SAPPORO

Six Months ended June 30, 2019

Consolidated First Half Earnings Report - Supplementary Information

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August 2019

SAPPORO HOLDINGS LTD.

Securities Code: 2501

URL https://www.sapporoholdings.jp/en/

Financial Highlights (2015-2019)

Consolidated Financial Highlights

(billions of yen, except percentages, ratios, per-share data, and exchange rates)

		Six months ended June 30, 2015 J GAAP	Six months ended June 30, 2016 J GAAP	Six months ended June 30, 2017 J GAAP	Six months ended June 30, 2017 IFRS	Six months ended June 30, 2018 IFRS	Six months ended June 30, 2019 IFRS
Revenue	Including liquor tax	245.9	249.0	258.0	250.7	241.7	242.9
	Excluding liquor tax	194.6	195.7	203.6	191.0	185.7	187.7
Overseas revenue to total	Excluding liquor tax	24.3%	21.9%	22.0%	23.2%	23.4%	23.9%
Operating profit	Before goodwill amortization	0.7	5.0	4.9	1.2	(3.0)	(0.1)
	After goodwill amortization	(1.3)	3.0	3.0			
Operating margin	Including liquor tax / after goodwill amortization	-	1.2%	1.2%	0.5%	-	-
	Excluding liquor tax /before goodwill amortization	0.4%	2.6%	2.4%	0.6%	-	-
	Excluding liquor tax /after goodwill amortization	-	1.6%	1.5%			
Ordinary income		(1.5)	2.6	2.7	-	-	-
Profit attributable to owners of parent		1.2	0.5	0.2	(0.2)	(2.5)	(0.8)
Total assets		621.1	594.9	606.0	640.2	643.9	639.3
Total equity		161.9	151.3	165.6	162.6	161.8	165.7
Balance of debt (*2)	Gross	243.4	238.8	231.7	231.9	237.7	236.7
	Net	232.8	226.3	221.2	221.6	227.9	228.0
Debt-to-equity ratio (times)	Gross	1.5	1.6	1.4	1.4	1.5	1.4
	Net	1.4	1.5	1.3	1.4	1.4	1.4
<For reference> Profit from operations before non-recurring items (*3)		(1.3)	3.0	3.0	1.8	(2.4)	(1.6)
Profit from operations before non-recurring items (after subtracting levies)(*4)		(1.3)	3.0	3.0	3.0	(1.1)	(0.2)
Depreciation and amortization		11.8	10.9	11.5	13.3	13.0	12.7
Amortization of goodwill		2.0	1.9	1.9	-	-	-
EBITDA(*5)		12.6	15.9	16.5	15.0	10.6	11.2
Capital expenditure	Cash basis	13.5	10.0	8.8	8.8	9.9	20.8
Exchange rates (Yen) (*6)	US$	120.31	111.74	112.34	112.34	108.68	110.06
	CAN$	97.33	83.90	84.24	84.24	85.06	82.56

		2015 J GAAP	2016 J GAAP	2017 J GAAP	2017 IFRS	2018 IFRS	2019 (Forecast) IFRS
Revenue	Including liquor tax	533.7	541.8	551.5	536.6	521.9	548.8
	Excluding liquor tax	418.3	424.1	433.3	406.8	398.7	425.8
Overseas revenue to total	Excluding liquor tax	22.6%	20.5%	21.2%	22.4%	22.7%	23.9%
Operating profit	Before goodwill amortization	18.1	24.2	21.0	12.8	10.8	12.6
	After goodwill amortization	14.0	20.3	17.0			
Operating margin	Including liquor tax / after goodwill amortization	2.6%	3.7%	3.1%	2.4%	2.1%	2.3%
	Excluding liquor tax /before goodwill amortization	4.3%	5.7%	4.8%	3.1%	2.7%	3.0%
	Excluding liquor tax /after goodwill amortization	3.3%	4.8%	3.9%			
Ordinary income		13.2	19.2	16.4	-	-	-
Profit attributable to owners of parent		6.1	9.5	11.0	7.2	8.5	8.7
Total assets		620.4	626.4	630.6	664.7	639.7	
Total equity		163.8	166.4	177.7	175.7	164.7	
Balance of debt (*2)	Gross	234.7	238.1	233.6	233.9	228.3	248.9
	Net	224.3	227.6	220.9	221.4	218.4	238.9
Debt-to-equity ratio (times)	Gross	1.4	1.4	1.3	1.3	1.4	1.3
	Net	1.4	1.4	1.2	1.3	1.3	1.3
<For reference> Profit from operations before non-recurring items (*3)		14.0	20.3	17.0	17.4	14.4	15.8
Depreciation and amortization		24.2	22.3	23.6	27.0	26.0	26.2
Amortization of goodwill		4.2	3.9	4.0	-	-	-
EBITDA(*4)		42.3	46.5	44.6	44.5	40.4	42.0
Capital expenditure	Cash basis	20.3	21.8	15.3	15.3	23.0	44.9
ROE (%)	Before goodwill amortization	6.5%	8.4%	8.9%	4.4%	5.1%	5.0%
	After goodwill amortization	3.9%	5.9%	6.6%			
EPS (yen sen) (*6)	Before goodwill amortization	131.71	171.89	191.70	92.27	109.40	111.70
	After goodwill amortization	78.40	121.56	140.93			
Exchange rates (Yen) (*7)	US$	121.11	108.81	112.17	112.17	110.45	110.00
	CAN$	94.82	82.07	86.47	86.47	85.23	88.00

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.
The data of the fiscal 2017 is also presented based on IFRS for comparison.

*2: The balance of debt includes commercial paper but excludes the balance of lease obligations.

*3: Profit from operations before non-recurring items is calculated as Revenue – Cost of sales – SG&A expenses.

*4: Profit from operations before non-recurring items (after subtracting levies) represents profit from operations after subtracting of levies which are adjusted based on the time of recognition.
Under IFRS, levies including real-estate tax are expensed in full (excluding inventories) on January 1.

*5: EBITDA (JGAAP) = Profit from operations before non-recurring items + Depreciation and amortization + Amortization of goodwill
EBITDA (IFRS)=Profit from operations before non-recurring items+ Depreciation and amortization (excluding depreciation expense on leased assets which is charged on the rent of restaurants)

*6:On July 1, 2016, the Company carried out a share consolidation at a ratio of 1 share for 5 shares of the Company's common stock. Accordingly, values for EPS have been recalculated on the assumption that the share consolidation took place at the beginning of fiscal year 2015 .

*7:Revenues and expenses are translated into Japanese yen at the average exchange rate for the fiscal year.

Major Sales and Sales Volume

Alcoholic Beverages(Japan)

(10,000 cases)

	Jan. 1 - Jun.30, 2018	Jan. 1 - Jun.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Sapporo Draft Beer Black Label (total)	778	778	100%	1,687	1,760	104%
YEBISU (total)	360	353	98%	857	870	102%
1 Beer (total)	1,303	1,342	103%	2,991	3,100	104%
2 Happoshu (total)	127	99	78%	257	200	78%
3 New genre beer products (total)	617	520	84%	1,217	1,150	95%
Beer, happoshu, and new genre （total 1+2+3）	2,047	1,961	96%	4,466	4,450	100%
Non-alcoholic beer taste beverage	47	35	75%	93	85	92%

(billions of yen)

	Jan. 1 - Jun.30, 2018	Jan. 1 - Jun.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Domestic wines	2.3	2.1	92%	4.7	5.3	115%
Imported wines	3.5	3.6	103%	8.2	9.3	113%
Wine (total)	5.8	5.7	99%	12.9	14.7	114%
RTD, Spirits and Shochu (total)	15.8	18.2	115%	35.3	41.2	117%
Subtotal	21.7	24.1	111%	48.3	55.9	116%
Rebate subtracted from sales	(3.5)	(4.7)	—	(8.5)	—	—
Total	18.1	19.3	107%	39.8	—	—

*Full year estimate for rebate subtracted from sales is not disclosed.

Beer (International)

(10,000 cases)

	Jan. 1 - Jun.30, 2018	Jan. 1 - Jun.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Overseas brand (SLEEMAN, Anchor, etc.)	662	645	97%	1,368	1,398	102%
Sapporo brand	305	319	105%	628	711	113%

Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(10,000 cases)

	Jan. 1 - Jun.30, 2018	Jan. 1 - Jun.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Soft Drinks（*1）	2,031	1,954	96%	4,370	4,450	102%

*1：Excludes sales other than Japan and soy milk drinks sales in Japan

Consolidated Results (Six Months ended June 30, 2019)

Condensed Consolidated Statements of Income

(billions of yen)

	Six months ended June 30, 2018 IFRS	Six months ended June 30, 2019 IFRS	Change	Change (%)
Alcoholic Beverages	151.0	149.8	(1.2)	(0.8)%
Japan & Asia	114.0	113.6	(0.4)	(0.4)%
North America	23.8	23.3	(0.5)	(2.0)%
Restaurants	13.2	12.9	(0.3)	(2.1)%
Food & Soft Drinks	75.8	78.2	2.4	3.2%
Japan & Asia	62.4	63.5	1.1	1.7%
North America	13.4	14.7	1.3	10.1%
Real Estate	12.1	12.0	(0.0)	(0.2)%
Other	2.9	2.9	(0.0)	(1.0)%
Revenue	241.7	242.9	1.2	0.5%
Alcoholic Beverages	(2.7)	(0.6)	2.1	-
Japan & Asia	(2.2)	0.4	2.6	-
North America	0.1	(0.6)	(0.7)	-
Restaurants	(0.5)	(0.4)	0.0	-
Food & Soft Drinks	(1.7)	(2.2)	(0.5)	-
Japan & Asia	(1.4)	(1.9)	(0.6)	-
North America	(0.4)	(0.3)	0.1	-
Real Estate	4.6	6.3	1.8	39.4%
Other	0.0	(0.2)	(0.2)	-
General corporate and intercompany eliminations	(3.2)	(3.5)	(0.3)	-
Operating profit	(3.0)	(0.1)	2.9	-
Financial income (expense) / Foreign exchange gains (losses)	(0.6)	(0.7)	(0.1)	-
Equity in net income (loss) of affiliates	0.0	0.0	0.0	22.3%
Profit before tax	(3.6)	(0.8)	2.8	-
Income taxes	(0.7)	0.3	1.1	-
Profit (loss) attributable to non-controlling interest	(0.4)	(0.3)	0.1	-
Profit attributable to owners of parent	(2.5)	(0.8)	1.7	-

<For reference> Profit from operations before non-recurring items (*3)	(2.4)	(1.6)	0.8	-
Profit from operations before non-recurring items(after subtracting levies(*4)	(1.1)	(0.2)	0.9	-
EBITDA (*5)	10.6	11.2	0.6	5.4%

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.

*2: Effective from the fiscal 2019, the present 5 business segments of Japanese Alcoholic Beverages, International, Foods & Soft Drinks, Restaurants, and Real Estate have been reorganized into 3 new segments: Alcoholic Beverages, Foods & Soft Drinks, and Real Estate.

*3: Profit from operations before non-recurring items is calculated as Revenue – Cost of sales – SG&A expenses.

*4: Profit from operations before non-recurring items (after subtracting levies) represents profit from operations after subtracting of levies which are adjusted based on the time of recognition.
Under IFRS, levies including real-estate tax are expensed in full (excluding inventories) on January 1.

*5: EBITDA=Profit from operations before non-recurring items+ Depreciation and amortization (excluding depreciation expense on leased assets which is charged on the rent of restaurants）

Condensed Consolidated Statements of Cash Flows

	Six months ended June 30, 2018 IFRS	Six months ended June 30, 2019 IFRS	Change	Change (%)
Cash flows from operating activities	11.1	13.6	2.6	23.1%
Cash flows from investing activities	(11.5)	(14.9)	(3.4)	-
Cash flows from financial activities	(0.4)	(1.3)	(0.8)	-
Free Cash flows	(2.1)	0.1	2.2	-

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax)

(billions of yen)

	Six months ended June 30, 2018 IFRS	Six months ended June 30, 2019 IFRS	Change	Change (%)
Beer	71.5	74.4	2.8	4.0%
Happoshu	4.9	3.8	(1.1)	(22.4)%
New genre	20.3	17.2	(3.1)	(15.5)%
Subtotal	96.8	95.3	(1.4)	(1.5)%
Rebate subtracted from sales	(5.2)	(5.1)	0.2	–
Total	91.5	90.3	(1.2)	(1.4)%

Sales (excluding liquor tax)

(billions of yen)

	Six months ended June 30, 2018 IFRS	Six months ended June 30, 2019 IFRS	Change	Change (%)
Beer	35.2	37.0	1.8	5.0%
Happoshu	2.7	2.1	(0.6)	(22.7)%
New genre	14.1	11.9	(2.2)	(15.4)%
Subtotal	52.1	51.0	(1.0)	(2.0)%
Rebate subtracted from sales	(5.2)	(5.1)	0.2	–
Total	46.8	45.9	(0.9)	(1.8)%

Consolidated Results (Six Months ended June 30, 2019)

Breakdown of key income Changes

(billions of yen)

	Change factor	Six months ended June 30, 2018 IFRS	Six months ended June 30, 2019 IFRS	Change	Details
Alcoholic Beverages in Japan & Asia		(2.0)	0.4	2.5	
Beer and related products in Japan		(4.0)	(1.4)	2.6	
Marginal profit	Subtotal			1.1	
	Increase (decrease) in volume / Product mix			(0.2)	Beer + 0.7 Happoshu -0.4 New genre -1.4 Product mix +0.9
	Other			1.3	Non-alcoholic beer, RTD, Production costs, other factors
Fixed costs and other	Subtotal			1.5	
	Sales promotion costs			1.4	Advertising and promotion expenses, other factors
	Facility cost			0.0	Facilities costs, other factors
	Other			0.0	Personnel expenses, General and administrative expenses
Wine and spirits		1.4	1.0	(0.3)	
Alcoholic Beverages in Asia		0.0	0.3	0.2	Vietnam
Other		0.6	0.5	(0.1)	Export, Restaurants, other factors
Alcoholic Beverages in North America		0.0	(0.5)	(0.5)	
Restaurants		(0.4)	(0.3)	0.0	
Adjustment of difference between J GAAP and IFRS		(0.2)	(0.2)	0.1	Non-recurring items
Alcoholic Beverages		**(2.7)**	**(0.6)**	**2.1**	
Food & Soft Drinks in Japan & Asia		**(1.1)**	**(1.6)**	**(0.5)**	
Japanese Food & Soft Drinks		(1.0)	(2.0)	(0.9)	
	Increase (decrease) in volume / Product mix			(0.5)	Decrease in volume
	Production costs			(0.3)	
	Marketing costs			(0.2)	Sales commissions
	Fixed costs and other			(0.1)	Logistics costs, Personnel expenses, General and administrative expenses
	Other			0.1	Vending machine operators, and other
Overseas Soft Drinks/ Domestic coffee shop chain		(0.1)	0.4	0.5	
Food & Soft Drinks in North America		(0.4)	(0.3)	0.1	
Adjustment of difference between J GAAP and IFRS		(0.3)	(0.3)	(0.0)	Non-recurring items
Food & Soft Drinks		**(1.7)**	**(2.2)**	**(0.5)**	
	Rent			(0.2)	
	Sales/ Other factors			(0.0)	
Adjustment of difference between J GAAP and IFRS		(0.1)	1.9	2.0	Non-recurring items
Real Estate		**4.6**	**6.3**	**1.8**	
	Logistics business			(0.2)	
	Other			0.0	
Adjustment of difference between J GAAP and IFRS		0.0	0.0	0.0	
Other		**0.0**	**(0.2)**	**(0.2)**	
	General corporate			(0.3)	Transformation of the group management platform/ Invest for growth
Adjustment of difference between J GAAP and IFRS		0.0	0.0	0.0	
General corporate and intercompany eliminations		**(3.2)**	**(3.5)**	**(0.3)**	
Operating profit		**(3.0)**	**(0.1)**	**2.9**	
	Financial income (expense) / Foreign exchange gains (losses)	(0.6)	(0.7)	(0.1)	
Profit before tax		**(3.6)**	**(0.8)**	**2.8**	
Corporate tax, etc. / Profit (loss) attributable to non-controlling interests		**1.1**	**0.0**	**(1.2)**	
Profit attributable to owners of parent		**(2.5)**	**(0.8)**	**1.7**	

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.

*2:Effective from the fiscal 2019, the present 5 business segments of Japanese Alcoholic Beverages, International, Foods & Soft Drinks, Restaurants, and Real Estate have been reorganized into 3 new segments: Alcoholic Beverages, Foods & Soft Drinks, and Real Estate.

	Six months ended June 30, 2018	Six months ended June 30, 2019
Yen/US$	108.68	110.06
Yen/CAN$	85.06	82.56
Yen/EUR	131.55	124.32

Consolidated Results (Six Months ended June 30, 2019)

Segment Information (billions of yen)

Six months ended June 30, 2018 IFRS	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	151.0	75.8	12.1	2.9	-	241.7
Operating profit	(2.7)	(1.7)	4.6	0.0	(3.2)	(3.0)
Sales promotion costs						
Sales incentives and commissions	2.4	5.0	0.0	0.0	(0.0)	7.4
Advertising and promotion expenses	8.8	1.8	0.2	0.0	(0.0)	10.8
Promotion items	4.0	0.1	0.0	0.0	(0.1)	4.0
<For reference> Profit from operations before non-recurring items (*3)	(2.5)	(1.5)	4.7	0.0	(3.2)	(2.4)
Depreciation and amortization	5.9	3.7	2.5	0.0	0.8	13.0
EBITDA (*4)	3.4	2.3	7.2	0.0	(2.4)	10.6
Capital expenditures (cash basis)	4.0	1.9	2.7	0.0	1.3	9.9
Payment of lease obligations	1.5	2.1	0.1	0.0	(0.1)	3.5

Six months ended June 30, 2019 IFRS	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	149.8	78.2	12.0	2.9	-	242.9
Operating profit	(0.6)	(2.2)	6.3	(0.2)	(3.5)	(0.1)
Sales promotion costs						
Sales incentives and commissions	2.2	5.1	0.0	0.0	(0.0)	7.3
Advertising and promotion expenses	7.2	1.8	0.2	0.0	0.0	9.2
Promotion items	3.3	0.1	0.0	0.0	(0.1)	3.3
<For reference> Profit from operations before non-recurring items (*3)	(0.4)	(1.9)	4.5	(0.2)	(3.5)	(1.6)
Depreciation and amortization	5.6	3.6	2.6	0.0	0.9	12.7
EBITDA (*4)	5.2	1.7	7.0	(0.2)	(2.6)	11.2
Capital expenditures (cash basis)	3.5	3.3	12.4	0.0	1.6	20.8
Payment of lease obligations	1.4	2.0	0.1	0.0	(0.1)	3.4

Change	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	(1.2)	2.4	(0.0)	(0.0)	-	1.2
Operating profit	2.1	(0.5)	1.8	(0.2)	(0.3)	2.9
Sales promotion costs						
Sales incentives and commissions	(0.3)	0.1	0.0	0.0	(0.0)	(0.1)
Advertising and promotion expenses	(1.6)	(0.0)	(0.0)	0.0	0.0	(1.6)
Promotion items	(0.7)	(0.0)	0.0	0.0	(0.0)	(0.8)
<For reference> Profit from operations before non-recurring items (*3)	2.0	(0.4)	(0.2)	(0.2)	(0.3)	0.8
Depreciation and amortization	(0.2)	(0.1)	0.0	(0.0)	0.1	(0.3)
EBITDA (*4)	1.8	(0.6)	(0.2)	(0.2)	(0.3)	0.6
Capital expenditures (cash basis)	(0.5)	1.5	9.7	(0.0)	0.3	11.0
Payment of lease obligations	(0.1)	(0.0)	0.0	0.0	0.0	(0.1)

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.

*2:Effective from the fiscal 2019, the present 5 business segments of Japanese Alcoholic Beverages, International, Foods & Soft Drinks, Restaurants, and Real Estate have been reorganized into 3 new segments: Alcoholic Beverages, Foods & Soft Drinks, and Real Estate.

*3: Profit from operations before non-recurring items is calculated as Revenue – Cost of sales – SG&A expenses.

*4: EBITDA=Profit from operations before non-recurring items+ Depreciation and amortization (excluding depreciation expense on leased assets which is charged on the rent of restaurants）

Consolidated Results (Six Months ended June 30, 2019)

Condensed Consolidated Balance Sheets

(billions of yen)

	December 31, 2018 IFRS	June 30, 2019 IFRS	Change	Primary Reasons
Current assets	153.5	146.2	(7.4)	
Cash and cash equivalents	10.0	8.7	(1.2)	
Trade and other receivables	93.3	82.5	(10.8)	Seasonal factors, Bank holiday(Dec. 31)
Inventories	37.1	41.8	4.7	
Other	13.1	13.2	0.0	
Non-current assets	486.1	493.1	7.0	
Fixed assets	164.7	166.1	1.3	
Investment property	215.5	220.2	4.7	
Goodwill	21.2	21.9	0.7	
Other	84.7	85.0	0.3	
Total assets	639.7	639.3	(0.4)	
Current liabilities	214.6	219.0	4.4	
Trade and other payables	35.3	36.0	0.7	
Short-term financial liabilities	73.9	83.7	9.9	
Other	105.4	99.3	(6.2)	Decrease in accured alcohol tax
Non-current liabilities	260.4	254.6	(5.8)	
Long-term financial liabilities	154.5	153.0	(1.5)	
Net defined benefit liability	11.7	6.5	(5.2)	
Other	94.2	95.0	0.9	
Total liabilities	475.0	473.6	(1.4)	
Equity attributable to owners of parent	161.5	163.2	1.7	
Equity attributable to non-controlling interests	3.2	2.5	(0.7)	
Total equity	164.7	165.7	1.0	
Total liabilities and equity	639.7	639.3	(0.4)	

Financial Liabilities by segment

(billions of yen)

	December 31, 2018 IFRS	June 30, 2019 IFRS	Change	Primary Reasons
Alcoholic Beverages	55.0	51.9	(3.1)	
Food & Soft Drinks	23.7	30.4	6.7	
Real Estate	130.0	131.0	1.0	
Other	0.0	0.0	0.0	
Corporate and eliminations	19.7	23.4	3.8	
Total	228.3	236.7	8.4	

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.

Overview of Segmentation Changes 2019

① The present 5 business segments of Japanese Alcoholic Beverages, International, Foods & Soft Drinks, Restaurants, and Real Estate have been reorganized into 3 new segments: Alcoholic Beverages, Foods & Soft Drinks, and Real Estate.

② International operations have been incorporated into Alcoholic Beverages and Food & Beverages operations respectively.
In addition, Restaurant operations have been incorporated into Alcoholic Beverage operations.

③Shinsyu-ichi Miso is now included in the Food & Soft Drinks segment (previously the Other segment).

Reportable segment income refers to operating income. Equity-method affiliates are therefore omitted below.

2018 Segmentation

Segment	Consolidated subsidiaries
Japanese Alcoholic Beverages	SAPPORO BREWERIES LTD.
	YEBISU WINEMART CO., LTD.
	TANOSHIMARU SHUZO CO., LTD.
	STARNET CO., LTD.
	SHINSEIEN CO.,LTD.
Internationa	SAPPORO INTERNATIONAL INC.(*1)
	SAPPORO U.S.A., INC.
	SAPPORO CANADA INC.
	SLEEMAN BREWERIES LTD.
	SAPPORO ASIA PRIVATE LIMITED
	SAPPORO VIETNAM LIMITED
	SAPPORO NORTH AMERICA INC.
	ANCHOR BREWING COMPANY, LLC
	SILVER SPRINGS CITRUS, INC.
	COUNTRY PURE FOODS, INC.
	And another 12 companies
Food & Soft Drinks	POKKA SAPPORO FOOD & BEVERAGE LTD.
	POKKA CREATE CO., LTD.
	PS BEVERAGE LTD
	STAR BEVERAGE SERVICE CO., LTD.
	POKKA SAPPORO HOKKAIDO LTD.
	NH BEANS CO.,LTD.
	POKKA CORPORATION (SINGAPORE) PTE. LTD.
	POKKA INTERNATIONAL PTE. LTD.
	PT. POKKKA DIMA INTERNATIONAL(*2)
	And another 8 companies
Restaurants	SAPPORO LION LIMITED
	NEW SANKO INC.
	MARUSHINKAWAMURA INC.
	GINRINSUISAN INC.
	SAPPORO LION (SINGAPORE) PTE.LTD.
Real Estate	SAPPORO REAL ESTATE CO.,LTD.
	YGP REAL ESTATE CO., LTD.
	TOKYO ENERGY SERVICE CO., LTD.
	YOKOHAMA KEIWA BUILDING CO., LTD.
Other	SAPPORO GROUP MANAGEMENT LTD.
	SAPPORO GROUP LOGISTICS CO., LTD.
	SAPPORO LOGISTICS SYSTEMS CO., LTD.
	SHINSYU-ICHI MISO CO., LTD.
Corporate and eliminations	SAPPORO HOLDINGS LTD. SAPPORO GROUP MANAGEMENT LTD.

2019 Segmentation

Segment	Consolidated subsidiaries
Alcoholic Beverages	SAPPORO BREWERIES LTD.
	YEBISU WINEMART CO., LTD.
	TANOSHIMARU SHUZO CO., LTD.
	SAPPORO FIELD MARKETING CO., LTD.
	SHINSEIEN CO.,LTD.
	SAPPORO U.S.A., INC.
	SAPPORO CANADA INC.
	SLEEMAN BREWERIES LTD.
	ANCHOR BREWING COMPANY, LLC
	SAPPORO ASIA PRIVATE LIMITED
	SAPPORO VIETNAM LIMITED
	SAPPORO EUROPE B.V.
	SAPPORO LION LIMITED
	NEW SANKO INC.
	MARUSHINKAWAMURA INC.
	GINRINSUISAN INC.
	SAPPORO LION (SINGAPORE) PTE.LTD.
	And another 3 companies
Food & Soft Drinks	POKKA SAPPORO FOOD & BEVERAGE LTD.
	POKKA CREATE CO., LTD.
	PS BEVERAGE LTD.
	STAR BEVERAGE SERVICE CO., LTD.
	POKKA SAPPORO HOKKAIDO LTD.
	POKKA SAPPORO OFFICE SUPPORT LTD.
	YASUMA CO.,LTD
	NH BEANS CO.,LTD.
	POKKA CORPORATION (SINGAPORE) PTE. LTD.
	POKKA INTERNATIONAL PTE. LTD.
	COUNTRY PURE FOODS, INC.
	SILVER SPRINGS CITRUS, INC.
	SHINSYU-ICHI MISO CO., LTD.
	And another 17 companies
Real Estate	SAPPORO REAL ESTATE CO.,LTD.
	YGP REAL ESTATE CO., LTD.
	TOKYO ENERGY SERVICE CO., LTD.
	YOKOHAMA KEIWA BUILDING CO., LTD.
Other	SAPPORO GROUP MANAGEMENT LTD.
	SAPPORO GROUP LOGISTICS CO., LTD.
	SAPPORO LOGISTICS SYSTEMS CO., LTD.
	SAPPORO WELLNESS LAB LTD.
Corporate and eliminations	SAPPORO HOLDINGS LTD. SAPPORO GROUP MANAGEMENT LTD.

*1. SAPPORO INTERNATIONAL INC.was dissolved in an absorption-type merger with SAPPORO BREWERIES LTD. on January 1, 2019.

*2. The company sold the security of PT. POKKKA DIMA INTERNATIONAL on March 31, 2019.

*3. SAPPORO NORTH AMERICA INC.was dissolved in an absorption-type merger with SAPPORO U.S.A., INC. on April 1, 2019.

Consolidated Forecasts (Year ending December 31, 2019)

Condensed Consolidated Statements of Income (billions of yen)

	Year ended December 31, 2018 IFRS	Year ending December 31, 2019 (Forecast) IFRS	Change	Change (%)
Alcoholic Beverages	330.0	346.0	16.0	4.8%
Japan & Asia	252.1	264.1	12.0	4.8%
North America	50.3	54.5	4.2	8.3%
Restaurants	27.6	27.4	(0.2)	(0.6)%
Food & Soft Drinks	161.3	172.2	10.9	6.7%
Japan & Asia	133.4	142.7	9.3	7.0%
North America	27.9	29.5	1.6	5.6%
Real Estate	24.5	24.6	0.1	0.5%
Other	6.0	6.0	0.0	(0.5)%
Revenue	521.9	548.8	26.9	5.2%
Alcoholic Beverages	3.9	9.7	5.8	151.5%
Japan & Asia	6.9	7.3	0.4	5.7%
North America	(2.8)	2.3	5.1	-
Restaurants	(0.2)	0.1	0.3	-
Food & Soft Drinks	1.1	1.7	0.5	47.8%
Japan & Asia	1.9	2.1	0.2	10.0%
North America	(0.8)	(0.4)	0.4	-
Real Estate	12.0	12.1	0.1	0.4%
Other	0.2	0.1	(0.0)	(43.4)%
General corporate and intercompany eliminations	(6.4)	(11.0)	(4.6)	-
Operating profit	10.8	12.6	1.8	16.4%
Financial income (expense) / Foreign exchange gains (losses)	(1.4)	(1.3)	0.1	-
Equity in net income (loss) of affiliates	0.0	0.0	0.0	(100.0)%
Profit before tax	9.5	11.3	1.8	19.0%
Income taxes	1.8	3.1	1.3	74.9%
Profit (loss) attributable to non-controlling interest	(0.8)	(0.5)	0.3	-
Profit attributable to owners of parent	8.5	8.7	0.2	2.1%

<For reference> Profit from operations before non-recurring items (*3)	14.4	15.8	1.4	9.6%
EBITDA (*4)	40.4	42.0	1.6	3.9%

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018. The data of the fiscal 2017 is also presented based on IFRS for comparison.

*2: Effective from the fiscal 2019, the present 5 business segments of Japanese Alcoholic Beverages, International, Foods & Soft Drinks, Restaurants, and Real Estate have been reorganized into 3 new segments: Alcoholic Beverages, Foods & Soft Drinks, and Real Estate.

*3: Profit from operations before non-recurring items is calculated as Revenue – Cost of sales – SG&A expenses.

*4: EBITDA=Profit from operations before non-recurring items+ Depreciation and amortization (excluding depreciation expense on leased assets which is charged on the rent of restaurants）

Condensed Consolidated Statements of Cash Flows

	Year ended December 31, 2018 IFRS	Year ending December 31, 2019 (Forecast) IFRS	Change	Change (%)
Cash flows from operating activities	30.8	33.5	2.7	8.6%
Cash flows from investing activities	(18.7)	(50.7)	(32.0)	-
Free Cash flows	12.1	(17.2)	(29.3)	-

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax) (billions of yen)

	Year ended December 31, 2018 IFRS	Year ending December 31, 2019 (Forecast) IFRS	Change	Change (%)
Beer	165.8	173.6	7.8	4.7%
Happoshu	9.9	7.8	(2.2)	(21.8)%
New genre	40.2	37.4	(2.8)	(7.0)%
Subtotal	215.9	218.7	2.8	1.3%
Rebate subtracted from sales	(12.3)	–	–	–
Total	203.6	–	–	–

Sales (excluding liquor tax) (billions of yen)

	Year ended December 31, 2018 IFRS	Year ending December 31, 2019 (Forecast) IFRS	Change	Change (%)
Beer	82.5	87.2	4.7	5.7%
Happoshu	5.5	4.3	(1.2)	(21.9)%
New genre	27.8	25.9	(1.9)	(6.8)%
Subtotal	115.9	117.5	1.6	1.4%
Rebate subtracted from sales	(12.3)	–	–	–
Total	103.6	–	–	–

＊ Full year estimate for rebate subtracted from sales is not disclosed.

Consolidated Forecasts (Year ending December 31, 2019)

Breakdown of key income Changes

(billions of yen)

	Change factor	Year ended December 31, 2018 IFRS	Year ending December 31, 2019 (Forecast) IFRS	Change	Details
Alcoholic Beverages in Japan & Asia		7.1	8.0	1.0	
Beer and related products in Japan		3.1	4.0	0.9	
Marginal profit	Subtotal			3.3	
	Increase (decrease) in volume / Product mix			1.2	Beer +2.0 Happoshu -1. 0 New genre -1.1 Product mix +1.3
	Other			2.1	RTD, Production costs, other factors
Fixed costs and other	Subtotal			(2.4)	
	Sales promotion costs			0.5	Sales commissions
	Facility cost			(0.7)	Depreciation and amortization, other factors
	Other			(2.2)	Personnel expenses, General and administrative expenses
Wine and spirits		2.9	2.7	(0.2)	
Alcoholic Beverages in Asia		0.1	0.2	0.1	Vietnam
Other		1.0	1.2	0.2	Export
Alcoholic Beverages in North America		1.5	2.3	0.8	
Restaurants		0.4	0.6	0.2	
Adjustment of difference between J GAAP and IFRS		(5.1)	(1.2)	3.9	Non-recurring items
Alcoholic Beverages		**3.9**	**9.7**	**5.8**	
Food & Soft Drinks in Japan & Asia		**1.4**	**2.6**	**1.2**	
Japanese Food & Soft Drinks		1.3	2.0	0.7	
	Increase (decrease) in volume / Product mix			1.2	Increase in volume, Product mix
	Production costs			0.2	
	Marketing costs			(0.2)	
	Fixed costs and other			(0.6)	
	Other			0.1	
Overseas Soft Drinks/ Domestic coffee shop chain		0.2	0.7	0.5	
Food & Soft Drinks in North America		(0.8)	(0.5)	0.3	
Adjustment of difference between J GAAP and IFRS		0.5	(0.4)	(0.9)	Non-recurring items
Food & Soft Drinks		**1.1**	**1.7**	**0.5**	
	Rent			(0.5)	
	Sales/ Other factors			(0.2)	
Adjustment of difference between J GAAP and IFRS		0.9	1.6	0.7	Non-recurring items
Real Estate		**12.0**	**12.1**	**0.1**	
	Logistics business			(0.0)	
	Other			0.0	
Adjustment of difference between J GAAP and IFRS		0.0	0.0	0.0	
Other		**0.2**	**0.1**	(0.0)	
	General corporate			(1.5)	Transformation of the group management platform/ Invest for growth
Adjustment of difference between J GAAP and IFRS				0.0	Non-recurring items
				(3.0)	Business structure improvement expenses
General corporate and intercompany eliminations		**(6.4)**	**(11.0)**	**(4.6)**	
Operating profit		**10.8**	**12.6**	**1.8**	
	Financial income (expense) / Foreign exchange gains (losses)	(1.4)	(1.3)	0.1	
Profit before tax		**9.5**	**11.3**	**1.8**	
Corporate tax, etc. / Profit (loss) attributable to non-controlling interests		**(1.0)**	**(2.6)**	**(1.6)**	
Profit attributable to owners of parent		**8.5**	**8.7**	**0.2**	

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.

*2:Effective from the fiscal 2019, the present 5 business segments of Japanese Alcoholic Beverages, International, Foods & Soft Drinks, Restaurants, and Real Estate have been reorganized into 3 new segments: Alcoholic Beverages, Foods & Soft Drinks, and Real Estate.

	Year ended December 31,2018	Year ending December 31,2019 (Forecast)
Yen/US$	110.45	110.00
Yen/CAN$	85.23	88.00
Yen/EUR	130.35	128.00

Consolidated Forecasts (Year ending December 31, 2019)

Segment Information (billions of yen)

Year ended December 31, 2018 IFRS	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	330.0	161.3	24.5	6.0	-	521.9
Operating profit	3.9	1.1	12.0	0.2	(6.4)	10.8
<For reference> Profit from operations before non-recurring items (*2)	9.0	0.7	11.1	0.2	(6.5)	14.4
Depreciation and amortization	11.7	7.4	5.2	0.0	1.7	26.0
EBITDA (*3)	20.7	8.1	16.3	0.2	(4.8)	40.4
Capital expenditures (cash basis)	7.9	5.7	7.3	0.0	2.2	23.0
Payment of lease obligations	3.0	4.1	0.2	-	(0.3)	7.0

Year ending December, 31, 2019 (Forecast) IFRS	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	346.0	172.2	24.6	6.0	-	548.8
Operating profit	9.7	1.7	12.1	0.1	(11.0)	12.6
<For reference> Profit from operations before non-recurring items (*2)	10.8	2.2	10.5	0.1	(7.8)	15.8
Depreciation and amortization	11.9	7.4	4.9	0.0	2.0	26.2
EBITDA (*3)	22.7	9.6	15.4	0.1	(5.8)	42.0
Capital expenditures (cash basis)	11.2	11.0	17.3	0.1	5.4	44.9
Payment of lease obligations	2.8	3.2	0.2	0.0	(0.2)	6.0

Change	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	16.0	10.9	0.1	0.0	-	26.9
Operating profit	5.8	0.5	0.1	(0.0)	(4.6)	1.8
<For reference> Profit from operations before non-recurring items (*2)	1.8	1.5	(0.6)	(0.0)	(1.3)	1.4
Depreciation and amortization	0.2	0.0	(0.3)	0.0	0.3	0.2
EBITDA (*3)	2.1	1.5	(0.9)	(0.1)	(1.0)	1.6
Capital expenditures (cash basis)	3.3	5.4	9.9	0.1	3.2	21.9
Payment of lease obligations	(0.2)	(0.9)	0.0	0.0	0.1	(1.1)

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.

*2: Profit from operations before non-recurring items is calculated as Revenue – Cost of sales – SG&A expenses.

*3: EBITDA=Profit from operations before non-recurring items+ Depreciation and amortization (excluding depreciation expense on leased assets which is charged on the rent of restaurants）