[Translation]

February 17, 2025

Company Name	Sapporo Holdings Limited
Representative	Masaki Oga President and Representative Director
Stock Code	2501
Listed on	Tokyo Stock Exchange (Prime Market) Sapporo Securities Exchange
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Notice Concerning the Opinion of the Board of Directors of the Company on the Shareholder's Proposal

Sapporo Holdings Limited (the "Company") has received a letter from a shareholder to the effect that the shareholder will submit a shareholder proposal at the 101st ordinary general meeting of shareholders of the Company scheduled to be held on March 28, 2025 (the "General Meeting").

The Company hereby announces as follows that it has resolved, at the meeting of the Board of Directors of the Company held as of February 14, 2025, to oppose the relevant shareholder's proposal (the "Shareholder's Proposal").

1. Proposing Shareholder

Name of Shareholder: 3D OPPORTUNITY MASTER FUND

2. Details of Shareholder's Proposal

(1) Agenda

Proposal No. 4 Election of one (1) Director who is an Audit & Supervisory Committee Member

Proposal No. 5 Election of one (1) Director (excluding Directors who are Audit & Supervisory Committee Members)

Provided, however, that Proposal No. 5 Election of One (1) Director (excluding Directors who are Audit & Supervisory Committee Members) shall become effective on the condition that Proposal No. 4 Election of One (1) Director who is an Audit & Supervisory Committee Member is not approved.

(2) Outline of Proposals and Reasons for Proposition

As described in the Exhibit attached hereto. In principle, the Exhibit contains the original text (only Japanese) of the notice of the shareholder's proposal submitted by the proposing shareholder.

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

(1) Opinion of the Board of Directors of the Company

<u>The Board of Directors of the Company opposes the Shareholder's Proposal.</u>

(2) Reasons for Opposition

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 reasons why the Board of Directors of the Company opposes the Shareholder's Proposal, along with the following four (4) points: (i) the Company's efforts to strengthen its corporate governance system, (ii) under the strengthened corporate governance system, the Company has appropriately formulated and implemented various measures to increase corporate value, (iii) the currently proposed structure of the Board of Directors at the General Meeting is optimal, and (iv) the Company does not believe that Mr. Paul J. Brough should be additionally appointed as an Outside Director in terms of the skill sets, qualifications and experience of the candidates in the shareholder's proposal, are described as below.

(i) <u>The Company's efforts to strengthen its corporate governance system</u>

The Company has recognized the strengthening and enhancement of the corporate governance system as one of its most important management challenges, and to date, under the leadership of the Board of Directors with a sophisticated supervisory function and transparency, has worked to strengthen its management supervisory functions toward the flexible decision-making and the achievement of management targets.

Major Efforts to Strengthen Corporate Governance System

- February 2023: Participation of Independent Outside Directors in dialogue with institutional investors and other capital market participants (continued)
- February 2023: Decision to discontinue the policy in response to large-scale purchases of the Company's share certificates, etc of the Company.
- February 2023: Policy of reducing cross-shareholdings (The ratio of the book value of the shares held to the total equity attributable to the owners of the parent company shall be less than 20% by the end of December 2026.)
- March 2023: One (1) Independent Outside Director with strength in real estate business is added, and the

majority of the Board of Directors is now Independent Outside Directors (Six (6) Independent Outside Directors out of eleven (11) members of the Board of Directors)

- February 2024: Review of the Board of Directors' skills matrix to achieve the "Medium to Long Term Management (2023~26)" (the "Medium-Term Plan").
- February 2024: Decision to bring forward the policy of reducing cross-shareholdings (The ratio of the book value of the shares held to the total equity attributable to the owners of the parent company shall be less than 10% by the end of December 2026.)
- March 2024: Election of three (3) Independent Outside Directors with strengths and experience in capital markets, M&A, and the food sector; addition of one (1) Independent Outside Director, making seven (7) Independent Outside Directors out of eleven (11) members of the Board of Directors
- April 2024: Revision of the compensation system for the Directors in line with the Medium-Term Plan.

First, the Board of Directors of the Company is highly independent in terms of its structure, thereby practicing corporate governance with an independent, objective, and professional perspective.
If Proposal No. 2 which the Company to present at the General Meeting is approved, the total number of Directors of the Company will be eleven (11), of which seven (7) will be the Independent Outside Directors. Of the eight (8) Directors who are not Audit & Supervisory Committee Members, five (5) will be Independent Outside Directors; and of the three (3) Directors who are Audit & Supervisory Committee Member, two (2) will be Independent Outside Directors, which means that the Independent Outside Directors will account for the majority of the total number of Directors in each case. The Company has also voluntarily established the Nominations Committee and the Compensation Committee, both of which will be chaired by the Independent Outside Directors, and the majority of the committee members will be Independent Outside Directors.
Thus, the Board of Directors of the Company, as well as the Audit & Supervisory Committee, the Nominations Committee, and the Compensation Committee are all composed mainly of Independent Outside Directors, and the Company has secured a sufficient number and ratio of Independent Outside Directors to provide accurate proposals, advice, auditing, and supervision from an independent, objective, and professional perspective to continuously increase the corporate value of Sapporo Group.

Second, the aforementioned corporate governance system also functions effectively as an initiative of the Nominations Committee and the Compensation Committee. In accordance with the Midium-Term Management Plan from 2023, the Nominations Committee reviewed the skill matrix based on the skills required as the Directors of the Company. As a result, the number of the Independent Outside Directors was increased, and the composition of the Board of Directors was changed so that the Independent Outside Directors constitute a majority of the Board of Directors. Furthermore, in order to supplement lacking skills and further strengthen governance, in 2024, for the purpose of enhancement of the Independent Outside Directors structure, the Company increased the number of Independent Outside Director to total of seven(7),and elected three (3) Independent Outside Directors with skills in the fields of finance, M&A, and food business. These efforts were driven by discussions in the Nominations Committee.

The Compensation Committee has also been promoting reforms, such as (i) the revision of the compensation system to be more consistent with the Medium-Term Plan from FY2024, (ii) the change of the evaluation index for performance-linked compensation from sales revenue and core operating profit to EBITDA and ROE, and (iii) the inclusion of GHG emission reductions into the evaluation item for stock-based compensation toward the achievement of carbon neutrality, and has established a system that encourages the Board of Directors to actively work toward the medium- to long-term corporate value enhancement.

Furthermore, the Company emphasizes and has direct dialogue with the shareholders and investors, in order to obtain an important viewpoint for sustainable growth and the medium- to long-term corporate value enhancement, as well as to disclose and explain the management information. Specifically, the Company continues direct dialogue mainly through proactive interviews with the shareholders and investors. In addition, through the easy-to-understand disclosures to shareholders, the briefings for the purpose of promotion of understanding business strategies and business environment have been conducted. (Number of individual interviews with institutional investors and securities analysts: 145 times in 2023, and 205 times in 2024)

The Independent Outside Directors actively participate in dialogues with institutional investors and other capital market participants, directly explaining the supervision of the Company's executives, their assessment of the Company's challenges and initiatives from an independent perspective. The opinions and suggestions through these dialogues are regularly fed back to the management then discuss at the meetings of the Board of Directors, and utilize in management. The details of the Company's management initiatives based on these opinions and proposals are explained in detail (ii) below.

As described above, the Company has been promoting efforts to strengthen and enhance its corporate governance system, and under the initiative of the Board of Directors with a sophisticated supervisory function and transparency, the Company has strived for the flexible decision-making and the achievement of management targets.

(ii) <u>The Company has appropriately formulated and implemented various measures to increase corporate value under the strengthened corporate governance system,</u>

The Company has utilized its strengthened corporate governance system to formulate and implement various measures to increase the Company's corporate value, as described below.

From 2023, the Company has started the Medium-Term Plan, which enhances capital efficiency by increasing profitability through structural reforms and business growth, as well as reviewing its assets and business portfolio, and to ensure the corporate value enhancement under the theme of "Focus on Sustainable Growth and Capital Efficiency". In the Medium-Term Plan, the Company set ROE targets, EBITDA growth rate target and overseas sales growth rate target, as well as established a progressive dividend policy, basically a consolidated dividend payout ratio of greater than or equal to 30%, in principle, with the current ratio as a minimum, in line with medium to long-term profit growth. In addition, as its asset reduction policy, the Company decided to reduce its assets in the real estate business, and make efforts to achieve a ratio of cross-shareholdings at less than 20% of capital and continuously

improve the ratio.
In February 2023, the Company decided to discontinue a policy in response to large-scale purchase of share certificates, etc. of the Company, taking into consideration the announcement of the Medium-Term Plan and the opinions of the Company's shareholders, including domestic and overseas institutional investors, as well as other relevant factors.
Under the above policy, the Company achieved the performance targets set out in its initial plan for the fiscal year ended December 31, 2023. In addition, the Company transferred some fixed assets in the real estate business, reduced the cross-shareholdings (15.5 billion yen in total), and increased the dividend per share from 42 yen in the fiscal year ended December 31, 2022 to 47 yen.

Further, based on the dialogue with domestic and overseas institutional investors that were held after the announcement of the Medium-Term Plan, the Company considered that it was necessary to formulate the medium to long term vision and basic strategies, then established the Group Strategy Review Committee (including the Company's executive directors and external experts, who are Mr. Takehiko Ogi (the former President and Representative Executive Officer of Kanebo, Ltd.) and Mr. Ryotaro Fujii (Senior Adviser of Permira; Mr. Fujii was appointed as an Independent Outside Director of the Company in 2024)) (the "Committee") in September 2023, started to discuss this matter. the Committee's deliberations were reported sequentially to the Board of Directors, and the opinions of the Board of Directors were fed back to the Committee. After such consideration, the Committee submitted its report to the Board of Directors meeting in January 2024, with which the Board of Directors held discussions based on the submitted report then announced, the "Medium to Long Term Management Policies for Increasing Group-wide Corporate Value" (the "Medium to Long Term Management Policies") in February 2024.
In the Medium to Long Term Management Policies, the Sapporo Group aims to transform its operations from a collection of three (3) businesses (alcoholic beverages, food & non-alcoholic beverages, and real estate) to a corporate entity that realizes value enhancement through growth of the alcoholic beverages business, which is to be achieved by the total strength of the group. The Company established a policy of 1)streamlining the food & non-alcoholic beverages business, including the reorganization of subsidiaries, strengthening of the lemon business, and reducing SKUs, 2)injecting external capital into the real estate business and 3)significantly expanding its investment in the growth of the beer business.

The Company and its group's operating companies have started a joint review to realize the Medium to Long Term Management Policies, launched the Project that ran from April. The Company has formed a number of working groups drawing from the corporate holding company and operating companies, and has set out four (4) themes in terms of the business strategy and five (5) themes in terms of the corporate strategy.

Working group members were include both holding company and operating company directors and executives, with participation by independent board directors with relevant knowledge. In particular, emphasis was being placed on strategy review of the Alcoholic Beverages business and policy review of the Real Estate business to maximize total corporate value, the Company has engaged expert external advisors to assist the review, while also taking objective analysis by a third party into consideration. Progress of all WGs has been closely monitored by the Board of Directors of the Company, with monthly update reports.

The status of these efforts is appropriately explained to the market in the quarterly financial results. In September 2024, the Company commenced to solicit and evaluate proposals for injecting external capital into the real estate business, and the Company is currently in the review process thereof (the “Process”). Given these efforts to strengthen and enhance its corporate governance system, the Company believes that the “doubt about the supervisory function of the Board of Directors” raised by the proposing shareholder is not applicable.

The proposing shareholder has expressed doubt about whether the Company’s decision-making in the process has been sufficiently transparent to shareholders, i.e., “in its doubt about the transparency of the Board of Directors”, and requested further disclosure of information such as the real estate to be separated, the transaction scheme, the equity to be transferred, and the time frame for the separation. However, in the process, it is important to solicit sincere proposals from potential partners that will contribute to the increase of our corporate value by maximizing the value of the real estate divestiture, and the Company believes that maintaining fairness among potential partners, proceeding with the process while maintaining the confidentiality of each party’s information, both are important factors. Disclosing information that has not been agreed upon or confirmed through discussions with potential partners during the Process may hinder the sincere proposals and consideration of potential partners, and may prevent the best possible outcome for our corporate value enhancement. Based on the above considerations, the Company intends to disclose information in a timely and appropriate manner as deemed necessary and reasonable from the perspective of increasing our corporate value. As such, the Company believes that the current disclosure policy is based on reasonable decisions from the perspective of corporate value, and that the “doubt about the transparency of the Board of Directors” raised by the proposing shareholder is not applicable.
Furthermore, it should be noted that in the general process of considering the injecting of external capital, to disclose detailed information, including schemes and timescales, is not common in practice at the intermediate stage of the process. The proposing shareholder’s request of disclosure at this stage of the process is excessive in terms of general disclosure practices.

As for the company’s cash allocation which is one of the important management policies, the Company disclosed in the Medium-Term Plan, and as announced in February 2024, the Company subsequently updated its investment policy in the real estate business and the asset reduction policy by accelerating the reduction of cross-shareholdings, and has reviewed such policies in a timely and appropriate manner in accordance with the review status of its business and financial strategies.
In addition, in order to manage with a focus on capital efficiency, the Company makes efforts to maximize corporate value by thoroughly implementing business management and financial management policies based on the cost of capital. The Company uses ROIC as an internal management indicator and adopts strict criteria for deciding whether to continue a business based on WACC for each business. Further, the Company also adopts a target of adding a certain spread to WACC as a hurdle rate and uses it as a guideline when developing business plans. The Company

regularly monitors and improves ROIC by identifying improvement points through the ROIC tree and thereby setting effective KPIs.
Further, with respect to overseas business, which the Company considers one of important issues, the Company is giving priority to build the management foundations for stable business operations, namely, strengthening of its organization and of its talents. In April 2024, the Company established the International Business Department within the holding company with the objective of a dedicated, experienced, and highly skilled organization for strengthening governance, exploring and examining investment opportunities and/or alliances with other companies. In addition, the Company has appointed external talents with extensive experience in overseas business, including senior management.
As announced in the “Notice Concerning Revision of Full-Year Earnings Forecast and Recording of Impairment Loss (in Consolidated Financial Statement)” dated January 30, 2025, the Company disclosed the recording of an impairment loss for Stone Brewing Co., LLC. In response to this, the Company has reviewed overseas business management of the entire Group, including the business in the U.S., has introduced a new system. Specifically, in January 2025, the company has separated the managerial decision-making process on overseas business from the Management Committee of Sapporo Breweries Limited, established the new International Management Committee within Sapporo Breweries Limited to make executive decisions. The International Management Committee, under the supervision of Sapporo Holdings Limited, makes efforts to improve the quality and speed of the managerial decision-making through both leadership by management members who have extensive overseas experience, simplification of the chain of command and information sharing system. Such efforts are reported to, and discussed at, the Board of Directors meetings as appropriate, to supervise and monitor business executions to ensure that they directly address the Company’s issues.
As mentioned above, the Company believes that the “doubt about the capital discipline” raised by the proposing shareholder is not applicable, given the company’s management aiming to improve capital efficiency and its series of efforts to improve issues in overseas business.

As described above, the corporate governance system that the Company has been strengthening has led to the formulation and execution of various measures to increase the Company’s corporate value. As a result of these efforts, the Company has reached at a stage where the company is well on track to achieve the ROE target for 2026. In addition, with steady progress in profit levels, the Company plans to increase the dividend per share by 5 yen to 52 yen for the fiscal year ended December 31, 2024, compared to the fiscal year ended December 31, 2023 (this is scheduled to be proposed at the General Meeting). For the fiscal year ending December 31, 2025, the Company expects to increase the dividend by a further 8 yen to 60 yen from the fiscal year ended December 31, 2024.

(iii) <u>The current structure of the Company’s Board of Directors is optimal</u>

As stated in (i) above, the Company has strengthened its corporate governance system by having a majority of the directors comprised of Independent Outside Directors, and has achieved the Board of Directors composition that contributes to sustainable growth and increased corporate value by fulfilling the skill matrix required to oversee the execution of the Medium-Term Plan.

As mentioned above, based on the review on the Nominations Committee, the Board of Directors reviewed the skills of the Directors, decided to appoint the following directors: in 2023, Director Makio Tanehashi, who has extensive experience in the finance and real estate business, was selected, while selected in 2024 were Director Kotaro Okamura, who has extensive experience in finance and capital markets, Director Ryotaro Fujii, who has extensive experience in investment and M&A, including overseas, and Director Naoko Tanouchi, who has extensive experience in the food business (especially in new business, M&A, and auditing, etc.). The Company has increased the ratio of Independent Outside Directors on the Board of Directors (50% in 2022, 55% in 2023, and 64% in 2024), thereby strengthening the supervisory function of the Board of Directors. The Company has subsequently improved its business performance by operating under such a highly independent Board of Directors structure.

Furthermore, based on the expertise and strengths of the respective Independent Outside Directors, the company has asked the Independent Outside Directors to participate in each WG to discuss important themes for the materialization of the Medium to Long Term Management Policies and these discussions have been held repeatedly. As a result, the Company has decided to proceed with the specific implementation of the currently announced Medium to Long Term Management Policies and injecting external capital into the real estate business. The Company believes that these efforts will enable it to achieve a high level of effectiveness in appropriate monitoring of future progress.
As mentioned above, these efforts are the result of reflecting the requests and suggestions obtained through the active participation of Independent Outside Directors in dialogue with shareholders and investors in the discussion at Board of Directors meetings.
Under this corporate governance system, the next Board of Directors structure proposed by the Company was recommended by a highly independent Nominations Committee after long-term and multiple discussions to realize the Medium to Long Term Management Policies, was decided upon by the Board of Directors, is an optimal structure with persons having the expertise to contribute to the sustainable growth and increase of the Company’s corporate value. Given this the Board of Directors structure, the “doubt about the expertise of the Board of Directors” raised by the proposing shareholder is not applicable.

Reference: Skill Matrix of directors if proposal No. 2 is approved

Name	Position and responsibilities	Independence	Corporate management	Financial accounting	Legal affairs / compliance / risk management	Personnel affairs and human resources	Global	Marketing	DX / IT	Sustainability
Hiroshi Tokimatsu	Director (Inside)		○	○	○			○		
Yoshitada Matsude	Director (Inside)		○	○		○				○
Rieko Shofu	Director (Inside)		○	○			○	○		
Tetsuya Shoji	Director (Outside)	○	○			○	○		○	
Toshihiro Uchiyama	Director	○	○		○		○	○		

	(Outside)									
Makio Tanehashi	Director (Outside)	○	○	○	○					○
Kotaro Okamura	Director (Outside)	○	○	○		○	○			
Ryotaro Fujii	Director (Outside)	○	○	○			○	○		
Toru Miyaishi	Director (Audit and Supervisory Committee Member / Inside)		○			○		○	○	
Kotaro Yamamoto	Director (Audit and Supervisory Committee Member / Outside)	○			○		○			○
Naoko Tanouchi	Director (Audit and Supervisory Committee Member / Outside)	○		○	○		○	○		

(Note) The positions will be officially decided at the Board of Directors meeting after the proposal for the election of directors, as disclosed in the “Notice of Changes in Officers” dated on February 14, is approved and adopted as proposed at the General Meeting.

(Note) The skills of each director candidate are limited to a maximum of four (4) of the skills the company expects each director candidate to possess in particular.

<u>(iv) The Company does not believe that Mr. Paul J. Brough should be additionally appointed as a Director in terms of the skill sets, qualifications and experience of the candidate in the shareholder’s proposal</u>

With respect to Mr. Paul J. Brough, who was nominated by the proposing shareholder, members of the Nominations Committee conducted an interview. Based on the results of said interview, the Nominating Committee considered and deliberated on the candidate’s qualifications, achievements and expertise as well as his role and function in the overall composition of the Board of Directors of the Company, reported its findings to the Board of Directors. Based on the report, the Board of Directors of the Company has examined and deliberated on the candidate. As a result, for the following reasons, the Company was unable to obtain assurances that the candidate is expected to contribute to the sustainable growth and enhancement of the corporate value of the Company.

<u>Overlap in skill sets of the director candidates recommended by the Company</u>

As indicated in (iii) above, the skill matrix of the Company’s Board of Directors is a summary of the skills required for the Board of Directors in order to implement the 2023 Management Policies and the Medium Term Management Plan. The Company is confident that the skill matrix will contribute to the sustainable growth and increase of corporate value of the Company, as the Company has compiled after thorough discussions by the Nominations Committee, taking into account the opinions of capital market participants. The proposing shareholder claims that the appointment of the candidate they have nominated will maximize the consideration for divestment of real estate and enable to optimize capital allocation. The skills needed to achieve these goals include finance, banking, and business reorganization, and in light of the skills required at the Company, they fall under the category of “financial accounting”. The Company has examined through the interview whether or not he [Mr. Brough] has these skills. However, as shown in the above skill matrix, the Company believes that the current skill structure of the Board of Directors ensures a sufficient levels of these skills, and the Company does not believe that adding him [Mr. Brough] will improve the effectiveness of the Board of Directors.

As stated above, the Company believes that the maximization of consideration for the divestiture of real estate and the optimization of capital allocation, which the proposing shareholder claims, can be achieved with the director structure of our recommended director candidates, without appointment of Mr. Brough.

Failure to meet the requirement for independence

As a criterion for the independence of outside directors, the Company requires that they are not currently, or have not been in the past three years, a major shareholder of the Company (or an executive of the corporation if such major shareholder is a corporation). As of January 16, 2025, the proposing shareholder holds 19.70% of the Company's shares (on a voting rights basis) and is a major shareholder of the Company.

As confirmed in an interview with him [Mr. Brough] by theNominations Committee, he [Mr. Brough] has been serving as an advisor to the proposing shareholder since February 2024 and has been receiving compensation from the proposing shareholder (he has stated that he will resign from this position upon assuming office as an outside director). He is also primarily responsible for investor relations activities, including dialogue with the proposing shareholder's investors, and is considered to be performing duties equivalent to those of an executive officer of the proposing shareholder. In light of these circumstances, the Company has decided that, from the perspective of protecting the interests of minority shareholders on the Company's Board of Directors, the appointment of Mr. Brough as an outside director of the Company would not be appropriate, whether as a director who is an Audit & Supervisory Committee member or as a director who is not an Audit & Supervisory Committee member. Moreover, if he is appointed as an outside director, he will be deemed to be a non-Independent Outside Director since he does not meet the requirements under the Company's independence standards.

Furthermore, the Nominations Committee has determined that the current structure of the Board of Directors, with 11 members, is the appropriate size for ensuring active discussions, and that it is a structure that can avoid duplication and shortage of skills, maintain an appropriate balance between internal and Independent Outside Directors, and that the continuation of the current Board of Directors structure with sufficient skills will contribute to sustainable growth and increase of corporate value, in order to oversee the realization of Medium to Long Term Management Policies and the implementation of the injection of external capital into the real estate businesses.

Therefore, the Company's Board of Directors has concluded that he cannot be expected to play an additional role in increasing our corporate value or improving the effectiveness of the Board of Directors, and therefore, should not be additionally appointed either as a director who is an Audit & Supervisory Committee member or as a director who is not an Audit & Supervisory Committee member.

(v) Conclusion.

For the reasons stated in (i) through (iv) above, the Board of Directors of the Company is of the opinion that the "doubt about capital discipline," "doubt about the supervisory function of the Board of Directors," "doubts about the professionalism of the Board of Directors," and "doubt about the transparency of the Board of Directors" of the Company as alleged by the shareholder making the proposal are not applicable to the Company and that the current Board of Directors structure is the most appropriate for the Company to achieve its aim of increasing the corporate value over the medium to long term and the interests of all shareholders of the Company. Therefore, the appointment of Mr. Paul J. Brough as a director who is an Audit & Supervisory Committee member or as a director who is not an Audit & Supervisory Committee member will not contribute to both corporate value and shareholder value from a medium- to long-term perspective.

Therefore, **the Board of Directors of the Company <u>opposes the Shareholder's Proposal.</u>**.

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