

(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 8, 2023

To Our Shareholders

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

Notice of Convocation of the 99th Ordinary General Meeting of Shareholders

Dear Sirs/Madams:

You are cordially invited to attend the 99th Ordinary General Meeting of Shareholders of Sapporo Holdings Limited (the “Company”) to be held as described below.

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

Description

Date and time of the meeting: Thursday, March 30, 2023 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 Committee for the 99th business term (from January 1, 2022 to December 31, 2022).
2. Report on the non-consolidated financial statements for the 99th business term (from January 1, 2022 to December 31, 2022).

Matters to be resolved:

- Proposal No. 1: Dividends from Surplus**
Proposal No. 2: Election of Eight (8) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
Proposal No. 3: Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member

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 the Internet

Deadline: Please register by no later than 5:30 p.m. on Wednesday, March 29, 2023

If you wish to exercise your voting rights via the 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 via the internet, we will only accept, as effective, the exercise of your voting rights via the internet. If you exercise your voting rights more than once via the 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 via the 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.

To Institutional Investors

In addition to the above-mentioned method for exercising voting rights via the 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.

2. Exercise of Voting Rights by Mail

Deadline: Please post to arrive by no later than 5:30 p.m. on Wednesday, March 29, 2023

- * As the enclosed voting rights exercise form is a postage-paid postcard, the processing time inside the post office may take up to a week longer than regular mail. Please mail it early to ensure it is delivered on time.

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 via Attending the Meeting

Date and time of the meeting: Thursday, March 30, 2023 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.

<Requests and Guidance for Shareholders>

- If you plan to attend on the day of the meeting, we request that you make that decision based on your own health condition.
- You may exercise your voting rights in advance via the internet or by mail. We suggest using one of these methods.
- For shareholders who will attend the meeting, we ask that you please cooperate with measures to prevent infection, such as wearing a face mask, sanitizing your hands with alcohol disinfectant and checking your temperature.
- In the event of any major changes in the operation of the General Meeting of Shareholders, the Company will make an announcement on its website.
<https://www.sapporoholdings.jp/en/ir/event/meeting/>

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: 3,277,110,480 yen

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

March 31, 2023

Proposal No. 2 – Election of Eight (8) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

At the conclusion of this general meeting, the terms of office of all seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members. The same applies in this proposal) will expire.

The Company therefore proposes the election of eight (8) Directors by increasing the number of Outside Directors by one (1) to reconsider the skills required for the Board of Directors and reinforce the corporate governance system to achieve the Medium-Term Management Plan (2023 to 2026) that was announced in last November.

As for the constitution of the Board of Directors of the Company, if this proposal is approved, six (6) out of total eleven (11) Directors (including Directors who are Audit & Supervisory Committee Members) will be Independent Outside Directors, and Independent Outside Directors will represent a majority in the Board of Directors.

In regard to this proposal, the Company's Audit & Supervisory Committee verified and examined the ideal approach to supervision and performance of duties by the Board of Directors, the nomination criteria of candidates for Director and other factors. As a result, it was concluded that the deliberation and decision-making processes related to the nomination of each candidate are appropriate, and that all candidates are well-qualified for their positions.

The candidates for Director are as follows:

(Reference) Skills Matrix for the Candidates for Director

With the Medium-Term Management Plan (2023 to 2026), the Company defined the basic policy to revise our business portfolio and transform the business structure for new growth. We are aiming to contribute to the well-being of people and local communities through the time and space where all our businesses provide. This time, to achieve the Medium-Term Management Plan, we decided to reconsider the skills required for the Board of Directors to secure the effectiveness and diversity of the Board of Directors. We newly added “sustainability” to the required knowledge, experience and abilities, and classified them into eight categories. As for the skills of each Candidate for Director, among the skills possessed by each Director, we show those particularly expected by the Company, with the maximum number limited to four categories.

The skill categories to be added or changed this time and the reasons therefor are as follows:

- Marketing

Directors are needed who have knowledge and experience in market research, sales, research and development, and production engineering to provide products and services that exceed consumer expectations.

- IT & DX

Directors are needed who have knowledge and experience in IT and DX that lead to business process transformation and the development of new business areas.

- Sustainability

Directors are needed who have knowledge and experience to face the ESG-related issues surrounding the Company and work in collaboration with stakeholders in order to improve the Group’s corporate value sustainably.

Name	Knowledge and experience of each director							
	Corporate management	Financial accounting	Legal compliance risk management	Human resources Human assets	Global operation	Marketing	IT & DX	Sustainability
Masaki Oga	○		○			○		○
Yoshitada Matsude	○	○	○					○
Masashi Sato				○		○	○	○
Rieko Shofu	○	○			○	○		
Mackenzie Clugston (Outside)			○	○	○			○
Tetsuya Shoji (Outside)	○			○	○		○	
Toshihiro Uchiyama (Outside)	○		○		○	○		
Makio Tanehashi (Outside)	○	○	○					○
Toshio Mizokami	○	○			○		○	
Shuji Fukuda (Outside)	○	○	○	○				
Kohtaro Yamamoto (Outside)			○		○			○

Notes:

1. The matrix is intended to clarify the balance of skills of the Board of Directors and focuses on the skills particularly expected by the Company among those possessed by each candidate for Director. It does not represent all the skills (knowledge, experience, and capabilities) possessed by each candidate.
2. Mr. Toshio Mizokami, Mr. Shuji Fukuda and Mr. Kohtaro Yamamoto are Directors who are concurrently serving as Audit & Supervisory Committee Members.
3. The Group uses the term “human assets” (using the Chinese characters “人財,” which mean “human” and “assets”) to represent human resources and disseminates our belief that all employees are a company’s treasure.

Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
1	 <p data-bbox="320 595 497 629">Incumbent</p> <p data-bbox="320 663 497 696">Masaki Oga</p> <p data-bbox="320 730 497 786">(December 2, 1958) 64 years old</p> <p data-bbox="320 819 497 920">Number of Shares Held in the Company 26,129 shares</p> <p data-bbox="320 954 497 1088">Number of Board of Directors' meetings attended 16/16 (100%)</p>	<p data-bbox="518 327 1410 360">April 1982 Joined the Company (former Sapporo Breweries Limited)</p> <p data-bbox="518 360 1410 439">October 2006 Director of Tokyo Headquarters Office of Tokyo Metropolitan Area Sales & Marketing Division of Sapporo Breweries Limited (newly established company)</p> <p data-bbox="518 439 1410 495">March 2009 Operating Officer, Director of Hokkaido Sales & Marketing Division of Sapporo Breweries Limited</p> <p data-bbox="518 495 1410 551">March 2010 Director (Member of the Board) and Managing Officer, Director of Marketing Department of Sapporo Breweries Limited</p> <p data-bbox="518 551 1410 640">March 2013 President and Representative Director of Sapporo Breweries Limited Director (Member of the Board) and Group Operating Officer of the Company</p> <p data-bbox="518 640 1410 674">March 2015 Group Operating Officer of the Company</p> <p data-bbox="518 674 1410 707">January 2017 President and Group Operating Officer of the Company</p> <p data-bbox="518 707 1410 741">March 2017 President and Representative Director of the Company (up to the present)</p> <p data-bbox="518 741 1410 775">March 2022 Director of Sapporo Real Estate Co., Ltd. (up to the present)</p> <p data-bbox="518 775 1410 831">Mr. Oga will have served as a Director of the Company for six (6) years as of the conclusion of this general meeting.</p> <p data-bbox="518 831 1410 864">[Reasons for Presenting Mr. Masaki Oga as a Candidate for Director]</p> <p data-bbox="518 864 1410 1122">After performing as the President and Representative Director of Sapporo Breweries Limited, Mr. Masaki Oga was appointed as the President and Representative Director of the Company in 2017. Since the appointment, he has been steadily conducting group reorganization including corporate governance reform, streamlining of the headquarters organization, M&A and business sell-offs. He has a wealth of experience, a rich track record and great insight as a manager. The Company has determined that he will be the right person to exercise leadership to achieve the Medium-Term Management Plan (2023 to 2026) and to promote the Group's management, 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 data-bbox="320 779 501 813" style="border: 1px solid black; padding: 2px; text-align: center;">Incumbent</p> <p data-bbox="320 853 501 920" style="text-align: center;">Yoshitada Matsude</p> <p data-bbox="320 958 501 1014">(January 2, 1966) 57 years old</p> <p data-bbox="320 1043 501 1155">Number of Shares Held in the Company 1,029 shares</p> <p data-bbox="320 1178 501 1312">Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p data-bbox="518 304 1407 338">April 1988 Joined the Company (former Sapporo Breweries Limited)</p> <p data-bbox="518 338 1407 371">September 2010 Director of Accounting & Finance Department of the Company</p> <p data-bbox="518 371 1407 461">March 2011 Director of Accounting & Finance Department of the Company Director (Member of the Board), Director of Group Accounting & Finance Department of Sapporo Group Management Co., Ltd.</p> <p data-bbox="518 461 1407 517">March 2012 Director of Accounting & Finance Department of Sapporo Breweries Limited</p> <p data-bbox="518 517 1407 584">September 2016 Vice President and Representative Director of Miyasaka Brewery Co., Ltd. (currently Shinsyu-ichi Miso Co., Ltd.)</p> <p data-bbox="518 584 1407 618">March 2018 President and Representative Director of Shinsyu-ichi Miso Co., Ltd.</p> <p data-bbox="518 618 1407 707">March 2019 Director of Accounting & Finance Department of the Company Director (Member of the Board), Director of Accounting & Finance Department of Sapporo Group Management Co., Ltd.</p> <p data-bbox="518 707 1407 819">October 2019 Director of Accounting & Finance Department of the Company Director (Member of the Board), Director of Accounting & Finance Department of Sapporo Group Management Co., Ltd. Director and Executive Officer of Sapporo Real Estate Co., Ltd.</p> <p data-bbox="518 819 1407 931">March 2020 Group Operating Officer and Director of Accounting & Finance Department of the Company Director of Accounting & Finance Department of Sapporo Breweries Limited</p> <p data-bbox="518 931 1407 1021">March 2022 Managing Director (Member of the Board) and Director of Accounting & Finance Department of the Company Director (Member of the Board) of Sapporo Breweries Limited</p> <p data-bbox="518 1021 1407 1111">July 2022 Managing Director (Member of the Board) of the Company Director (Member of the Board) of Sapporo Breweries Limited (up to the present)</p> <p data-bbox="518 1111 1407 1178">Mr. Matsude 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="518 1178 1407 1559">[Reasons for Presenting Mr. Yoshitada Matsude as a Candidate for Director] Mr. Yoshitada Matsude has long-standing experience in the accounting & finance department of the Group's alcoholic beverages business, real estate business and headquarters. In addition, as a Director of Sapporo Real Estate Co., Ltd. and President and Representative Director of Shinsyu-ichi Miso Co., Ltd., he has been engaged in initiatives such as planning and management in the real estate business and production and marketing reform in the alcoholic beverages and food product business. Moreover, as an officer in charge of finance of the Company, he has promoted the revision of business portfolio and the establishment of financial strategy by formulating the Medium-Term Management Plan. He has a wealth of experience, a rich track record and great insight regarding accounting & finance and business management. The Company has determined that he will be the right person to exercise leadership to achieve the Medium-Term Management Plan (2023 to 2026) and to promote the Group's management, and he has thus been presented to the shareholders as a candidate for Director.</p>

Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
3	 <p data-bbox="325 533 501 566">Incumbent</p> <p data-bbox="325 607 501 640">Masashi Sato</p> <p data-bbox="317 667 509 723">(February 15, 1967) 56 years old</p> <p data-bbox="317 757 509 869">Number of Shares Held in the Company 5,911 shares</p> <p data-bbox="317 902 509 1034">Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p data-bbox="517 304 1410 338">April 1989 Joined the Company (former Sapporo Breweries Limited)</p> <p data-bbox="517 338 1410 394">March 2011 Director of Engineering Department of Sapporo Breweries Limited (newly established company)</p> <p data-bbox="517 394 1410 427">March 2016 Director of Sendai Brewery of Sapporo Breweries Limited</p> <p data-bbox="517 427 1410 517">July 2019 Director of Sendai Brewery of Sapporo Breweries Limited Director of Sendai Factory of SCM Headquarters of POKKA SAPPORO Food & Beverage Ltd.</p> <p data-bbox="517 517 1410 573">March 2020 Director (Member of the Board) and Executive Officer of Sapporo Breweries Limited</p> <p data-bbox="517 573 1410 607">March 2022 Director (Member of the Board) of the Company (up to the present)</p> <p data-bbox="517 607 1410 674">Mr. Sato 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="517 674 1410 707">[Reasons for Presenting Mr. Masashi Sato as a Candidate for Director]</p> <p data-bbox="517 707 1410 987">Mr. Masashi Sato has long-standing experience in the production technology department of Sapporo Breweries Limited and was promoting the value chain structure reform while taking charge of the corporate planning department thereof. In addition, he has performed as an officer who is in charge of IT, digital transformation (DX) and human resources of the Company and has a track record regarding the development of DX talents for the Group. He has a wealth of experience, a rich track record and great insight regarding production technology, IT & DX, and human resource strategy. The Company has determined that he will be the right person to exercise leadership to achieve the Medium-Term Management Plan (2023 to 2026) and to promote the Group's management, 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)
4	 <p data-bbox="325 669 494 701" style="border: 1px solid black; padding: 2px; text-align: center;">Incumbent</p> <p data-bbox="331 741 488 772">Rieko Shofu</p> <p data-bbox="331 779 488 831">[Legal surname: Fujino]</p> <p data-bbox="331 864 488 920">(July 13, 1967) 55 years old</p> <p data-bbox="320 954 499 1066">Number of Shares Held in the Company 441 shares</p> <p data-bbox="320 1095 499 1234">Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p data-bbox="515 304 1399 958"> April 1990 Joined Hakuodo Inc. June 2007 Executive Manager of Corporate Design Department of Hakuodo Inc. August 2011 Corporate Officer and Executive Manager of Hakuodo Consulting Inc. May 2015 President and CEO of Sensing Asia Ltd. (up to the present) April 2016 Deputy Director of Corporate Planning Headquarters and Director of Corporate Planning Department of POKKA SAPPORO Food & Beverage Ltd. March 2017 Director of Corporate Planning Headquarters and Director of Corporate Planning Department of POKKA SAPPORO Food & Beverage Ltd. March 2018 Group CEO of POKKA CORPORATION (SINGAPORE) PTE. LTD. January 2020 Group CEO of POKKA PTE. LTD. July 2020 Director (Member of the Board) and Senior Executive Managing Director of Sapporo Group Foods Ltd. March 2022 Director (Member of the Board) of the Company Director (Member of the Board) of POKKA SAPPORO Food & Beverage Ltd. January 2023 Director (Member of the Board) of the Company Vice President and Representative Director of POKKA SAPPORO Food & Beverage Ltd. President and Representative Director of Sapporo Group Foods Ltd. (up to the present) </p> <p data-bbox="515 969 1399 1025">Ms. Shofu 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="515 1037 1399 1361"> [Reasons for Presenting Ms. Rieko Shofu as a Candidate for Director] As a person in charge of the corporate planning department of POKKA SAPPORO Food & Beverage Ltd. and CEO of an overseas subsidiary, Ms. Rieko Shofu has been promoting structure reform and the transformation into growth business especially in the overseas beverage business. She also has abundant experience in marketing and branding strategies outside the Group. In the Company, she has served as an officer in charge of the Corporate Planning Department driving the establishment of the Medium-Term Management Plan (2023 to 2026). She has a wealth of experience, a rich track record and great insight regarding global business management, marketing, and accounting & finance. The Company has determined that she will be the right person to exercise leadership to achieve the Medium-Term Management Plan and to promote the Group's management, and she has thus been presented to the shareholders as a candidate for Director. </p>

Candidate Number	Name (Date of Birth)	Career Summary, Position and Business Responsibility in the Company (Status of Important Concurrent Occupations or Positions at Other Organizations)
5	 <p data-bbox="325 674 501 707" style="border: 1px solid black; padding: 2px; display: inline-block;">Incumbent</p> <p data-bbox="325 734 501 846">(Candidate for Outside Director/ Independent Officer)</p> <p data-bbox="341 875 485 936">Mackenzie Clugston</p> <p data-bbox="333 965 493 1025">(June 19, 1950) 72 years old</p> <p data-bbox="320 1055 505 1160">Number of Shares Held in the Company 0 shares</p> <p data-bbox="317 1189 509 1330">Number of Board of Directors' meetings attended 15/16 (94%)</p>	<p data-bbox="517 304 1399 327">June 1982 Joined Ministry of Foreign Affairs, Trade and Development Canada</p> <p data-bbox="517 338 1043 360">August 2000 Consul General of Canada in Osaka</p> <p data-bbox="517 371 1066 394">August 2003 Minister, Embassy of Canada in Japan</p> <p data-bbox="517 405 1390 472">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)</p> <p data-bbox="517 483 1342 506">November 2012 Ambassador Extraordinary and Plenipotentiary of Canada to Japan</p> <p data-bbox="517 517 963 539">September 2016 Consultant of the Company</p> <p data-bbox="517 551 1350 595">March 2018 Outside Director (Member of the Board) of the Company (up to the present)</p> <p data-bbox="517 607 1305 629">[Status of Important Concurrent Occupations or Positions at Other Organizations]</p> <p data-bbox="517 640 995 663">Outside Director of KAMEDA SEIKA CO., LTD.</p> <p data-bbox="517 674 1198 696">Professor under special tenure program of Kwansai Gakuin University</p> <p data-bbox="517 707 1018 730">Outside Director of NGK SPARK PLUG CO., LTD.</p> <p data-bbox="517 741 1358 786">Mr. Clugston will have served as a Director of the Company for five (5) years as of the conclusion of this general meeting.</p> <p data-bbox="517 797 1390 853">[Reasons for Presenting Mr. Mackenzie Clugston as a Candidate for Outside Director, and an Outline of Roles He Is Expected to Play]</p> <p data-bbox="517 864 1390 1099">Although Mr. Mackenzie Clugston has no experience in directly managing a company, he has gained extensive insight in the fields of diplomacy and trade in North America and Southeast Asia through his experience as a diplomat. For the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Clugston is expected to offer pertinent opinions and advice regarding the important issues of global expansion, sustainability and compliance from his objective and professional standpoint. The Company has determined that he will be an appropriate person to supervise the management of the Group that is aiming to achieve continuous growth in corporate value, and he has thus been presented to the shareholders as a candidate for Outside Director.</p> <p data-bbox="517 1111 804 1133">[Policy on His Independence]</p> <p data-bbox="517 1144 1406 1464">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 Directors" 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)
6	 <p style="text-align: center; border: 1px solid black; padding: 2px;">Incumbent</p> <p>(Candidate for Outside Director/ Independent Officer)</p> <p style="text-align: center;">Tetsuya Shoji</p> <p>(February 28, 1954) 69 years old</p> <p>Number of Shares Held in the Company 967 shares</p> <p>Number of Board of Directors' meetings attended 16/16 (100%)</p>	<p>April 1977 Joined Nippon Telegraph and Telephone Public Corporation</p> <p>June 2006 Senior Vice President, General Manager of the Personnel Department of Nippon Telegraph and Telephone West Corporation</p> <p>June 2009 Senior Vice President Head of General Affairs of Nippon Telegraph and Telephone Corporation</p> <p>June 2012 Senior Executive Vice President Representative Member of the Board of NTT Communications Corporation</p> <p>June 2015 President & CEO Representative Member of the Board of NTT Communications Corporation</p> <p>June 2020 Corporate Advisor of NTT Communications Corporation (up to the present)</p> <p>March 2021 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>Corporate Advisor of NTT Communications Corporation</p> <p>Outside Director of Mitsubishi Logistics Corporation</p> <p>Outside Director of Hitachi Zosen Corporation</p> <p>Outside Director of Japan Tobacco Inc.</p> <p>Mr. Shoji will have served as a Director of the Company for two (2) years as of the conclusion of this general meeting.</p> <p>[Reasons for Presenting Mr. Tetsuya Shoji as a Candidate for Outside Director, and an Outline of Roles He Is Expected to Play]</p> <p>Mr. Tetsuya Shoji 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. For the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Shoji is expected to offer pertinent opinions and advice regarding the important issues of business portfolio streamlining, global expansion and the operational reform through DX from his objective and professional standpoint. The Company has determined that he will be an appropriate person to supervise the management of the Group that is aiming to achieve continuous growth in corporate value, and he has thus been presented to the shareholders as a candidate for Outside Director.</p> <p>[Policy on His Independence]</p> <p>Mr. Tetsuya Shoji was involved in business execution at NTT Communications Corporation until June 2020. Although there currently are transactions between the said company and the subsidiaries of the Company, the amount of such transactions in the most recent business term has been less than 0.2% of either the consolidated revenue of the Company or the consolidated operating revenue of the said company. Accordingly, the Company has determined Mr. Shoji is unlikely to have a conflict of interest with shareholders, in light of the "Standards for Independence of Outside Directors" 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)
7	 <p data-bbox="325 622 496 651">Incumbent</p> <p data-bbox="325 689 496 797">(Candidate for Outside Director/ Independent Officer)</p> <p data-bbox="349 835 472 898">Toshihiro Uchiyama</p> <p data-bbox="336 931 485 1014">(November 28, 1958) 64 years old</p> <p data-bbox="320 1048 501 1155">Number of Shares Held in the Company 294 shares</p> <p data-bbox="317 1189 504 1328">Number of Board of Directors' meetings attended 13/13 (100%)</p>	<p data-bbox="517 304 687 333">April 1981</p> <p data-bbox="517 338 687 367">June 2008</p> <p data-bbox="517 394 687 423">June 2009</p> <p data-bbox="517 427 687 456">June 2010</p> <p data-bbox="517 483 687 512">June 2012</p> <p data-bbox="517 517 687 546">June 2013</p> <p data-bbox="517 551 687 580">June 2015</p> <p data-bbox="517 584 687 613">June 2017</p> <p data-bbox="517 640 687 669">April 2021</p> <p data-bbox="517 674 687 703">March 2022</p> <p data-bbox="517 730 1286 759">[Status of Important Concurrent Occupations or Positions at Other Organizations]</p> <p data-bbox="517 763 975 792">Chairman of the Board of Directors of NSK Ltd.</p> <p data-bbox="517 797 858 826">Outside Director of IHI Corporation</p> <p data-bbox="517 831 1358 860">Mr. Uchiyama 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="517 887 1385 938">[Reasons for Presenting Mr. Toshihiro Uchiyama as a Candidate for Outside Director, and an Outline of Roles He Is Expected to Play]</p> <p data-bbox="517 943 1401 1155">Mr. Toshihiro Uchiyama 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. For the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Uchiyama is expected to offer pertinent opinions and advice regarding the important issues of global expansion and marketing from his objective and professional standpoint. The Company has determined that he will be an appropriate person to supervise the management of the Group that is aiming to achieve continuous growth in corporate value, and he has thus been presented to the shareholders as a candidate for Outside Director.</p> <p data-bbox="517 1178 807 1207">[Policy on His Independence]</p> <p data-bbox="517 1211 1401 1408">Mr. Toshihiro Uchiyama was involved in business execution at NSK Ltd. until March 2021. No transactions have been or are being made between the said company and the Company or the Company's subsidiaries, and the Company has determined Mr. Uchiyama is unlikely to have a conflict of interest with shareholders, in light of the "Standards for Independence of Outside Directors" 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)
8	 <p>New Candidate</p> <p>(Candidate for Outside Director/ Independent Officer)</p> <p>Makio Tanehashi</p> <p>(March 13, 1957) 66 years old</p> <p>Number of Shares Held in the Company 0 shares</p>	<p>April 1979 Joined The Fuji Bank, Limited</p> <p>June 2011 Deputy President and Executive Officer, Branch Banking Division of Mizuho Bank, Ltd.</p> <p>June 2011 Representative Director, Deputy President and Executive Officer, Branch Banking Division of Mizuho Bank, Ltd.</p> <p>April 2012 Representative Director, Deputy President and Executive Officer, Head of Branch Banking Group of Mizuho Bank, Ltd.</p> <p>March 2013 Representative Director, President & CEO of Tokyo Tatemono Real Estate Sales Co., Ltd.</p> <p>July 2015 Senior Executive Managing Officer and Division Director of Real Estate Solution Service Division of Tokyo Tatemono Co., Ltd.</p> <p>October 2015 Senior Executive Managing Officer, Division Director of Real Estate Solution Service Division, and Division Director of International Business Division of Tokyo Tatemono Co., Ltd.</p> <p>March 2016 Senior Executive Managing Officer, Director and Division Director of Real Estate Solution Service Division, and Division Director of International Business Division of Tokyo Tatemono Co., Ltd.</p> <p>January 2017 Representative Director, Chairman & Executive Officer of Tokyo Tatemono Co., Ltd.</p> <p>Chairman of the Board of Tokyo Tatemono Real Estate Sales Co., Ltd.</p> <p>March 2019 Representative Director, Chairman of the Board of Tokyo Tatemono Co., Ltd. (up to the present)</p> <p>January 2021 Director of Tokyo Tatemono Real Estate Sales Co., Ltd. (up to the present)</p> <p>[Status of Important Concurrent Occupations or Positions at Other Organizations] Representative Director, Chairman of the Board of Tokyo Tatemono Co., Ltd.</p> <p>[Reasons for Presenting Mr. Makio Tanehashi as a Candidate for Outside Director, and an Outline of Roles He Is Expected to Play] Mr. Makio Tanehashi has a wealth of experience and a rich track record as a corporate manager as well as extensive insight for real estate business, finance and compliance. For the achievement of the Medium-Term Management Plan (2023 to 2026), Mr. Tanehashi is expected to offer pertinent opinions and advice regarding the important issues of creation of multilayered structure to gain profit and improvement of asset efficiency in the real estate business based on his abundant management experience in finance and real estate, and from his objective and professional standpoint. The Company has determined that he will be an appropriate person to supervise the management of the Group that is aiming to achieve continuous growth in corporate value, and he has thus been presented to the shareholders as a candidate for Outside Director.</p> <p>[Policy on His Independence] Mr. Makio Tanehashi was involved in business execution at Tokyo Tatemono Co., Ltd. until March 2019. Although there currently are transactions between the said company and the subsidiaries of the Company, 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 operating revenue of the said company. Accordingly, the Company has determined Mr. Tanehashi is unlikely to have a conflict of interest with shareholders, in light of the “Standards for Independence of Outside Directors” 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:

- Each candidate has no special interest in the Company.
- The number of shares held in the Company is the effective number of shares held, including shares held through Sapporo Group's Officer Stock Ownership Plan and Sapporo Group's Employee Stock Ownership Plan.
- The Company has entered into limited liability contracts, as stipulated in Article 427, Paragraph 1 of the Companies Act, with Mr. Mackenzie Clugston, Mr. Tetsuya Shoji and Mr. Toshihiro Uchiyama. Should the reelection of the said three (3) persons be approved, the Company intends to continue the said contracts. In addition, should the election of Mr. Makio Tanehashi be approved, the Company also intends to enter into a limited liability contract of a similar kind with him. The amount of limit of liability which is stipulated in these contracts is to be the minimum liability amount which is stipulated in Article 425, Paragraph 1 of the Companies Act.
- The Company has entered into indemnity contracts, as stipulated in Article 430-2, Paragraph 1 of the Companies Act, with Mr. Masaki Oga, Mr. Yoshitada Matsude, Mr. Masashi Sato, Ms. Rieko Shofu, Mr. Mackenzie Clugston, Mr. Tetsuya Shoji, and Mr. Toshihiro Uchiyama. Should the reelection of the said seven (7) persons be approved, the Company intends to continue the said contracts. In addition, should the election of Mr. Makio Tanehashi be approved, the Company also intends to enter into an indemnity contract of a

similar kind with him. The outline of the indemnity contracts is that the Company will provide compensation for the expenses set forth in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses set forth in Item 2 of the said Paragraph within the range stipulated by laws and regulations.

5. The Company has taken out directors and officers liability insurance (D&O insurance), as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with all Directors as the insured. If each candidate is elected and appointed to the position of Director, each candidate will be included as the insured under this insurance policy. The Company intends to renew the said insurance policy on April 1, 2023. The outline of the insurance policy is that the insurance company will cover the liability borne by the insured Directors in the course of performance of their duties or for their liability arising from claims in pursuit of that liability, and the insurance policy will be renewed every year.

However, the insurance policy does include certain exemption clauses, such as that no compensation will be made for liability attributable to acts in violation of laws or regulations that were carried out with full knowledge of their illegality.

Proposal No. 3 – Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member

The effect of the election of Mr. Takanori Iizuka as a substitute Director who is an Audit & Supervisory Committee Member approved at the 98th Ordinary General Meeting of Shareholders held on March 30, 2022, continues only until the commencement of this general meeting. 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, again, proposes the election of one (1) substitute Director who is an Audit & Supervisory Committee Member.

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

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>Takanori Iizuka</p> <p>(June 1, 1966) 56 years old</p> <p>Number of Shares Held in the Company 0 shares</p>	<p>April 1996 Registered as a lawyer (Daiichi Tokyo Bar Association) Worked for Harada, Ozaki & 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</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 Outside Director of HOSHI IRYO-SANKI CO, LTD.</p> <p>[Reasons for Presenting Mr. Takanori Iizuka as a Candidate for Substitute Outside Director Who Is an Audit & Supervisory Committee Member, and an Outline of Roles He Is Expected to Play] Although Mr. Takanori Iizuka has no experience in directly managing a company, he is expected to audit and supervise 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 Directors” established by the Company. Should Mr. Iizuka be appointed to the position of Director who is an Audit & Supervisory Committee Member, the Company intends to designate him as an independent officer as provided for by the rules of the Tokyo Stock Exchange and the Sapporo Securities Exchange, and notify the said exchanges of such designation.</p>

Notes:

1. The candidate 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.
3. Should Mr. Takanori Iizuka assume the position of Director who is an Audit & Supervisory Committee Member, the Company intends to enter into an indemnity contract, as stipulated in Article 430-2, Paragraph 1 of the Companies Act, with him.

The outline of the indemnity contract is that the Company will provide compensation for the expenses set forth in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses set forth in Item 2 of the said Paragraph within the range stipulated by laws and regulations.

4. The Company has taken out directors and officers liability insurance (D&O insurance), as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with all Directors who are Audit & Supervisory Committee Members as the insured. Should Mr. Takanori Iizuka assume the position of Director who is an Audit & Supervisory Committee Member, he will be included as the insured under this insurance policy. The Company intends to renew the said insurance policy on April 1, 2023. The outline of the insurance policy is that the insurance company will cover the liability borne by the insured Directors in the course of performance of their duties or for their liability arising from claims in pursuit of that liability, and the insurance policy will be renewed every year. However, the insurance policy does include certain exemption clauses, such as that no compensation will be made for liability attributable to acts in violation of laws or regulations that were carried out with full knowledge of their illegality.

Reference Judgment on Independence

The Company established the Standards for Independence of Outside Directors in the Basic Policy on Corporate Governance as described below.

Standards for Independence of Outside Directors

1. In order for the Outside Directors of the Company to be Outside Directors who are independent (“Independent Officers”), any such Outside Directors shall satisfy the applicable standards of independence specified by the financial instruments exchanges and, no such Outside Directors may fall under any of the following Items (1) through (3).
 - (1) A person who currently is or during the past ten years was an executive officer (*gyomu shikkou sha*) of the Company or its consolidated subsidiaries (collectively, “Group”) (*1).
 - (2) A person who currently falls under or during the past three years has fallen under any of the following sub-items (i) through (viii).
 - (i) A person having the Group as a major business partner, or its executive officer (*gyomu shikkou sha*) (*2);
 - (ii) A major business partner of the Group or its executive officer (*gyomu shikkou sha*) (*3);
 - (iii) A consultant, accounting professional, or legal professional who has obtained from the Group large sums of money or other property other than officer remuneration, etc. (if a person who has obtained such properties is a corporation, association, or other group, this means a person who belongs to such group) (*4);
 - (iv) A major shareholder of the Group (if such major shareholder is a corporation, an executive officer (*gyomu shikkou sha*) of such corporation) (*5);
 - (v) In the case where the executive officer (*gyomu shikkou sha*) of the Company holds the office of Outside Directors or Outside Audit & Supervisory Board Members of another company, an executive officer (*gyomu shikkou sha*) of such other company;
 - (vi) A person who has received large donations from the Group or a Director or other executive officer (*gyomu shikkou sha*) of a group that received such donations (*6);
 - (vii) A member, partner, or employee of the audit corporation that is the accounting auditor for the Group; and
 - (viii) A major lender of the Group or its executive officer (*gyomu shikkou sha*) (*7)
 - (3) A spouse or a relative in the second degree or closer of any person listed in Item (1) or Item (2) above (excluding any unimportant person).
2. An Independent Officer of the Company must be an Outside Director with respect to whom there is no likelihood of a constant and substantial conflict of interests arising with the entire general shareholders of the Company for any reason other than the reasons considered in Items (1) through (3) of Paragraph 1 above.
3. An Outside Director who falls under any of Items (1) through (3) of Paragraph 1 above may nonetheless be appointed as an Independent Officer of the Company, if the Company considers such Outside Director to be appropriate as an Independent Officer in light of such Outside Director’s personality and insight etc., on the condition that such Outside Director satisfy the applicable standards of independence specified by the financial instruments exchanges and that a public explanation be given of the reasons why we consider such Outside Director to be appropriate as an Independent Officer of the Company.

Notes:

- *1. For any person who was a non-executive Director, an Accounting Advisor (if the Accounting Advisor is a juridical person; a member who is to execute its duties) or an Audit & Supervisory Board Member of the Group at any time over the last ten years, the ten-year period prior to assumption of such office.

“Executive officer (*gyomu shikkou sha*)” means a person stipulated in Article 2, Paragraph 3, Item 6 of the enforcement regulations of the Companies Act.

- *2. “Person having the Group as a major business partner” means a person who has received from the Group payment of an amount equivalent to 2% or more of its annual consolidated sales (annual consolidated revenue) in the most recent fiscal year.
- *3. “Major business partner of the Group” means a person who in the most recent fiscal year made payment to the Group payment of an amount equivalent to 2% or more of the Company’s annual consolidated revenue.
- *4. “Consultant, accounting professional, or legal professional who has obtained from the Group large sums of money or other property other than officer remuneration, etc.” means a person who in the most recent fiscal year obtained, other than officers remuneration, etc., money or property in an amount or value equivalent to 2% of annual consolidated sales (annual consolidated revenue) or ten million yen, whichever is higher, or a member, partner, associate or employee of any law firm, auditing corporation, tax accountant corporation, consulting firm, or other professional advisory firm that received from the Group payment of an amount equivalent to 2% or more of that firm’s annual total sales in the most recent fiscal year.
- *5. “Major shareholder of the Group” means a person or a corporation who directly or indirectly holds 10% or more of the total voting rights of a company within the Group.
- *6. “Large donation” means a donation that is made in the most recent fiscal year, the amount of which is not less than the higher of (i) ten million yen or (ii) 30% of the average annual expenses for the relevant group.
- *7. “Major lender of the Group” means any financial institution or other major creditor that is essential for the Company’s fund-raising, upon which the Company relies to such extent that such lender is not replaceable.

Business Report

(From January 1, 2022 to December 31, 2022)

1. Review of Sapporo Group Operations

(1) Operations and Operating Results

In 2022, while the Sapporo Group had been affected by the spread of COVID-19 virus, the easing of restrictions on behavior led to year-on-year increases in Group on-trade beer sales and the sales of beer halls and other dining-out establishments.

On the other hand, the outlook was uncertain, with concerns over rising prices due to factors such as the situation in Ukraine, the rapid depreciation of the yen, and surging prices of raw materials will lead to consumers becoming more cautious with their spending.

In this context, despite a decrease in revenue from the Food & Soft Drinks and Real Estate businesses, overall revenue increased year-on-year. This was thanks to an increased revenue from the Alcoholic Beverages business.

Consolidated core operating profits increased year-on-year, despite decreased profits from the Real Estate business. This was thanks to the contribution of the Alcoholic Beverages business and Food & Soft Drinks business to profit structure improvements.

As for operating profit, while the core operating profit improved, operating profit decreased mainly due to the absence of the gain on sale of investment properties in the previous year.

(2) Issues to be Addressed by the Group

(i) Management philosophy and value provided

Sapporo Group conducts its corporate activities under its management philosophy of “As an intrinsic part of people’s lives, Sapporo will contribute to the evolution of creative, enriching and rewarding lifestyles” and its fundamental management policy of “striving to maintain integrity in corporate conduct that reinforces stakeholder trust and aim to achieve continuous growth in corporate value.”

Utilizing the assets of “Highly Unique Brands” and “Engaging with customers and communities,” Sapporo Group has created a unique brand experience in 2 domains: “time” and “space.”

With the essence of “richness” that changes with the times, we will contribute to the “richness” of nature, society, and the spirit that will lead to tomorrow.

[Our Value]

Through the Time and Space where all our businesses provide, we contribute to Well-being of People and Local Communities



(ii) Medium-Term Management Plan (2023 to 2026)

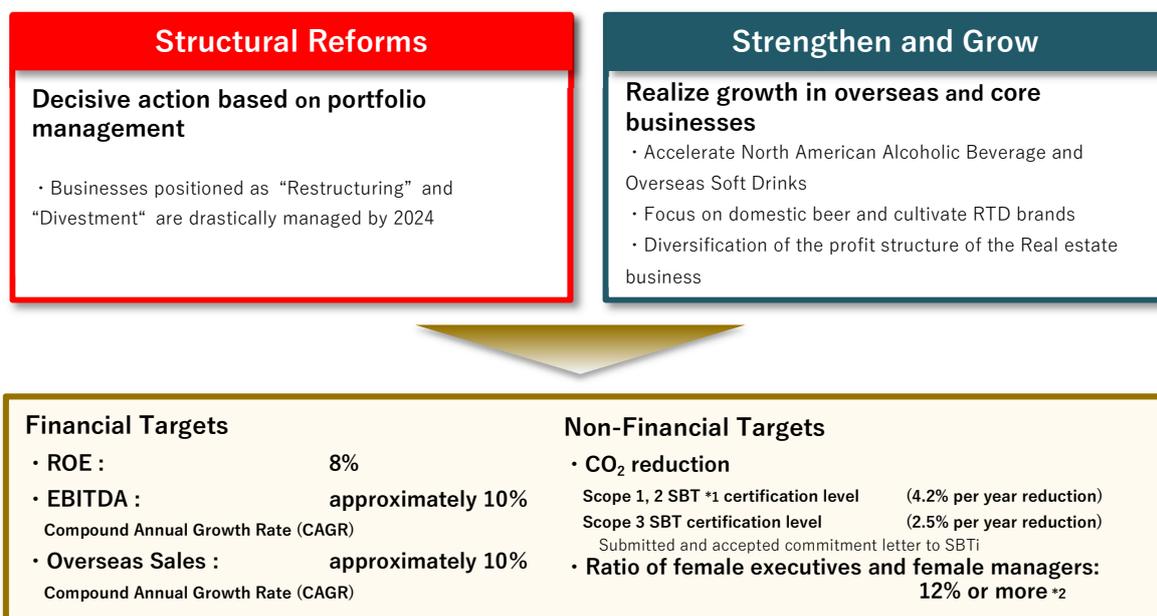
Since its foundation in 1876, Sapporo Group has constantly innovated and delivered products and services that have enriched customers’ lives. In 2026, we will mark our 150th anniversary.

In order to keep demonstrating its exclusive value to society beyond 150 years, we have developed a new management plan for the four (4) year period from 2023 to 2026. The key points of this plan are a revision of our business portfolio, realizing group management aligned with the positioning of each of our businesses, and increasing our corporate value through higher capital efficiency. We look to reliably meet the expectations of stakeholders during these four years.

For details please refer to the following website: https://www.sapporoholdings.jp/en/news/items/20221109_sh_en_2.pdf

<Essentials of Medium-Term Management Plan (2023 to 2026)>

<Basic Policy> Beyond150 - New Growth Through Business Structure Transformation -



*1 SBT (Science Based Targets) The greenhouse gas emission reduction target set by a company consistent with the level required by the Paris Agreement.
 *2 Results at the end of September 2022: 8.3% for female executives and 5.4% for female managers

(iii) Promotion and Monitoring of “Medium-Term Management Plan (2023 to 2026)”

The Sapporo Group will establish and operate a monitoring system from the two perspectives of internal operation and external disclosure to achieve the goals of the “Medium-Term Management Plan (2023 to 2026).” In terms of internal operation, the Group will closely monitor the progress of specific action plans for structural reforms and growth strategies in each business segment through meetings of the Board of Directors, etc., to strengthen support for the achievement of the plan. In terms of external disclosure, the Group will strive to enhance the credibility of achieving the plan by communicating Sapporo Group’s initiatives to stakeholders in a more concrete, intelligible, and timely manner.

(iv) Promotion of sustainability management

Sapporo Group has thoroughly reviewed its sustainability material issues in response to changes in the social situation and business environment surrounding our group in formulating the “Medium-Term Management Plan (2023 to 2026).” Based on its “Sustainability Policy,” we have set new targets for each of the 9 sustainability material issues that lie at the heart of initiatives and promote initiatives while monitoring the progress toward the achievement.

In addition, Sapporo Group agrees with the recommendations put forth by the Task Force on Climate-related Financial Disclosures, which encourage companies to evaluate and manage risks and opportunities associated with climate change and to disclose related information, and is therefore actively promoting such information disclosure.

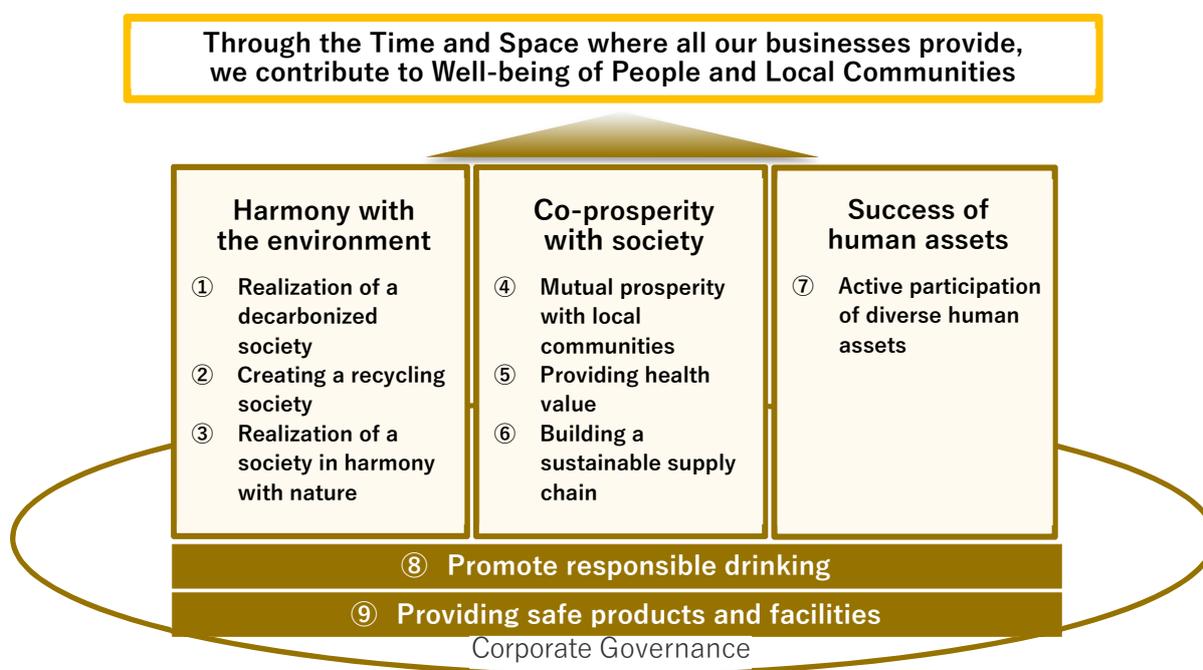
Drawing from partnerships between employees of the Sapporo Group and stakeholders around the world, we are working to realize a sustainable society by creating both social and economic value.

For details, please refer to the website: <https://www.sapporoholdings.jp/sustainability/>

[Sapporo Group Sustainability Policy]

- With the earth, in harmony with society, from the start, to bring smiles to people.

[Sustainability material issues]



(v) Human Assets Strategy

In order to realize the basic policy of the “Medium-Term Management Plan (2023 to 2026),” “Beyond150 - New Growth Through Business Structure Transformation -,” the Sapporo Group has positioned its human assets strategy as a pillar of its management platform, under the slogan, “Leveraging diversity to create a go beyond Boundaries, challenging positive change.” As for the human assets strategy, the Company has identified “aggressive investment for speedy growth,” “promoting diversity,” “increasing engagement and promoting health,” and “development of management talent” as important measures, and will ensure support for the execution of management strategies through more specific action plans and KPIs.

For the detail, please refer to the website: <https://www.sapporoholdings.jp/sustainability/human/> (in Japanese)

(vi) Promotion of DX

While the business environment continues to change significantly, the Sapporo Group promotes digital transformation (DX) on a full scale as a means to create value that conforms to the needs of a new era.

As its first step, the Group has established the “Sapporo Group DX Policy” as described below, and will develop and harness DX and IT human assets inside the Group.

[Sapporo Group DX Policy (Overview)]

- Become connected with, deepen understanding of, and stay at the side of customers
- Create customer-centered and well-thought-out new value and strengthen earning power
- Make our jobs more comfortable and enjoyable, with work we can take pride in, so that we can continue growing along with every stakeholder associated with the Sapporo Group

For the detail, please refer to the website: <https://www.sapporoholdings.jp/news/dit/?id=8912> (in Japanese)

(vii) Financial Strategy

Under the theme “Focus on Sustainable Growth and Capital Efficiency,” the Company will enhance capital efficiency by strengthening profitability through structural reform and business growth, as well as review of assets and the business portfolio, and will ensure the improvement of corporate value.

With respect to financial soundness, the Company, in principle, will maintain its current credit rating levels. With respect to investments, the Company will promote growth by prioritizing investments overseas while maintaining a balance with operating cash flow and promote sustainability-related investments as well. In addition, the Company will flexibly respond to growth investment opportunities, including M&A, to the extent the Company can maintain its current credit rating levels.

The Company regards the return of profits to shareholders as an important management policy, and the Company takes the basic policy of paying stable dividends in consideration of its business performance and financial condition. As for the level of dividends going forward, the Company will make efforts to improve the level of dividends, toward a consolidated dividend payout ratio of greater than or equal to 30% in principle, setting the current ratio as a minimum, while enhancing its corporate value. In the event that profit for the year 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.

Consolidated Statement of Financial Position

(As of December 31, 2022)

(Million Yen)

Item	99th business term (As of December 31, 2022)	(Reference) 98th business term (As of December 31, 2021)	Item	99th business term (As of December 31, 2022)	(Reference) 98th business term (As of December 31, 2021)
[Assets]			[Liabilities]		
Current assets	179,431	167,806	Current liabilities	219,515	210,535
Cash and cash equivalents	15,380	17,368	Trade and other payables	35,730	33,228
Trade and other receivables	96,593	91,530	Bonds and borrowings	86,524	61,163
Inventories	47,525	39,178	Lease liabilities	3,825	4,712
Other financial assets	8,454	3,985	Income taxes payable	890	5,577
Other current assets	11,479	5,627	Other financial liabilities	32,999	37,575
Subtotal	179,431	157,687	Provisions	7,485	7,704
Assets held for sale	–	10,119	Other current liabilities	52,060	54,458
			Subtotal	219,515	204,418
			Liabilities directly associated with assets held for sale	–	6,118
Non-current assets	459,687	426,745	Non-current liabilities	252,402	220,688
Property, plant and equipment	129,102	120,624	Bonds and borrowings	155,369	136,936
Investment property	209,628	203,224	Lease liabilities	17,478	17,257
Goodwill	33,783	19,176	Other financial liabilities	51,859	44,376
Intangible assets	9,328	7,893	Retirement benefit liability	3,471	318
Investments accounted for using equity method	1,370	1,345	Provisions	1,941	2,078
Other financial assets	68,616	65,650	Other non-current liabilities	278	139
Retirement benefit asset	1,353	–	Deferred tax liabilities	22,007	19,585
Other non-current assets	3,938	4,682	Total liabilities	471,917	431,224
Deferred tax assets	2,569	4,151	[Equity]		
			Share capital	53,887	53,887
			Capital surplus	40,645	40,596
			Treasury shares	(1,785)	(1,785)
			Retained earnings	43,392	44,791
			Other components of equity	30,171	25,080
			Total equity attributable to owners of parent	166,310	162,570
			Non-controlling interests	891	757
			Total equity	167,201	163,327
Total assets	639,118	594,551	Total liabilities and equity	639,118	594,551

Consolidated Statement of Profit or Loss

(From January 1, 2022 to December 31, 2022)

(Million Yen)

Item	99th business term (From January 1, 2022 to December 31, 2022)	(Reference) 98th business term (From January 1, 2021 to December 31, 2021)
Revenue	478,422	437,159
Cost of sales	339,180	303,380
Gross profit	139,243	133,779
Selling, general and administrative expenses	129,931	125,637
Other operating income	3,992	28,450
Other operating expenses	3,198	14,564
Operating profit	10,106	22,029
Finance income	3,044	1,606
Finance costs	1,891	2,496
Share of profit of investments accounted for using equity method	108	47
Profit before tax	11,367	21,185
Income taxes	5,852	8,910
Profit	5,515	12,275
Profit attributable to		
Owners of parent	5,450	12,331
Non-controlling interests	65	(56)
Profit	5,515	12,275

Consolidated Statement of Changes in Equity

(From January 1, 2022 to December 31, 2022)

(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, 2022	53,887	40,596	(1,785)	44,791	1,782	(15)	23,313	–	25,080
Profit				5,450					–
Other comprehensive income					2,932	25	2,539	(3,977)	1,519
Comprehensive income	–	–	–	5,450	2,932	25	2,539	(3,977)	1,519
Purchase of treasury shares			(4)						–
Disposal of treasury shares		0	3						–
Dividends				(3,277)					–
Share-based payment transactions		49							–
Transfer to retained earnings				(3,572)			(406)	3,977	3,572
Total transactions with owners	–	49	(0)	(6,849)	–	–	(406)	3,977	3,572
Balance as of December 31, 2022	53,887	40,645	(1,785)	43,392	4,714	10	25,446	–	30,171

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2022	162,570	757	163,327
Profit	5,450	65	5,515
Other comprehensive income	1,519	69	1,588
Comprehensive income	6,969	135	7,103
Purchase of treasury shares	(4)	–	(4)
Disposal of treasury shares	3	–	3
Dividends	(3,277)	(1)	(3,278)
Share-based payment transactions	49	–	49
Transfer to retained earnings	–	–	–
Total transactions with owners	(3,228)	(1)	(3,229)
Balance as of December 31, 2022	166,310	891	167,201

Non-Consolidated Balance Sheet

(As of December 31, 2022)

(Million Yen)

Item	99th business term (As of December 31, 2022)	(Reference) 98th business term (As of December 31, 2021)	Item	99th business term (As of December 31, 2022)	(Reference) 98th business term (As of December 31, 2021)
[Assets]			[Liabilities]		
Current assets	74,958	72,257	Current liabilities	86,902	76,513
Cash and deposits	2,974	7,553	Short-term borrowings	17,150	7,900
Trade accounts receivable	748	736	Current portion of bonds	10,000	10,000
Advance payments to suppliers	1	1	Current portion of long-term borrowings	21,500	16,500
Prepaid expenses	2	3	Commercial papers	32,000	22,000
Accounts receivable - other	5,515	8,651	Accounts payable - other	2,454	5,846
Short-term loans receivable	65,714	55,364	Accrued expenses	116	121
Other	5	5	Income taxes payable	19	2,498
Allowance for doubtful accounts	-	(56)	Accrued consumption taxes	24	43
			Deposits received	3,589	11,554
			Unearned revenue	-	5
			Provision for bonuses	50	46
Non-current assets	321,134	285,496	Non-current liabilities	157,827	138,844
Property, plant and equipment	32	38	Bonds payable	40,000	50,000
Buildings	31	35	Long-term borrowings	115,670	87,170
Machinery and equipment	0	1	Provision for share awards for directors (and other officers)	141	44
Tools, furniture and fixtures	1	2	Deferred tax liabilities	1,974	1,594
Intangible assets	151	24	Asset retirement obligations	9	9
Software	151	24	Other	32	27
Investments and other assets	320,951	285,434	Total liabilities	244,728	215,357
Investment securities	5,128	5,018	[Net Assets]		
Shares of subsidiaries and associates	123,494	123,494	Shareholders' equity	149,851	141,084
Long-term loans receivable	190,374	156,332	Share capital	53,887	53,887
Long-term prepaid expenses	3	4	Capital surplus	46,724	46,724
Prepaid pension costs	3,530	2,255	Legal capital surplus	46,544	46,544
Other	372	455	Other capital surplus	180	180
Allowance for doubtful accounts	(1,950)	(2,125)	Retained earnings	51,026	42,259
			Legal retained earnings	6,754	6,754
			Other retained earnings	44,272	35,504
			General reserve	16,339	16,339
			Retained earnings brought forward	27,933	19,165
			Treasury shares	(1,785)	(1,785)
			Valuation and translation adjustments	1,513	1,311
			Valuation difference on available-for-sale securities	1,513	1,311
			Total net assets	151,364	142,395
Total assets	396,092	357,752	Total liabilities and net assets	396,092	357,752

Non-Consolidated Statement of Income

(From January 1, 2022 to December 31, 2022)

(Million Yen)

Item	99th business term (From January 1, 2022 to December 31, 2022)	(Reference) 98th business term (From January 1, 2021 to December 31, 2021)
Operating revenue	18,822	14,334
Managing revenue from operating companies	6,826	6,687
Dividend income from subsidiaries and associates	11,433	7,086
Other	563	561
Operating expenses	7,099	6,683
General and administrative expenses	7,099	6,683
Operating profit	11,723	7,651
Non-operating income	1,105	1,102
Interest and dividend income	896	997
Reversal of allowance for doubtful accounts	175	65
Other revenue	34	40
Non-operating expenses	738	679
Interest expenses	585	641
Commission expenses	136	19
Other expenses	18	20
Ordinary profit	12,090	8,074
Extraordinary income	215	1,192
Gain on sale of investment securities	215	1,010
Gain on reversal of share acquisition rights	-	182
Extraordinary losses	57	-
Loss on valuation of investment securities	57	-
Other	0	-
Profit before income taxes	12,248	9,267
Income taxes - current	(126)	514
Income taxes - deferred	330	244
Profit	12,045	8,509

Non-Consolidated Statement of Changes in Equity

(From January 1, 2022 to December 31, 2022)

(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, 2022	53,887	46,544	180	46,724	6,754	16,339	19,165	42,259	(1,785)	141,084
Changes during period										
Dividends of surplus							(3,277)	(3,277)		(3,277)
Profit							12,045	12,045		12,045
Purchase of treasury shares									(4)	(4)
Disposal of treasury shares			0	0					3	3
Net changes in items other than shareholders' equity										
Total changes during period	-	-	0	0	-	-	8,767	8,767	(0)	8,767
Balance as of December 31, 2022	53,887	46,544	180	46,724	6,754	16,339	27,933	51,026	(1,785)	149,851

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of January 1, 2022	1,311	1,311	142,395
Changes during period			
Dividends of surplus			(3,277)
Profit			12,045
Purchase of treasury shares			(4)
Disposal of treasury shares			3
Net changes in items other than shareholders' equity	202	202	202
Total changes during period	202	202	8,969
Balance as of December 31, 2022	1,513	1,513	151,364