the third consecutive year** in 2025 (dividend forecast: 60 yen).
Continue to provide stable dividends **while aiming for an increase in dividend levels in line with profit growth.**

Strengthening of ESG

Start of disclosure of nature-related financial information integrated with “initiatives toward climate change” based on the TNFD information disclosure framework.
Addition of “**Realization of a society in harmony with nature**” and “**Promotion of responsible drinking**” as new “**most important issues**” in line with changes in the social conditions and business environment.

Strengthening of SR and IR

The number of SR and IR meetings in 2024 was 205, an increase of approximately 1.4 times compared to the previous year, reflecting active dialogue.
We will continue to **actively communicate with investors.**

Reduction of capital cost

2-3 (1) Progress on the Medium-Term Management Plan (2023~26): Major Results up to 2024



In 2024, initiatives were implemented on both fronts: strengthening & growth, and structural reforms & business liquidation

In the overseas alcoholic beverages segment (U.S. business), we recorded impairment losses, and measures will be taken to address them

Major Results up to 2024

Strengthening/Growth

Alcoholic Beverages (Japan)
Reinforcement of Beer

+17%

(volume basis, vs. 2022)

Growth, centered on the Black Label brand, outperformed the market (with improved share of beer sales)

Alcoholic Beverages (Japan)
RTD Business Growth and Production Streamlining

93%

(Ratio of In-house production)

RTD in-house production ratio significantly increased (73% in 2022) / Sales reached record high for fourth consecutive year

Alcoholic Beverages (Overseas)
SPB Growth

+34%

(volume basis, vs. 2022)

Growth centered on the U.S. and APAC area (U.S. continues to see double-digit growth)

Responding to New Challenges

Alcoholic Beverages (Overseas) Structural Reforms in the U.S. Business

- ✓ Established a local production and sales framework in the U.S., with the Sapporo Premium Beer (SPB) brand continuing to show strong growth; however, profitability has not lived up to initial estimations due to a declining sales of Stone brand and cost inflation.
- ✓ Short-term improvements are challenging, leading to the recording of goodwill impairment.
- ✓ Advancing structural reforms to leverage SPB's high growth potential into Group-wide profit growth.
Targeting a positive EBITDA turnaround within the current medium-term plan period (by 2026)

Structural reform & Business liquidation

Food & Soft Drinks (Japan)
Cost Structure Reforms

¥2.1 Billion

(PL basis, vs. 2022)

Waste reduction through SKU optimization, cost efficiency improvements, etc.

Review of business portfolio

¥1.7 Billion

(PL basis, vs. 2022)

Resolution to dissolve Anchor, Liquidation of PVS

Balance sheet reforms (Asset-light initiatives)

¥25.0 Billion

(sale value basis, vs. 2022)

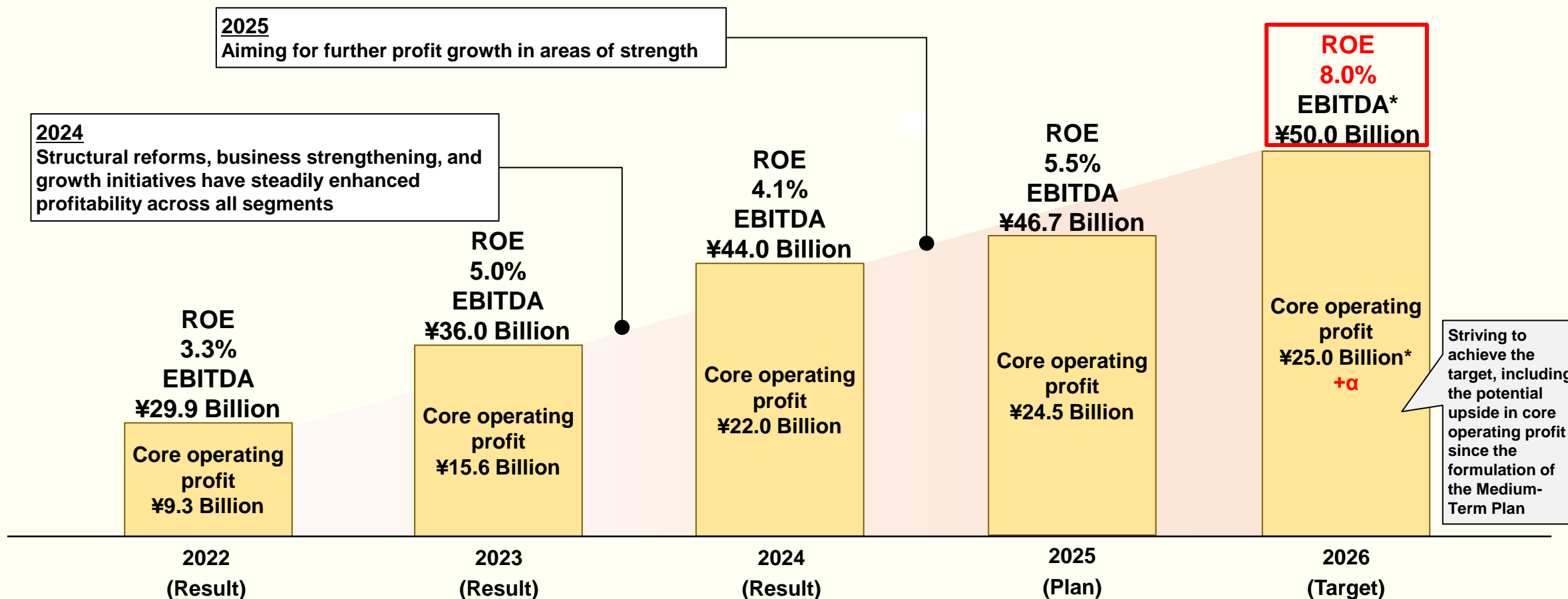
Sale of cross-shareholdings

2-3 (2) Progress on the Medium-Term Management Plan (2023–2026): Achieving Steady Profit Growth



**Core operating profit is steadily increasing through improvements in the profitability of each business.
The Company is now at a stage where achieving an ROE of 8% in 2026 is well within sight**

Core operating profit trend



*Approximation for achieving financial targets
(No changes have been made since the Medium-Term
Plan was formulated)
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2-3 (3) Progress on the Medium-Term Management Plan (2023~26): Target for Core Operating Profit



Core operating profit margin in the Alcoholic Beverages business in Japan has already met the target in the Medium-Term Management Plan and is expected to improve further

[Target for core operating profit margin]

	2022 Result	2024 Result	2025 Plan	Outlook for 2026 ^{*1}	2026 Medium-Term Plan target ^{*2}
Alcoholic Beverages (Japan)	3.5%	6.0%	7.0%	7.5%	5.7%
Alcoholic Beverages (Overseas)	(0.4%)	0.4%	0.4%	2.8%	6.2%
Restaurants	(3.3%)	9.3%	9.1%	9.0%	5.0%
Food & Soft Drinks (Japan)	0.9%	2.5%	3.4%	4.4%	3.8%
Soft Drinks (Overseas)	3.6%	4.3%	4.7%	5.6%	5.0%
Real Estate (*EBITDA-based ROA)	4.9%	5.5%	5.2%	6.0%	5.7%

*1 Latest outlook as for now

*2 The 2026 Medium-Term Plan target remains unchanged from the time of formulation.

2-4 Process for Realization of Medium- to Long-Term Policies

In response to requests for “Sapporo's medium- to long-term outlook” in dialogue with the capital market, the Board of Directors took the initiative and began considering medium- to long-term policies.

- To enhance medium- to long-term corporate value beyond the Medium-Term Management Plan (2023-26), between September 2023 and January 2024, we established the Group Strategy Review Committee, which included external experts among its members.

After thorough and objective discussions, the following issues were identified:

① Lower than expected profitability

② Diversified business portfolio

③ Necessity of a medium- to long-term goal

2023

- In February 2024, we announced the Medium- to Long-Term Management Policy, which set out our goals for the future:

Medium- to Long-term Management Policy

- We will focus on our domestic and overseas Alcoholic Beverages businesses as core businesses, concentrate management resources on growth areas, and inject external capital into the Real Estate business.
- We will fundamentally reshape our organization, including its structure and operations, to enhance our ability to execute change.
- With a focus on improving capital efficiency, we aim to achieve a return on equity (ROE) of 10% or higher.

2024

To achieve the Policy, we launched the Medium- to Long-Term Strategy Project that ran from April to November 2024.

Outside Directors with expertise in the relevant subject matter participate in the working groups.

2-5 (1) Medium- to Long-term Growth Strategy

■ Medium- to Long-term Vision and Strategy

With our Medium- to Long-Term Vision, “Delivering quality products and experiences to customers around the world,” we have developed the following five strategies:

- (1) Bonds with Community
- (2) Healthier Choice
- (3) Efficient Foundation
- (4) Strategic Alliance
- (5) Inorganic Growth



Disclosed on February 14, 2025
Sapporo Group Medium- to Long-term Growth Strategy
Press Release [20250214_sh_mlt_en.pdf](#)
Supplementary Material [202502_mlt_hosoku_jp.pdf](#)

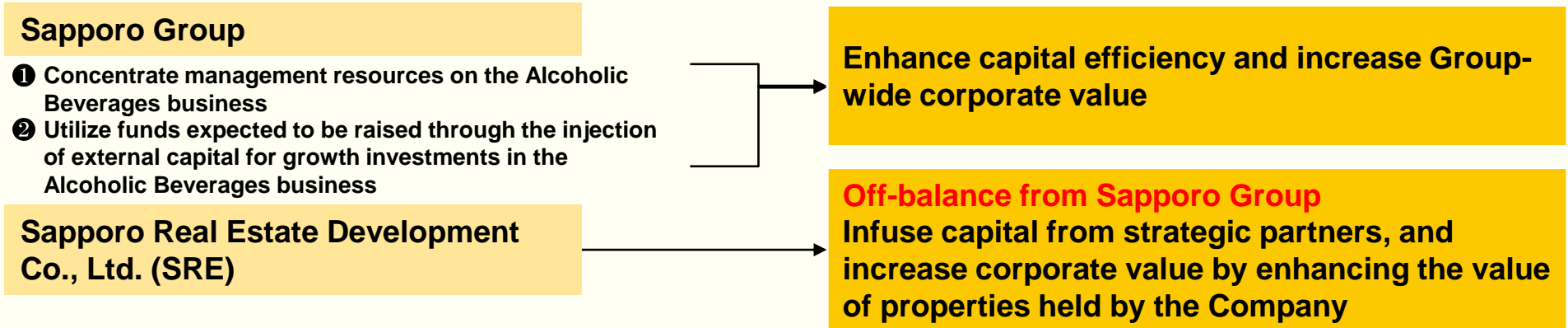
■ Financial Strategy

- The Company has set a long-term goal of achieving ROE of 10% or more, and is working to improve capital efficiency by using ROIC as an internal management indicator.
 - Thoroughly monitor ROIC by business as an indicator
 - With the ROIC tree, use breakdown indicators from ROIC as KPIs for each department, and implement action plans for improvement
- The Company promotes appropriate cash allocation while maintaining financial security (A credit rating).

2-5 (2) Medium- to Long-term Growth Strategy

■ Injection of External Capital into the Real Estate Business

<Purpose>



<Current status of process>

September 2024 We started to solicit proposals for injection of external capital into Real Estate business.

Press Release on September 19, 2024 [20240919_sh_notice_ja.pdf](#)

→ We have received proposals from over ten corporations or funds, both domestic and international, regarding the injection of external capital into the Real Estate business.

By the end of 2025 Process in progress. We are continuing to explore various options, including the potential sale of shares in SRE, which holds Yebisu Garden Place, and determine the optimal course of action and timeline. We are expecting to reach a conclusion by the end of the year.

*We believe that disclosing information during the process that has not been agreed upon or confirmed through discussions with the prospective partner may be a disincentive for the prospective partner to make a serious proposal and consider it, and may not lead to the best possible outcome for the enhancement of our corporate value.

Therefore, we do not expect to disclose the progress on the process thereafter. In the event of the occurrence of important matters that should be disclosed, we will disclose them in a timely and appropriate manner.

*Various media reports and external opinions regarding the value of our real estate have been published regarding the injection of external capital into the Real Estate business, but none of them have been announced by the Company. We will continue to promote this process to enhance our corporate value.

3. Opinion of the Board of Directors on the Shareholder's Proposal

*Click here for the materials disclosed by the Company on February 17, 2025
https://www.sapporoholdings.jp/news/items/20250217_sh_op_ja.pdf

In the Shareholder’s Proposal, due to the four (4) doubts regarding the Company: “doubt about the capital discipline,” “doubt about the supervisory function of the Board of Directors,” “doubt about the expertise of the Board of Directors,” and “doubt about the transparency of the Board of Directors,” the proposing shareholder demands that (i) Mr. Paul J. Brough be elected as a Director who is an Audit & Supervisory Committee member, and (ii) if (i) is not approved, Mr. Paul J. Brough be elected as a Director who is not an Audit & Supervisory Committee member.

However, the Company believes that the various grounds for the doubts claimed by the proposing shareholder are not applicable to the current Company system.

The Board of Directors of the Company believes that the current Board of Directors system is optimal for the increase of the medium- to long-term corporate value that the Company aims for and the interests of the shareholders and therefore **opposes** the Shareholder’s Proposal.

The Board of Directors of the Company opposes the Shareholder’s Proposal for the following four reasons:

- (1) The Company’s efforts to strengthen its corporate governance system
- (2) Under the strengthened corporate governance system, the Company has appropriately formulated and implemented various measures to increase corporate value
- (3) The currently proposed structure of the Board of Directors at the General Meeting is optimal
- (4) The Company does not believe that Mr. Paul J. Brough should be additionally appointed as Outside Director in terms of the skill sets, qualifications and experience of the candidates in the shareholder’s proposal

3-1 Opposing the Shareholder's Proposal

■ The Board of Directors of the Company **opposes** the Shareholder's Proposal.

[Reasons for opposition]

(1) The Company's efforts to strengthen its corporate governance system are sufficient

- a. The system is made up of a majority of Independent Outside Directors (7 out of 11 total).
- b. The majority of the Nominating Committee and Remuneration Committee are also Independent Outside Directors, thereby creating a system that is independent, objective, and transparent.
- c. The Company actively engages in dialogue with the capital market. Independent Outside Directors also participate in the dialogue and their opinions are incorporated into management.

(2) Under the strengthened corporate governance system, the Company has appropriately formulated and implemented various measures to increase corporate value

- a. The Company implements initiatives aimed at strengthening profitability and enhancing capital efficiency (e.g., Review of business portfolio, acceleration of reduction of cross-shareholdings)
- b. Independent Outside Directors participate in working groups and supervise them for formulating medium- to long-term management policies and considering the process of implementation.
- c. Detailed disclosure of information on the process of injecting external capital into the Real Estate business may damage the enhancement of corporate value, and appropriate action should be taken as needed from the perspective of shaping the competitive environment and providing appropriate explanations to shareholders.
- d. In the overseas business, the Company promotes initiatives that place the highest priority on strengthening the organization and human resources in order to build a stable business foundation, and we have expertise in overseas M&A.

The Company elected three Independent Outside Directors to strengthen its governance structure

3-2 Opposing the Shareholder's Proposal

- The Board of Directors of the Company **opposes** the Shareholder's Proposal.

[Reasons for opposition]

(3) The currently proposed structure of the Board of Directors at the General Meeting is optimal

- a. The Board of Directors appointed Director Makio Tanehashi in 2023, who has expertise in the real estate business, and elected Director Kotaro Okamura, Director Ryotaro Fujii, and Director Naoko Tanouchi in 2024, who have expertise in finance, M&A and food products.
- b. The Board of Directors is composed of a majority of Independent Outside Directors, and thus has a high level of oversight function and transparency.

(4) The Company does not believe that Mr. Paul J. Brough should be additionally appointed as Outside Director in terms of the skill sets, qualifications and experience of the candidates in the shareholder's proposal

- a. Mr. Paul J. Brough has “financial accounting” as a core skill, but his skill set overlaps with those of the director candidates recommended by the Company.
- b. Mr. Paul J. Brough has been serving as an advisor to 3D Investment Partners Pte. Ltd., the principal and largest shareholder.

Members of the Nominating Committee interviewed Mr. Paul J. Brough and determined that he is “non-independent” under the Standards for Independence of the Company because he is responsible for IR activities for investors and receives compensation from 3D Investment Partners Pte. Ltd.

3-3 Conclusion

The Board of Directors does not believe it is necessary to add the candidate proposed by the shareholder to the current outside director system in view of his skills, independence, and expected level of contribution to the enhancement of our corporate value.

Relevant candidates for the Company's Independent Outside Directors

Skill sets that enhance effectiveness of the Board of Directors

- ✓ Possessing expertise in “financial accounting”



Candidate proposed by shareholders
Mr. Paul J. Brough

Overlap with skills of multiple Outside Directors



Continuous supervision from identification of issues to strategy review and planning

Understanding of the Company's challenges

- ✓ Studied the establishment of 2023 Group Strategy Review Committee
- ✓ Formulated the 2024 Group Medium- to Long-Term Management Strategy




*Director Ryotaro Fujii participated in the 2023 Group Strategy Review Committee as an external expert member.

Could not confirm the understanding of the Company as well as expected and specific contributions to the enhancement of the corporate value through an interview conducted by the Nominating Committee members



Formulation of management policies and strategies

- ✓ Participated in the 2024 Working Group to develop the process of the Medium- to Long-Term Management Strategy
- ✓ Decided and commenced the injection of external capital into the Real Estate business in 2024
- ✓ Formulated the 2025 Group Medium- to Long-Term Growth Strategy



Independence

- ✓ Review and evaluate the results of management and the performance of the management team, independently of the management team, and appropriately reflect the opinions of minority shareholders and other stakeholders at board meetings

All meet the Standards for Independence

Determined that he is non-independent given the role and compensation he receives as an advisor to 3D



4. The Company's Response to the Shareholders' Questionnaire

- * The numbers in the Questions to the Board of Directors and the Questions to the Audit & Supervisory Committee in the document correspond to the numbers of the questions submitted by 3D Investment Partners Pte. Ltd.**

4 Executive Summary

With the acquisition of Stone, we have established a local production and sales structure for the growth of the Sapporo brand. However, profitability deteriorated significantly in the face of challenges that were not initially anticipated, making it difficult to improve in the short term and deviating significantly from the plan. We revised the business outlook and recorded an impairment loss on goodwill.

We recognize that rebuilding our US business is an urgent issue for the future growth of our overseas alcoholic beverages business, and are working on improvement measures.

We reviewed overseas management not only in the U.S. but also in the group as a whole, that we are implementing structural reforms in the U.S. and organizational reforms at the headquarters in Japan. At the same time, we will also consider more in-depth structural reforms to rebuild our business foundation by the end of the current medium-term plan period (2026)

We have received questions from 3D regarding this impairment loss and would like to explain the actions taken by our Board of Directors and Audit & Supervisory Committee during and after the Stone acquisition process.

- ✓ The purpose of this acquisition was to **acquire a manufacturing and sales base in the U.S. for the growth of the Sapporo brand**, unlike previous M&As, e.g., entering new markets and businesses, acquiring brands, etc. We reviewed and validated the acquisition from such perspectives.
- ✓ We quantified the financial factors, **focusing on the growth of the Sapporo brand and cost reductions with a high degree of certainty, verified the appropriateness of the acquisition price, and confirmed that the acquisition met our investment criteria**, i.e., return on investment must exceed WACC of the North American business.
- ✓ After the acquisition, the company's performance deteriorated due to factors such as a prolonged weakening of the craft beer market and cost inflation that exceeded expectations. To speed up drastic improvements to address the issues, **we reviewed the organizational and personnel structures to strengthen cooperation between Sapporo Holdings and operating companies and to enhance governance**.
- ✓ As part of the organizational and personnel structures review, we decided to **change the local management team in the U.S. and the General Manager of International Division of Sapporo Breweries, and to renew the management teams at Sapporo Holdings and Sapporo Breweries**.
- ✓ The Audit & Supervisory Committee has confirmed whether the Board of Directors has verified the financial and legal aspects, strategic appropriateness, governance and risk management and other aspects of this acquisition, and provided necessary suggestions and advice as appropriate, while reviewing the validity of the directors' management judgment.

4-1 The Company's Response to the Shareholders' Questionnaire



1-(i) Purpose of the Acquisition [Questions 1, 2, and 5 to the Board of Directors]

- ✓ The purpose of this acquisition was to acquire a manufacturing and sales base in the U.S. for the growth of the Sapporo brand, unlike previous M&As, e.g., entering new markets and businesses, acquiring brands, etc. We reviewed and validated whether the target company meets the criteria for the purpose.
- ✓ As for the U.S. market, we examined from the perspective of growth potential, whether the Company could take advantage of its strengths, and whether profitability could be secured.
- ✓ **At the time of the acquisition, trends in the craft beer market in the U.S. were showing a weakening trend, but the Stone brand remained relatively strong in the craft beer market. The Board of Directors examined whether the deal would contribute to cost savings and growth of the Sapporo brand rather than the growth of the Stone brand.**

1-(ii) Reasonableness (adequacy) of the acquisition [Question 3 to the Board of Directors]

- ✓ The Board of Directors verified the decision on the necessity of the acquisition and whether the acquisition was in line with the objectives and strategy, and further verified the reasonableness of the acquisition price. External advisors were also utilized to incorporate professional and objective perspectives into the verification process.
- ✓ Stone had been losing money since the acquisition, but this was due to the company's expansion of its business overseas and throughout the U.S. by building plants overseas and in the eastern U.S. and the extremely low level of plant utilization in the U.S. at the time of the acquisition. On the other hand, the acquisition of Stone aimed at securing a manufacturing base for the growth of the Sapporo brand.

Accordingly, in the development of a business plan and **the measurement of the contribution to corporate value, cost reductions with a high degree of certainty, such as in logistics costs, were mainly quantified from financial perspectives and the validity of the acquisition was tested. Furthermore, we verified the economic rationality in comparison with the construction of the new plant and finally verified that the plan meets the Company's investment criteria, i.e., return on investment must exceed WACC of the North American business.**

4-2 The Company's Response to the Shareholders' Questionnaire



1-(iii) Integration [Questions 4 and 5 to the Board of Directors]

- ✓ In the integration process, we verified the PMI structure, challenges remaining and the clarification of milestones and KPIs.
- ✓ In addition to implementing the initially planned cost reductions, such as logistics costs, **the Company verified further cost reduction efforts as additional measures in response to the worsening environment.**
- ✓ **External experts were also actively utilized to examine the local operations, identify issues and priorities, and develop additional improvement plans. In addition, we also verified whether those improvement plans were deployed as early as possible** and whether the necessary measures were taken.
(e.g., making efforts for more efficient purchasing and manufacturing operations, controlling sales promotion costs, reducing headcount and increasing sales price, etc.)

1-(iv) Challenges and Improvement [Questions 6, 7, 8 and 9 to the Board of Directors]

- ✓ The company established a local production and sales structure for the growth of the Sapporo brand but also faced challenges that were not initially anticipated. Specifically, the long-term weakening of the craft beer market (decline of the Stone brand sales, Stone brand volume: -16% compared to 2022), cost inflation (raw material and labor costs: +10% compared to 2022), and inefficiencies in the U.S. production and distribution (unexpected integration costs) resulted in a significant deterioration in profitability compared to the original plan.
- ✓ In consideration of such issues that emerged after the integration, to speed up drastic improvements to address the issues, we revised the organizational and personnel structures to strengthen cooperation between Sapporo Holdings and operating companies and to enhance governance as follows.
 - April 2024 Established International Business Department at Sapporo Holdings (in charge of establishing overall global governance structures, PMI monitoring, etc.)**
 - July 2024 Hired senior management with rich experience in overseas business. Continue to reinforce human resources**
 - January 2025 Established International Management Committee at Sapporo Breweries to separate executive decision-making bodies from domestic business, chaired by an internal director of Sapporo Holdings**

4-3 The Company's Response to the Shareholders' Questionnaire



1-(iv) Challenges and Improvement [Questions 6, 7, 8 and 9 to the Board of Directors](continued from the previous page)

- ✓ Under the above structure, **the International Business Department is taking the lead in promoting structural reforms to drastically review operational costs** at production bases, improving production efficiency and optimizing logistics through optimizing utilization rates of the production bases and replacing SKUs of East and West coasts, and improving operational efficiency by optimizing the allocation of personnel.
- ✓ To implement local management improvement and strengthening of supervision, **the Company proceeded with personnel reforms**, including the replacement of subsidiary directors and the change of the General Manager of the International Business division of the operating company.
- ✓ As for the Board of Directors structure, **in March 2024, Sapporo Holdings appointed three new Independent Outside Directors with expertise in overseas M&A from the viewpoint of further strengthening its governance structure** to enable speedy responses to various overseas M&A issues.
- ✓ Furthermore, in March 2025, we reviewed the management structure of the Group and after being reviewed by the Nominating Committee, **the Board of Directors resolved that the presidents of both Sapporo Breweries and Sapporo Holdings retire and to appoint Hiroshi Tokimatsu as the president.**
- ✓ By strengthening governance and collaboration with the business as described above, we have created a structure that enables rapid and high-quality decision-making. We believe that these efforts will lead to the realization of optimal capital allocation in the future.

4-4 The Company's Response to the Shareholders' Questionnaire

2-(i) Involvement of the Audit & Supervisory Committee in this matter [Questions 1 and 2 to the Audit & Supervisory Committee]

- ✓ The Audit & Supervisory Committee has made necessary suggestions and advice as appropriate and confirmed the appropriateness of the management decisions made by the Board of Directors, by ensuring the appropriateness of the acquisition by comparing the cases of building a new plant with the acquisition in terms of cost and time, and also by reviewing whether the Board of Directors has verified the strategic appropriateness, financial and legal aspects of the acquisition and governance and risk management, etc., based on the recognition to aim at the benefits of reducing distribution costs of SPB manufactured at the Vietnam plant and expanding sales of SPB in North America.
- ✓ **The full-time Audit & Supervisory Committee members confirmed that the executive side properly verified financial, legal, and general business risks through dialogue with the Management Committee and the executive divisions of operating companies.**
- ✓ **With regard to the appropriateness of the corporate value assessment, the Committee confirmed that the executive side utilized financial advisors to calculate the corporate value using multiple methods, and verified the results based on the explanatory materials submitted by the executive side** through the Management Committee and the Board of Directors.
- ✓ Immediately after the acquisition, the Committee conducted an onsite visit to Stone to confirm issues through dialogue with local management and provide advice to the executive team.
- ✓ Since there is always a risk of asset impairment, the Committee regularly exchanges opinions with the accounting auditor.

2-(ii) Recognition of Challenges and Improvements [Questions 3 and 4 to the Audit & Supervisory Committee]

- ✓ The possibility of impairment in the acquisition has been recognized based on a comprehensive evaluation of the reports from Sapporo Breweries to the Board of Directors (regarding the deviation of sales and profits from the plan, the status to revise the medium-term management plan, etc.) and discussions with the accounting auditor.

4-5 The Company's Response to the Shareholders' Questionnaire



- ✓ In particular, this matter has been recognized as an important individual issue, apart from the group-wide priority themes set each year, and efforts have been made to improve the effectiveness of audits through on-site visits, cooperation with the accounting auditor, the exchange of opinions and the provision of advice to executive divisions.
- ✓ We believe that appropriate validation has been conducted to date and will continue to improve the effectiveness of validation from various perspectives including the use of external experts.

2-(iii) Skills, etc., of the Audit & Supervisory Committee Members [Question 5 to the Audit & Supervisory Committee]

- ✓ Director Toru Miyaishi, Chair of the Audit & Supervisory Committee, is expected to demonstrate his skills, especially in the areas of corporate management, human resources, marketing, and DX/IT. We expect Director Kohtaro Yamamoto, Audit & Supervisory Committee Member, to exercise skills in the areas of legal, compliance and risk management, global, and sustainability, and also Director Naoko Tanouchi in the areas of financial accounting, legal, compliance and risk management, global, and marketing.
- ✓ Director Miyaishi has extensive knowledge and experience in a wide range of businesses of the Group, including the food and beverage business as well as the alcoholic beverage business. As a Statutory Audit & Supervisory Committee Member, he is able to assess the status of the Group in a timely and appropriate manner and collaborate with the internal auditing department and the accounting auditor.
- ✓ In the Audit & Supervisory Committee, which conducts an organizational audit, each Committee member has different expertise, skills and backgrounds, and recognizes that it is important for each member to raise diverse opinions from various perspectives and angles, taking advantage of such diversification. The skill matrix required for the Audit & Supervisory Committee to supervise the directors' execution of duties has been fulfilled.
- ✓ If there are any points for which the expertise of the Audit & Supervisory Committee members is not sufficient, the knowledge of external experts will also be utilized. Depending on the case, the Committee actually collaborates with the accounting auditor, lawyers, etc., and conducts interviews with advisors utilized by the execution side.

4-6 The Company's Response to the Shareholders' Questionnaire

2-(iv) Process for Appointing Committee Chairpersons [Questions 6 and 7 to the Audit & Supervisory Committee]

- ✓ Although the Companies Act has no regulations regarding the Chair of the Audit & Supervisory Committee (the Chair) or Statutory Audit & Supervisory Committee Member (including the establishment of such committee), the Chair is determined by mutual election among the Directors who are Audit & Supervisory Committee Members which consists of two Independent Outside Directors and one internal director, at the first Audit & Supervisory Committee meeting after the General Meeting of Shareholders in accordance with internal regulations.
- ✓ The Chair of the Audit & Supervisory Committee chairs the Audit & Supervisory Committee meetings, and the Committee takes effective measures to reflect the opinions of each Committee member at the Audit & Supervisory Committee meetings (resolutions are passed by a majority of the members, or all members need to agree on certain matters).
- ✓ Director Miyaishi has extensive knowledge and experience in a wide range of businesses of the Group, including the food and beverage business as well as the alcoholic beverage business. As a Statutory Audit & Supervisory Committee Member, he is able to assess the status of the Group in a timely and appropriate manner and collaborate with the internal auditing department and the accounting auditor.

2-(v) Roles of the Audit & Supervisory Committee [Questions 8 and 9 to the Audit & Supervisory Committee]

- ✓ The Audit & Supervisory Committee consists of two Independent Outside Directors and one internal director, who are appointed and entrusted by the shareholders on the premise of independence, objectivity and neutrality. The Committee, under the supervision of the Chair of the Audit & Supervisory Committee, takes effective measures by complying with laws and regulations, the Articles of Incorporation and other internal rules, reporting internal information of the Group in an appropriate and timely manner and reflecting the opinions of each Committee member.
- ✓ We recognize that the Audit & Supervisory Committee has the necessary expertise, but depending on the case, the Committee takes appropriate action by utilizing the necessary knowledge of external experts as appropriate.
- ✓ While the Board of Directors is appropriately monitored by several Outside Directors who are well versed in M&A and capital policy, the Audit & Supervisory Committee also intends to supervise important initiatives such as M&A.

Appendix

AP-1 Recording of Impairment Loss in U.S. Business

- The Company established a local production and sales structure for the growth of the Sapporo brand but also faced challenges that were not initially anticipated. Profitability declined significantly as a result.
- The Company revised its business outlook and recorded impairment of goodwill due to difficulty in improving in the short term and significant deviation from the plan at the time of the acquisition of Stone Brewing.

Background and developments

- Acquired Stone Brewing Co., LLC in August 2022. Shift our business model from importing products from Canada and Vietnam and selling them in the U.S. to a production and sales structure in the U.S. utilizing Stone's production facilities, aiming to further grow the Sapporo brand, which is experiencing increasing demand in the U.S.
- Started manufacturing transfers at the end of 2023. Completed the construction of a production system in the U.S. at the end of 2024

- Achievements and issues arose from the plans developed at the time of the acquisition
 - Although synergies are developed from the acquisition, there are several deviations from expectations. As a result, profitability deteriorated.

Achievements

- ✓ Growth of the Sapporo brand (Sales synergies)
 - SPB volume: +16% compared with 2022
- ✓ Reduction of global logistics costs and fixed costs, etc. (Cost synergies)
 - End of 2024: \$10 million compared with 2022

Issues (Deviation from expectations)

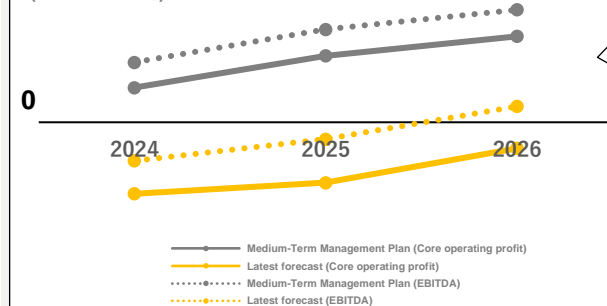
- ✓ Long-term slowdown in the craft beer market (lower sales of the Stone brand)
 - Stone brand volume: (16%) compared with 2022 (full year comparison)
- ✓ Cost inflation (raw material costs, labor costs, etc.): 10% compared with 2022
- ✓ Inefficiencies in production and logistics (unexpected integration costs)

Recording of impairment loss

- The Stone brand's declining sales and deterioration in profitability due to cost inflation largely depend on the external environment. Efficiency and improvement in production and logistics will take time as manufacturing transfers completed only recently
- As it is difficult to improve structural deterioration in profitability in the short term, the business outlook was revised down and approximately ¥13.9 billion (\$92 million) of impairment of goodwill was recorded
- Future measures to promptly tackle fundamental improvements are presented in the next section. Already started to take some specific actions

Core Operating Profit & EBITDA Forecast (U.S.)

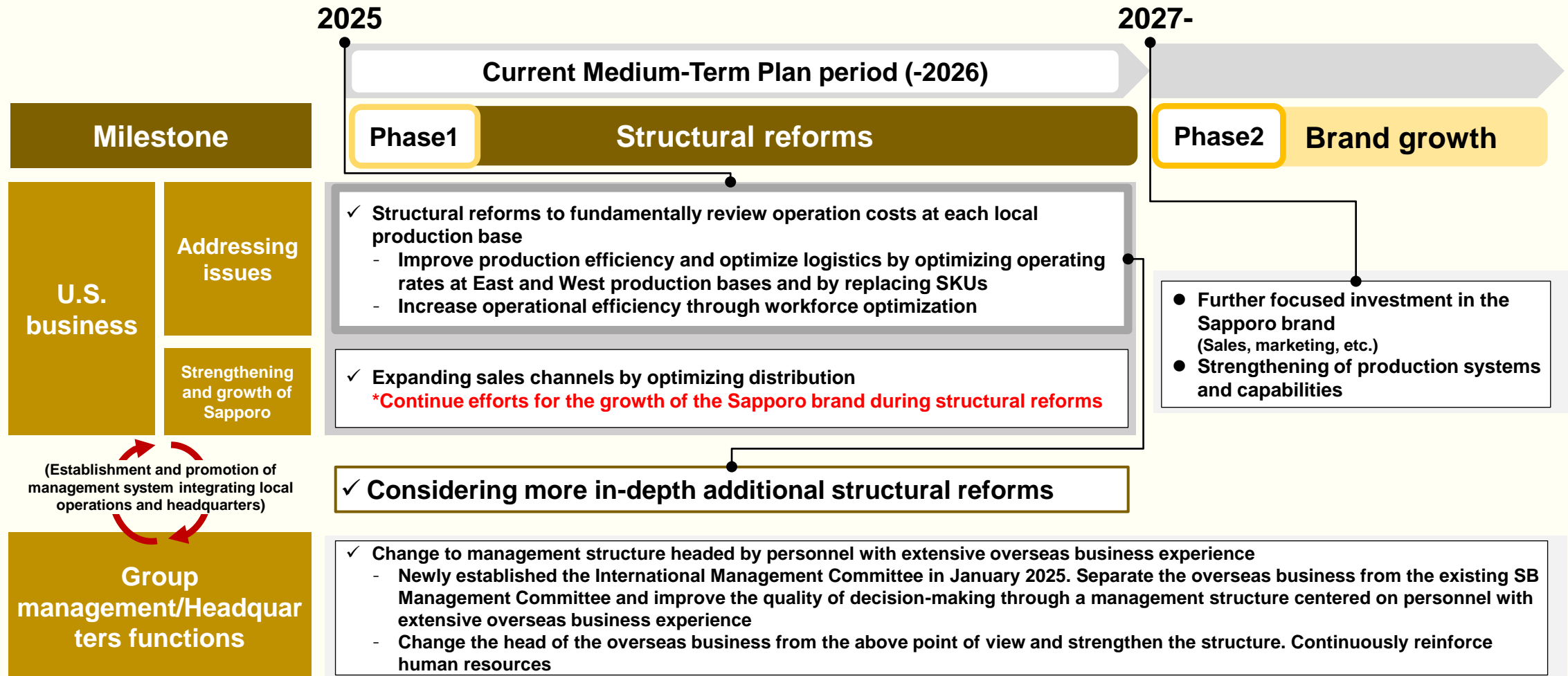
(Unit: Million \$)



- ✓ The gap between the current Medium-Term Management Plan and the latest outlook (forecasts for 2025 and 2026 are after implementation of structural reforms, as shown in the next page) is significant, and recovery within the current Medium-Term Management Plan period is difficult
- ✓ A difficult situation to turn a profit in 2026 (EBITDA is targeted to become profitable for 2026)

AP-2 Future Measures for the U.S. and Overseas Businesses

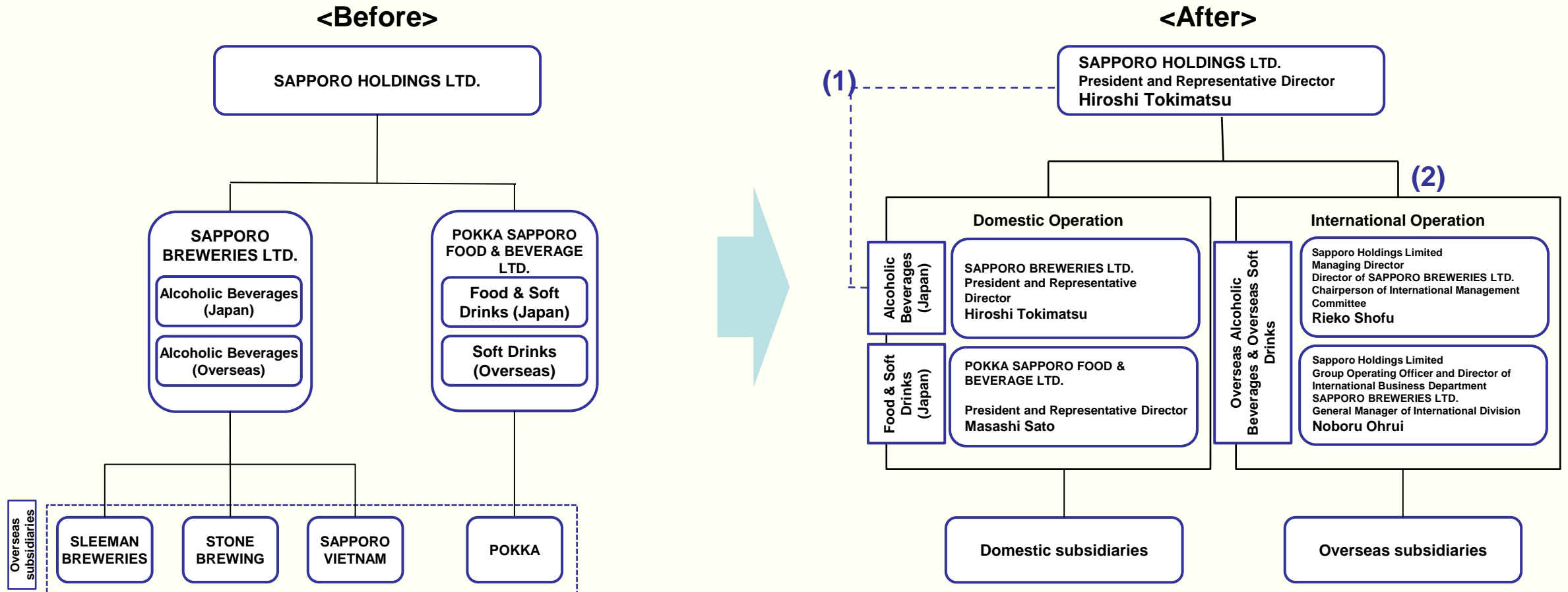
- Restructuring the U.S. business is an urgent issue for the future growth of the overseas alcoholic beverages business
- We will review overseas management not only in the U.S. but also throughout the entire Group, and carry out the reforms focusing on structural reform in the U.S. and reorganization in the headquarters in Japan within the current Medium-Term Management Plan period (2026). At the same time, we will consider further structural reforms to rebuild the management and business platform



AP-3 Future Measures for the U.S. and Overseas Businesses

In our future transition to a business holding company structure, we will strengthen management by dividing our businesses into two geographic segments: Domestic and Overseas. This will enable each segment to focus its resources on addressing unique management challenges in their respective markets.

- (1) To drive future growth in the Domestic and Overseas Alcoholic Beverages businesses, the CEO of SAPPORO HOLDINGS LTD., will assume the role of CEO of SAPPORO BREWERIES LTD., effective March 2025.
- (2) We will consolidate the management structure of the overseas operations within SAPPORO HOLDINGS and empower a team of global experts to make prompt, high-quality decisions.



*Under Sapporo Holdings Limited, only Sapporo Breweries Limited and POKKA SAPPORO Food & Beverage Ltd. are shown.

As an intrinsic part of people's lives, Sapporo will contribute to the evolution of creative, enriching and rewarding lifestyles.



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