



Sapporo Group Business Results for 2020 Management Plan for 2021

*In this document, the following company name abbreviations are used:

SH: Sapporo Holdings Limited SB: Sapporo Breweries Ltd. SLN: Sapporo Lion, Inc.

PS: Pokka Sapporo Food & Beverage Ltd. SRE: Sapporo Real Estate Co., Ltd.

February 12th 2021

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

| | |
|------------------------------|---------------|
| 1. Management Plan for 2021 | • • • P3~P18 |
| 2. Business Results for 2020 | • • • P19~P36 |
| 3. Appendix | • • • P37~P50 |

2021 Management Plan

Medium-Term Direction

- While the COVID-19 pandemic has changed the market environment significantly, there has been no change to Sapporo Group's medium-term direction
 Meanwhile, to achieve targets it is **important to achieve results early on**
 We will accelerate our efforts more than ever

◆ Group Management Plan 2024: Basic Policy

| | | |
|---|---|---|
| <p>Focus on core business and build resilience</p> | <ul style="list-style-type: none"> • Focus management resources on beer business • Scale down/withdraw from low-return business and shift to food and other growth fields |  |
| <p>Accelerate global expansion</p> | <ul style="list-style-type: none"> • Transfer all overseas business to operating companies, and deploy a consistent global brand strategy • Strengthen earning capacity with focus on North America and Asia-Pacific and simultaneously accelerate growth • Nurture global human resources |  |
| <p>Establish simple and compact business structure</p> | <ul style="list-style-type: none"> • Restructure to downsized head office operations and easy-to-understand organizational structure and pursue BPR and DX • SH will focus on governance, operating company support, and management resource allocation functions • Business promotion functions to be fully transferred to operating companies to increase responsiveness |  |
| <p>Promote sustainability management</p> | <ul style="list-style-type: none"> • Balance social and economic value, primarily through measures such as producing our own high quality raw materials • Promote urban development in locations with connections to the Company, such as Ebisu, Sapporo, and Ginza • Develop management transparency and fairness that meet the demands of the times |  |

- ▶ In 2020, all businesses struggled due to the impact of COVID-19. In particular, Restaurants and Food & Soft Drinks suffered major declines in sales and profits
Food & Soft Drinks posted impairment of property, plant and equipment as profitability fell

◆ Overview and topics

| Business | | Overview |
|---------------------|---------------|--|
| Alcoholic Beverages | Japan & Asia | <ul style="list-style-type: none"> • Cost control was successful → Slight decline in core operating profit |
| | North America | <ul style="list-style-type: none"> • Difficulties in U.S., but strong performance in Canada → Slight increase in core operating profit |
| | Restaurants | <ul style="list-style-type: none"> • Major decline in restaurant demand → Significant declines in sales and profits |
| Food & Soft Drinks | | <ul style="list-style-type: none"> • Fall in vending machine beverage and café demand → Significant declines in sales and profits |
| Real Estate | | <ul style="list-style-type: none"> • High office occupancy rates maintained → Solid performance |

| Topics | |
|---|--|
| Impairment of property, plant and equipment at PS | <ul style="list-style-type: none"> • Posted ¥11.0 billion in other operating expenses |
| Loss resulting from COVID-19 | <ul style="list-style-type: none"> • Posted ¥3.5 billion in other operating expenses |
| Early retirement incentive program | <ul style="list-style-type: none"> • 355 people (3-company total) • One-off cost of ¥4.9 billion |
| Closure of restaurants | <ul style="list-style-type: none"> • Closed 32 Ginza Lion outlets |

2021: Policy for Initiatives

- ▶ In 2021, a gradual market recovery is expected, as COVID-19 vaccinations commence. Sapporo Group will focus especially on the initiatives below and aim for **business growth** and **improvement in efficiency of invested capital**

◆ Main growth strategies and initiatives for reform of business structure

| Growth strategies | | Reform of business structure | |
|-------------------------------------|--|---|--|
| Alcoholic Beverages | <ul style="list-style-type: none"> • Growth of canned beer: Black Label, YEBISU • Recovery of beer in kegs • New RTD products | <p>[Group-wide initiatives]</p> <ul style="list-style-type: none"> • Realize unrealized capital gains by selling properties and reinvest the proceedings to strengthen capital and improve capital efficiency (more than 10 billion yen gain on sales anticipated in 2021) • Sale of securities (expecting sale of securities worth 5 to 10 billion yen by 2022) • Fundamental review of organizational structure, personnel structure, and functions <p>[Restaurants]</p> <ul style="list-style-type: none"> • Closure of unprofitable outlets (20 or more) • Shift to a low-cost, low-operation business format <p>[Foods & Soft Drinks]</p> <ul style="list-style-type: none"> • Recovery of earnings from vending machines, restaurants (cafés) • Business reorganization | |
| Overseas Alcoholic Beverages | <ul style="list-style-type: none"> • Canada: strengthening of beer, RTDs • U.S.: launch of new products, revival of Anchor | | |
| Real Estate | <ul style="list-style-type: none"> • Refurbishment of commercial wing of Yebisu Garden Place • Reshuffling of strategic properties | | |

2021: Growth Strategy



▶ [Japanese Alcoholic Beverages] Pursue both “premium value” and “reasonable value”

| | | 2021 sales plan (cases) | | | Total demand outlook | |
|--|-----------|-------------------------|-------------|-------------|----------------------|-------------|
| | | Plan | YoY | vs 2019 | YoY | vs 2019 |
| (10,000 cases) | | | | | | |
| Japanese beer and beer-type beverages total | | 4,188 | +5% | (4%) | +0% | (9%) |
| Genre | Beer | 2,638 | +7% | (12%) | +5% | (18%) |
| | Happoshu | 142 | (19%) | (32%) | (4%) | (5%) |
| | New genre | 1,408 | +5% | +25% | (4%) | (1%) |
| Container | Bottles | - | +15% | (27%) | +21% | (31%) |
| | Cans | - | +1% | +10% | (3%) | (2%) |
| | Kegs | - | +21% | (31%) | +17% | (30%) |
| *Sales volume plan by container is not disclosed | | | | | | |
| RTD | | 986 | +22% | +9% | +6% | - |
| Non-alcoholic beer | | 74 | +29% | +4% | +1% | - |

◆ Total beer demand outlook

<Beer and beer-type beverages>

- Though expecting recovery in commercial-use market, **it will not recover to 2019 levels**

<RTD, non-alcoholic beer>

- Market expansion will** continue

◆ Sales plan

<Beer and beer-type beverages>

- Premiumization** of beer products
- Two-pillar flavor-value strategy** for new genre category

<RTD>

- Major volume increase** by releasing new products

<Non-alcoholic beer>

- Cultivate market with **taste+function+convenience**

Beer and beer-type beverages and non-alcoholic beer calculations based on 633ml × 20 bottles;
RTD is calculated by 250ml × 24 bottles

2021: Growth Strategy



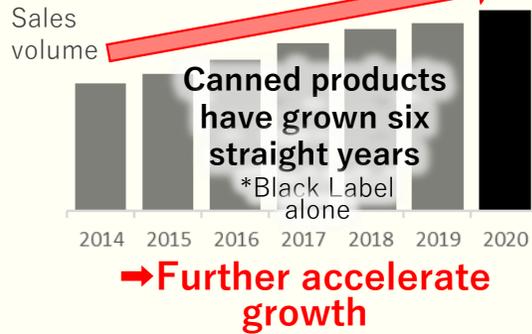
▶ [Japanese Alcoholic Beverages] Pursue both “premium value” and “reasonable value”

◆ “Premium value”: Premiumization of beer products

◆ “Reasonable value”: enhance drinking time at home on ordinary days



<Black Label>



<New genre>



→ Pursue genuinely great flavors



<YEBISU>



<RTD/RTS>



→ Strengthen brand communications

<Non-alcoholic beer>



→ Ability to reduce blood uric acid levels
Promote unique value

2021: Growth Strategy



🎯 [Overseas Alcoholic Beverages] In Canada, strengthen RTDs in addition to beer. In the U.S., work on strengthening home-use products and revival of Anchor

| (10,000 cases) | 2021 sales plan (cases) | | |
|---|-------------------------|-------------|-------------|
| | Plan | YoY | vs 2019 |
| International beer and beer-type beverages total | 1,964 | +8% | +2% |
| North America | 1,746 | +5% | +3% |
| Overseas brands | 1,392 | +2% | +5% |
| Sapporo brand | 355 | +20% | (3%) |
| Other regions | 218 | +30% | (6%) |
| Sapporo brand | 218 | +30% | (6%) |

◆ Canada



→ Expansion of strongly performing Sleeman Clear



→ Grow RTDs into second pillar

◆ U.S.



→ Introduced light beer in response to demand for functional products



→ Fundamental brand overhaul

2021: Growth Strategy



▶ [Restaurants] Focus on low-cost, low-operation business format

| (billion yen) | 2021 sales plan (value) | | |
|--------------------|-------------------------|-------------|--------------|
| | Plan | YoY | vs 2019 |
| Restaurants | 16.7 | +48% | (39%) |

▶ [Food & Soft Drinks] Focus on plant-based ingredients

| (billion yen) | *PS alone | 2021 sales plan (value) | |
|--------------------|-------------|-------------------------|-------------|
| | Plan | YoY | vs 2019 |
| Soft drinks | 63.6 | +2% | (7%) |
| Food* | 36.2 | +11% | +18% |

*Lemon, soup, plant-based milk products



Strengthen YEBISU BAR and Ginza Lion LEO

→ Strengthen YEBISU brand & strengthen formats that do not depend on banquet demand



Pokka Lemon 100 Kireto Lemon record-high shipments in 2020

→ Propose new scenarios for utilizing lemon & continue promoting health value

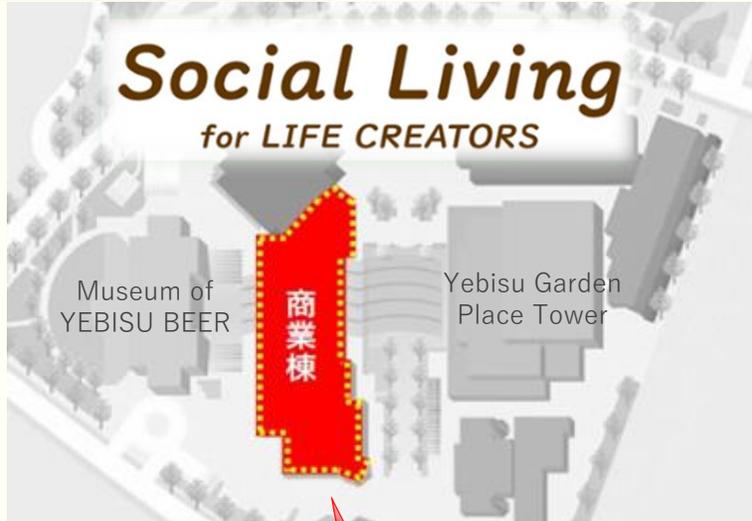


Continue to grow soymilk yogurt SOYBIO

→ Continue to expand the market

▶ [Real Estate] Expand the scale of business through strategic reshuffling of properties, re-investment

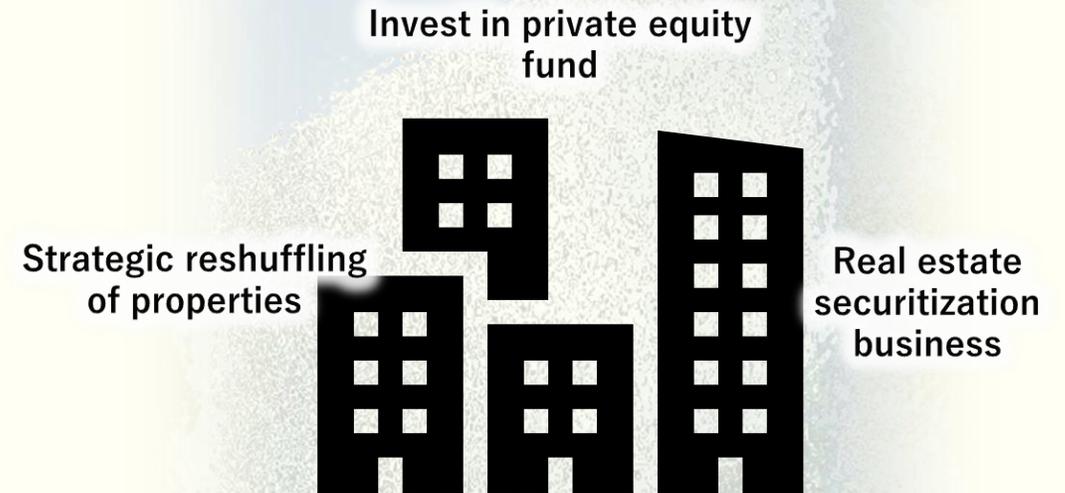
◆ Refurbishment of the commercial wing of Yebisu Garden Place



Image

→ Spring 2022: advance opening of the food and household goods floor
Autumn 2022: Grand opening

◆ Expand business in new business domains



→ Aim to strengthen capital and improve capital efficiency by realizing unrealized capital gains (more than 10 billion yen gain on sales anticipated in 2021)

▶ Improve profitability and balance sheet efficiency to **enhance efficiency of invested capital**

| | |
|---|---|
| Reshuffling of properties | Plan to carry out strategic reshuffling of properties in 2021 also → Realize unrealized capital gains and reinvest proceeds to strengthen capital and improve capital efficiency (more than 10 billion yen gain on sales anticipated in 2021) |
| Sales of securities | Sales have been carried out since 2017 bringing in roughly 11 billion yen in cash → Pursue yet more in-depth consideration. Projecting sales worth 5 to 10 billion yen by 2022 |
| Review of organizational structure, personnel structure, and functions | Offer early retirement incentive program to increase working-style options for employees while also enhancing profitability *Impact on core operating profit: 2.5 to 3.0 billion yen (full-year) → Review circumstances at all divisions with aim of sustaining impact of improvements and achieving further organizational streamlining |
| Value chain reform | Review all processes, from procurement of ingredients, production, logistics, sales, and disposal → Thoroughly reduce all waste and realize efficient business operation |

2021: Group Management Plan



| (billions of yen) | 2020 Result | 2021 Plan | YoY changes (amount) | YoY changes (%) |
|--|----------------|--------------|-------------------------|--------------------|
| Revenue | 434.7 | 468.2 | 33.5 | 7.7% |
| Revenue (Excluding liquor tax) | 328.6 | 354.1 | 25.5 | 7.8% |
| Overseas revenue | 65.5 | 72.7 | 7.2 | 11.0% |
| EBITDA | 27.4 | 29.4 | 2.0 | 7.5% |
| Core operating profit | 4.3 | 9.0 | 4.7 | 111.2% |
| Core operating profit margin | 1.0% | 1.9% | 0.9% | — |
| Operating profit | (15.9) | 18.0 | 33.9 | — |
| Profit attributable to owners of parent | (16.1) | 12.0 | 28.1 | — |
| EBITDA interest-bearing debt ratio (times) ※Net | 8.1 | 7.3 | (0.8) | — |
| D/E ratio (times) ※Net | 1.5 | 1.4 | (0.1) | — |

The balance of debt excludes the balance of lease obligations.

2021: Revenue Plan by Segment

| (billions of yen) | 2020 Result | 2021 Plan | YoY changes (amount) | YoY changes (%) |
|-------------------------------|-------------|--------------|----------------------|-----------------|
| Revenue by Segment | 434.7 | 468.2 | 33.5 | 7.7% |
| Alcoholic Beverages | 285.4 | 310.9 | 25.5 | 8.9% |
| Japanese | 227.9 | 245.3 | 17.4 | 7.6% |
| Overseas | 46.2 | 49.0 | 2.7 | 5.9% |
| Restaurants | 11.3 | 16.7 | 5.4 | 47.7% |
| Food & Soft Drinks | 125.9 | 133.8 | 8.0 | 6.3% |
| Real Estate | 23.3 | 23.3 | 0 | 0.2% |
| Other | 0.2 | 0.2 | (0.0) | (11.4%) |

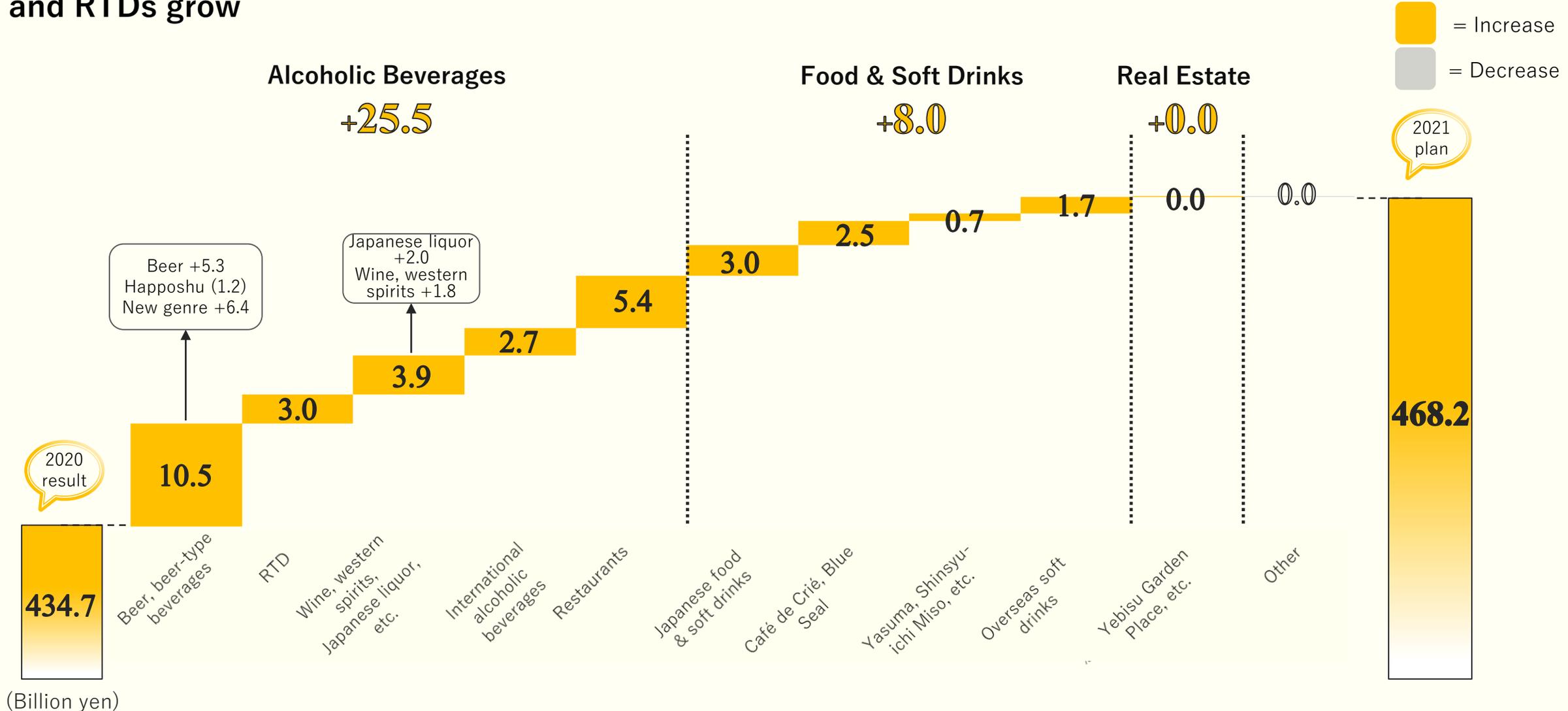
Sub segment of "Alcoholic Beverages" will be changed "Japanese", "Overseas", "Restaurants" in 2021.

Factors are explained in the next slide

2021: Main Factors Contributing to Changes in Revenue



Revenue to increase primarily as the beer and restaurant businesses recover and new genre and RTDs grow



2021: Core Operating Profit Plan by Segment



| (billions of yen) | 2020 Result | 2021 Plan | YoY changes (amount) | YoY changes (%) |
|---|-------------|-----------|----------------------|-----------------|
| Core Operating Profit by Segment | 4.3 | 9.0 | 4.7 | 111.2% |
| Alcoholic Beverages | 2.4 | 7.3 | 4.9 | 208.2% |
| Japanese | 6.7 | 7.2 | 0.5 | 7.8% |
| Overseas | 0.5 | 1.7 | 1.3 | 273.4% |
| Restaurants | (5.0) | (1.6) | 3.4 | — |
| Food & Soft Drinks | (2.6) | 1.0 | 3.6 | — |
| Real Estate | 10.9 | 8.6 | (2.3) | (20.8%) |
| Other · General corporate and intercompany eliminations | (6.3) | (8.0) | (1.6) | — |

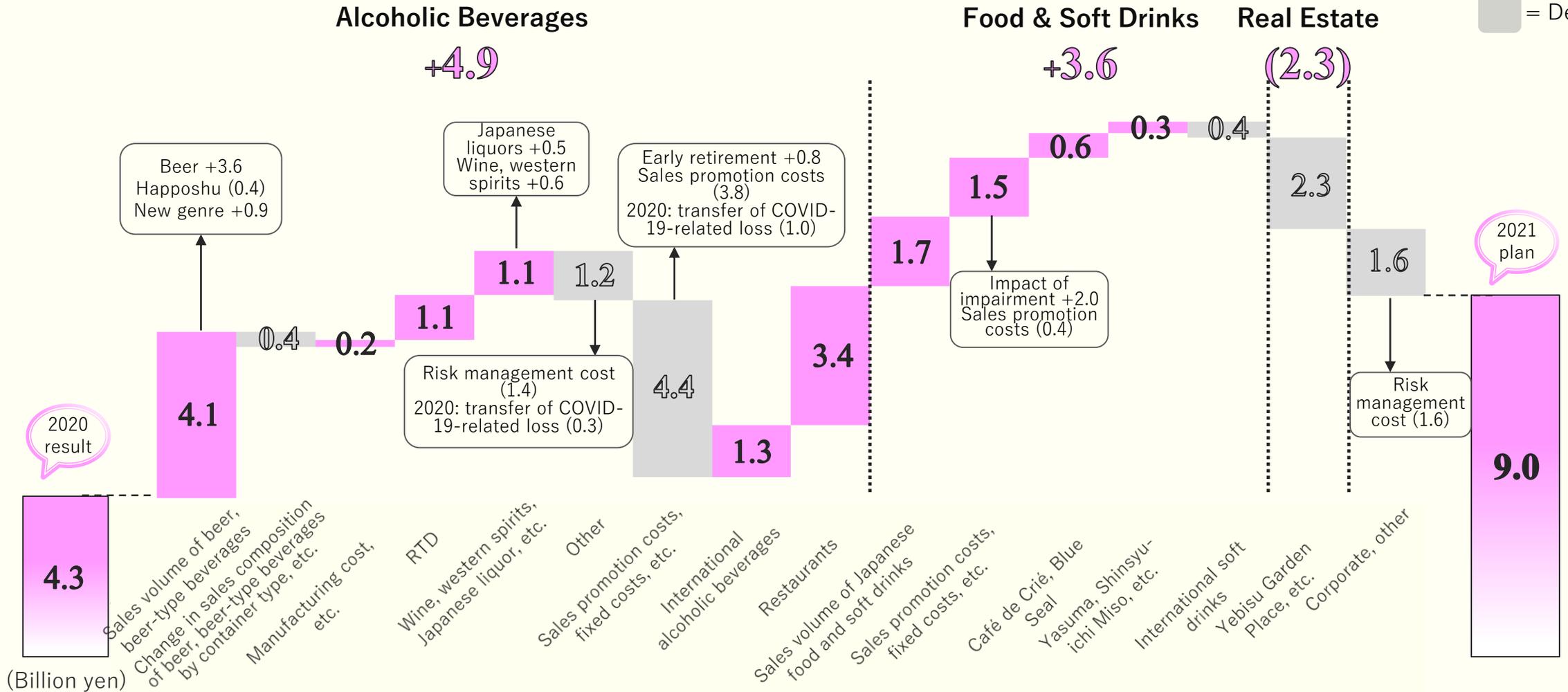
Factors are explained in the next slide

2021: Main Factors Contributing to Changes in Core Operating Profit



Core operating profit of Real Estate temporarily declined due to a fall in office occupancy rate but it was covered by increases in Alcohol Beverages and Food & Soft Drinks.

= Increase
 = Decrease



2021: Profit attributable to owners of parent



| (billions of yen) | 2020 Result | (Details) | 2021 Plan | (Details) |
|--|----------------|--|--------------|--|
| Core operating Profit | 4.3 | | 9.0 | |
| Other operating income, expenses | (20.2) | Impairment at PS (11.0) Loss from COVID-19 (3.5) Early retirement program lump sum payments (4.9) | 9.0 | Proceeds from sale of real estate, etc. |
| Operating Profit | (15.9) | | 18.0 | |
| Profit before tax | (19.4) | | 17.0 | |
| Income taxes | (2.8) | | 5.0 | |
| Profit | (16.6) | | 12.0 | |
| Loss attributable to non-controlling interest | (0.5) | | 0 | |
| Profit attributable to owners of parent | (16.1) | | 12.0 | |

Business Result

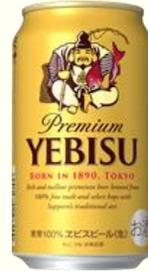
- ▶ Strengthening of the core beer brands continued; new genre grew with GOLD STAR becoming a hit
- Sleeman, with strengths in home-use products, exceeded the previous year's level
- Lemon-based products and food were also strong

Black Label brand canned product sales volume



Up **9%** YoY

YEBISU brand canned product sales volume



Up **2%** YoY

New genre sales volume



Up **19%** YoY

Japanese liquor sales



Up **21%** YoY

Sleeman sales volume



Up **5%** YoY

Lemon-based products sales



Up **16%** YoY

Soup sales



Up **4%** YoY

Plant milk sales



Up **14%** YoY

Commercial-use beer, sales at restaurants, and vending machine sales declined significantly due to impact of COVID-19
RTDs faced uphill battle as 99.99 had sluggish growth despite significant growth for Otoko Ume Sour

Beer (bottles · kegs)
sales volume



Down **41%** YoY

RTD
Sales



Down **10%** YoY

Sapporo Lion
sales



Down **59%** YoY

Overseas Sapporo
Brand sales volume



Down **22%** YoY

Beverage
sales volume



Down **9%** YoY

Café de Crié sales



Down **27%** YoY

2020: Highlights



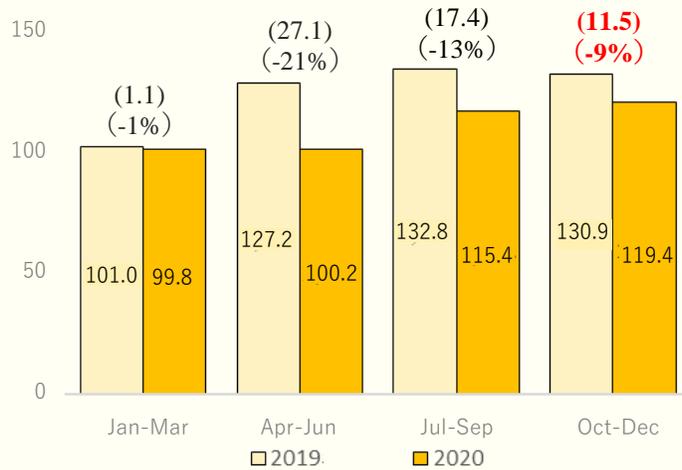
| (billions of yen) | 2019 Result | 2020 Result | YoY changes (amount) | YoY changes (%) |
|--|----------------|----------------|-------------------------|--------------------|
| Revenue | 491.9 | 434.7 | (57.2) | (11.6%) |
| Revenue (Excluding liquor tax) | 371.1 | 328.6 | (42.5) | (11.5%) |
| Overseas revenue | 71.2 | 65.5 | (5.7) | (8.0%) |
| EBITDA | 36.0 | 27.4 | (8.6) | (24.0%) |
| Core operating profit | 11.7 | 4.3 | (7.5) | (63.7%) |
| Core operating profit margin | 2.4% | 1.0% | (1.4%) | — |
| Operating profit | 12.2 | (15.9) | (28.1) | — |
| Profit attributable to owners of parent | 4.4 | (16.1) | (20.4) | — |
| EBITDA interest-bearing debt ratio (times) ※Net | 5.9 | 8.1 | 2.2 | — |
| D/E ratio (times) ※Net | 1.2 | 1.5 | 0.3 | — |

The balance of debt excludes the balance of lease obligations.

While business performance is on a gradual recovery trend along with the recovery in the market, it continued to underperform 2019 levels

Revenue

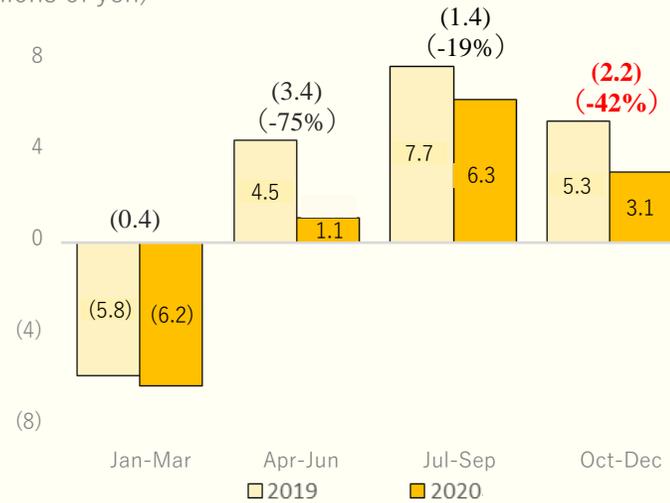
(billions of yen)



- Revenue decline caused by COVID-19 peaked in 2Q with a gradual recovery from 3Q, but restaurants struggled in 4Q also.

Core operating profit

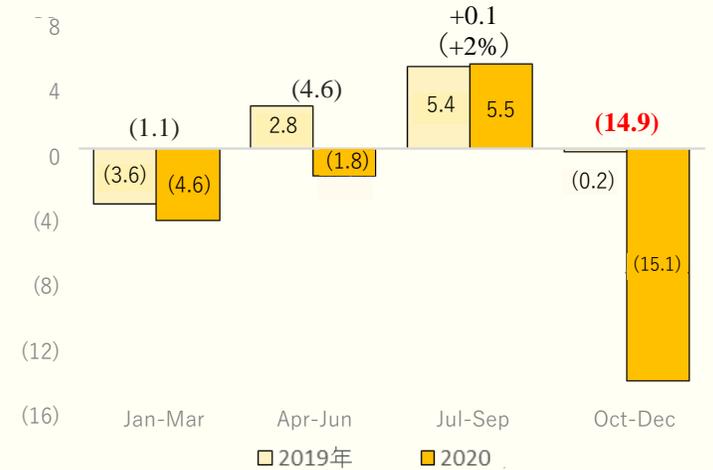
(billions of yen)



- Profit decline narrowed in 3Q thanks to reductions in sales promotion costs, but sales promotion costs in 4Q were at the same level as an average year.

Profit attributable to owners of parent

(billions of yen)



- 2019
 - Gain from sale of property +1.9 billion yen
 - Loss from discontinued operation (North American Soft Drinks) -3.5 billion yen
- 2020
 - Loss from COVID-19 -3.5 billion yen
 - Early retirement program lump sum payments -4.9 billion yen
 - Gain from sale of real estate +1.5 billion yen
 - Impairment at PS -11.0 billion yen

2020: Highlights



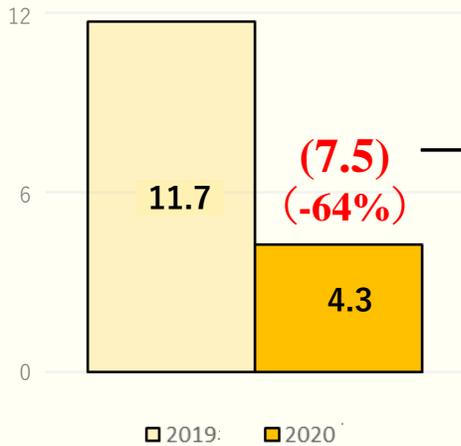
▶ Profit declined overall, but core operating profit of businesses other than restaurant-related business at similar level to previous year

◆ Breakdown showing core operating profit for restaurants and other businesses

<Consolidated: ① + ② >

Large profit decline due especially to the struggles of restaurants

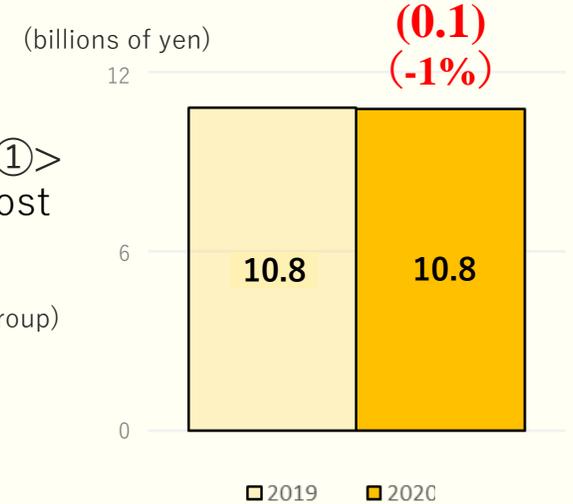
(billions of yen)



<Excl. restaurant-related companies* ① >

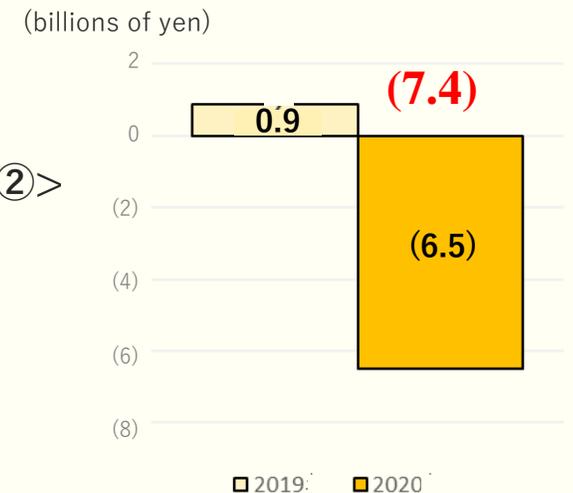
Similar level as previous year due to cost control, when restaurant business is excluded

*Restaurant business (Sapporo Lion Group)
Shinseien, POKKA CREATE



<Restaurant-related companies* only ② >

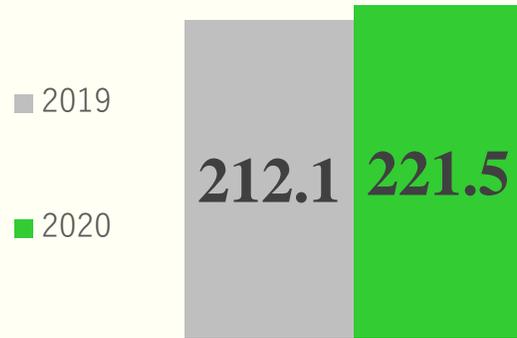
Main reason behind profit decline is restaurant related companies



2020: Highlights



Balance of net debt



(billions of yen)

Equity



(billions of yen)

Capital expenditure (cash basis)



(billions of yen)

Transformation of the Group management platform



<October–December>

- Registered for “Declaration of Partnership Building” framework <https://www.sapporoholdings.jp/news/dit/?id=8705>

Group Topics

<October–December>

- Support restaurants in Shibuya Ward! “Oishii Shibuya-ku” project launched! https://www.sapporobeer.jp/news_release/0000012278/
- 「EBISU OPEN INNOVATION PROGRAM 2021」 held https://www.sapporo-re.jp/pdf/sapporore/store/storage/cname_20201214081842.pdf

2020: Revenue by Segment

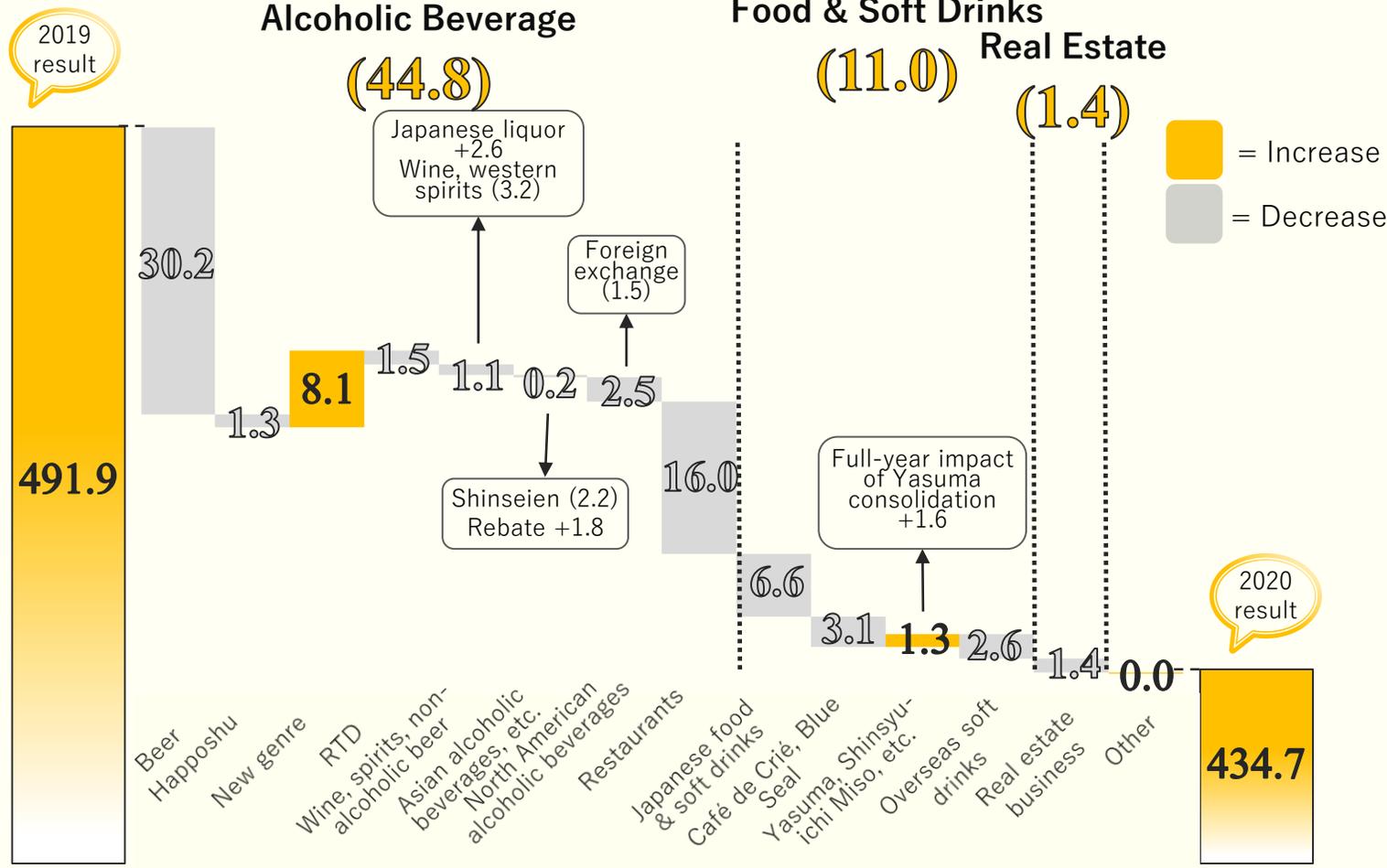


| (billions of yen) | 2019 Result | 2020 Result | YoY changes (amount) | YoY changes (%) |
|-------------------------------|-------------|--------------|----------------------|-----------------|
| Revenue by Segment | 491.9 | 434.7 | (57.2) | (11.6%) |
| Alcoholic Beverages | 330.2 | 285.4 | (44.8) | (13.6%) |
| Japan & Asia | 254.7 | 228.4 | (26.2) | (10.3%) |
| North America | 48.3 | 45.7 | (2.5) | (5.3%) |
| Restaurants | 27.3 | 11.3 | (16.0) | (58.6%) |
| Food & Soft Drinks | 136.9 | 125.9 | (11.0) | (8.0%) |
| Real Estate | 24.7 | 23.3 | (1.4) | (5.8%) |
| Other | 0.2 | 0.2 | 0.0 | 12.8% |


 Factors are explained in the next slide

2020: Main Factors Contributing to Changes in Revenue

Revenue declined significantly overall, despite sales increases in new genre and Japanese liquors and contribution from Yasuma consolidation



| | YoY difference | | | | |
|--------------------------------------|----------------|--------------|---------------|---------------|---------------|
| | Total | 1 Q | 2 Q | 3 Q | 4 Q |
| Total | (57.2) | (1.1) | (27.1) | (17.4) | (11.5) |
| Alcoholic Beverages | (44.8) | (3.0) | (19.3) | (13.7) | (8.8) |
| Beer | (30.2) | (2.8) | (13.2) | (9.1) | (5.1) |
| Happoshu | (1.3) | (0.3) | (0.3) | (0.5) | (0.2) |
| New genre | 8.1 | 2.8 | 3.3 | 2.4 | (0.5) |
| RTD | (1.5) | (1.1) | 0.0 | (0.9) | 0.4 |
| Wine, spirits, non-alcoholic beer | (1.1) | 0.3 | (1.0) | (0.0) | (0.3) |
| Asian alcoholic beverages | (0.2) | (0.2) | (0.6) | (0.2) | 0.9 |
| North America ¥n alcoholic beverages | (2.5) | (0.1) | (1.7) | (0.3) | (0.4) |
| Restaurants | (16.0) | (1.5) | (5.8) | (5.1) | (3.5) |
| Food & Soft Drinks | (11.0) | 1.8 | (7.2) | (3.4) | (2.2) |
| Japanese food and soft drinks | (6.6) | 0.7 | (4.2) | (1.7) | (1.4) |
| Café de Crié, Blue Seal | (3.1) | (0.0) | (1.6) | (0.9) | (0.7) |
| Yasuma, Shinsyu-ichi Miso, etc. | 1.3 | 1.7 | (0.2) | (0.2) | 0.0 |
| Overseas soft drinks | (2.6) | (0.5) | (1.2) | (0.7) | (0.1) |
| Real Estate | (1.4) | (0.0) | (0.6) | (0.3) | (0.6) |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

(billions of yen)

2020: Core Operating Profit by Segment



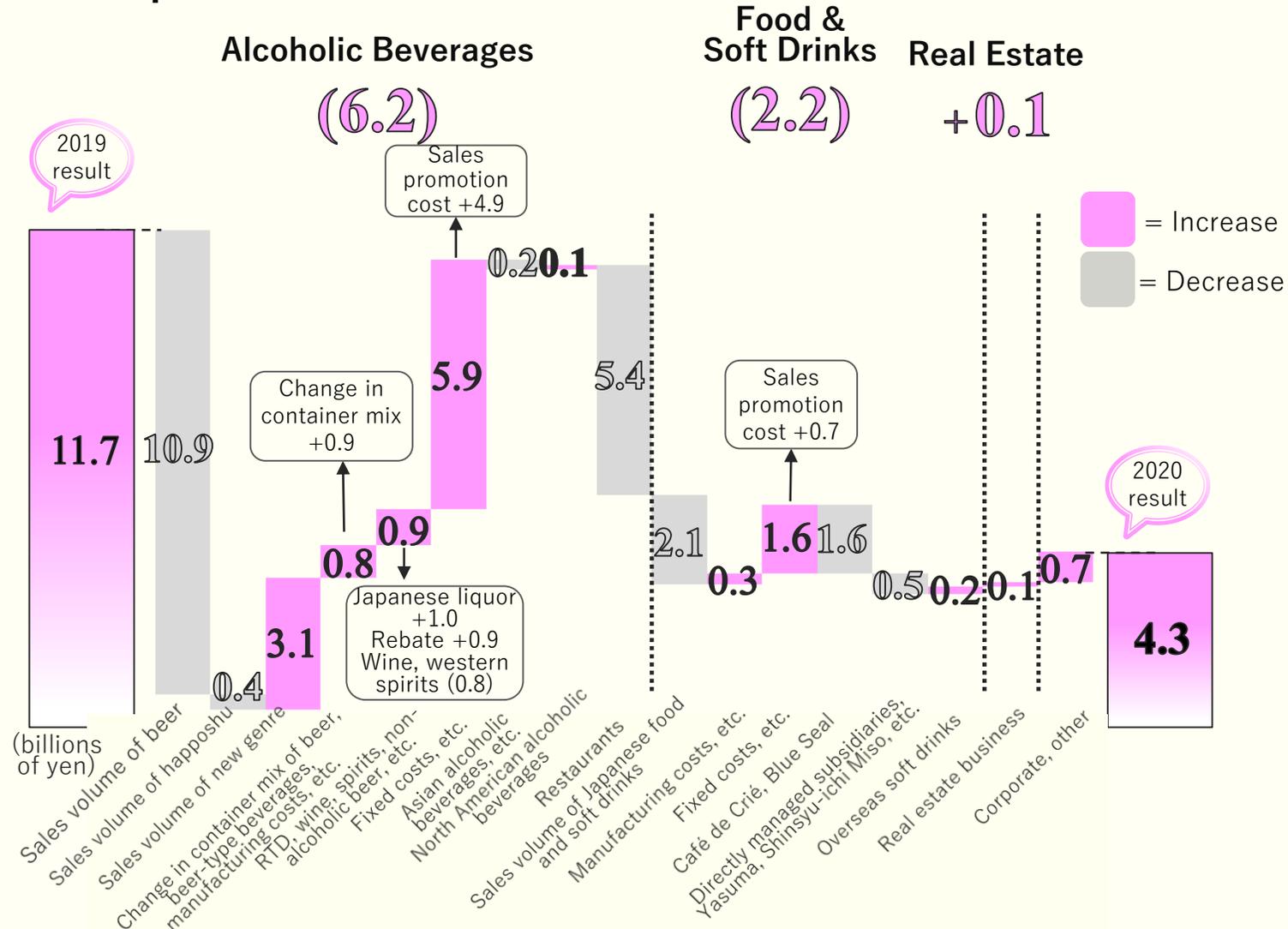
| (billions of yen) | 2019 Result | 2020 Result | YoY changes (amount) | YoY changes (%) |
|--|-------------|-------------|----------------------|-----------------|
| Core Operating Profit by Segment | 11.7 | 4.3 | (7.5) | (63.7%) |
| Alcoholic Beverages | 8.5 | 2.4 | (6.2) | (72.2%) |
| Japan & Asia | 8.0 | 7.0 | (1.0) | (12.0%) |
| North America | 0.2 | 0.3 | 0.1 | 51.5% |
| Restaurants | 0.4 | (5.0) | (5.4) | — |
| Food & Soft Drinks | (0.5) | (2.6) | (2.2) | — |
| Real Estate | 10.7 | 10.9 | 0.1 | 1.1% |
| Other · General corporate and intercompany eliminations | (7.1) | (6.3) | 0.7 | — |

Factors are explained in the next slide

2020: Main Factors Contributing to Changes in Core Operating Profit



Both revenue and profits declined: cost control primarily of sales promotion costs offset the impact of declines in commercial-use beer and soft drinks, but it was not enough to cover the impact of the restaurant-related revenue decline.



| | YoY difference | | | | |
|---|----------------|--------------|--------------|--------------|--------------|
| | Total | 1 Q | 2 Q | 3 Q | 4 Q |
| Total | (7.5) | (0.4) | (3.4) | (1.4) | (2.2) |
| Alcoholic Beverages | (6.2) | (1.3) | (1.9) | (1.2) | (1.8) |
| Beer sales volume | (10.9) | (1.0) | (5.1) | (3.4) | (1.4) |
| Happoshu sales volume | (0.4) | (0.1) | (0.0) | (0.3) | 0.0 |
| New genre sales volume | 3.1 | 1.2 | 1.5 | 1.0 | (0.6) |
| Product mix of beer and beer-type beverages, manufacturing cost, etc. | 0.8 | (0.2) | 0.4 | 0.5 | 0.0 |
| RTD, wine, spirits, non-alcoholic beer, etc. | 0.9 | 0.1 | (0.1) | (0.3) | 1.2 |
| Fixed costs, etc. | 5.9 | (0.1) | 2.7 | 3.3 | 0.1 |
| Asian alcoholic beverages, etc. | (0.2) | (0.1) | (0.2) | (0.0) | 0.1 |
| North American alcoholic beverages | 0.1 | (0.1) | 0.0 | 0.2 | 0.0 |
| Restaurant | (5.4) | (0.8) | (1.3) | (2.1) | (1.1) |
| Food & Soft Drinks | (2.2) | 0.6 | (1.6) | (0.3) | (0.8) |
| Sales volume of Japanese food and soft drinks | (2.1) | 0.6 | (1.7) | (0.4) | (0.6) |
| Manufacturing cost, etc. | 0.3 | (0.3) | 0.3 | 0.1 | 0.2 |
| Fixed costs, etc. | 1.6 | 0.0 | 1.2 | 0.7 | (0.3) |
| Café de Crié, Blue Seal | (1.6) | (0.2) | (0.6) | (0.5) | (0.3) |
| Directly management subsidiaries, Yasuma, Shinsyu-ichi Miso, etc. | (0.5) | 0.2 | (0.6) | (0.2) | 0.1 |
| Overseas soft drinks | 0.2 | 0.3 | (0.2) | (0.1) | 0.1 |
| Real Estate | 0.1 | 0.1 | 0.1 | (0.0) | (0.0) |
| Other | 0.7 | 0.2 | 0.1 | 0.1 | 0.4 |

2020: Profit attributable to owners of parent

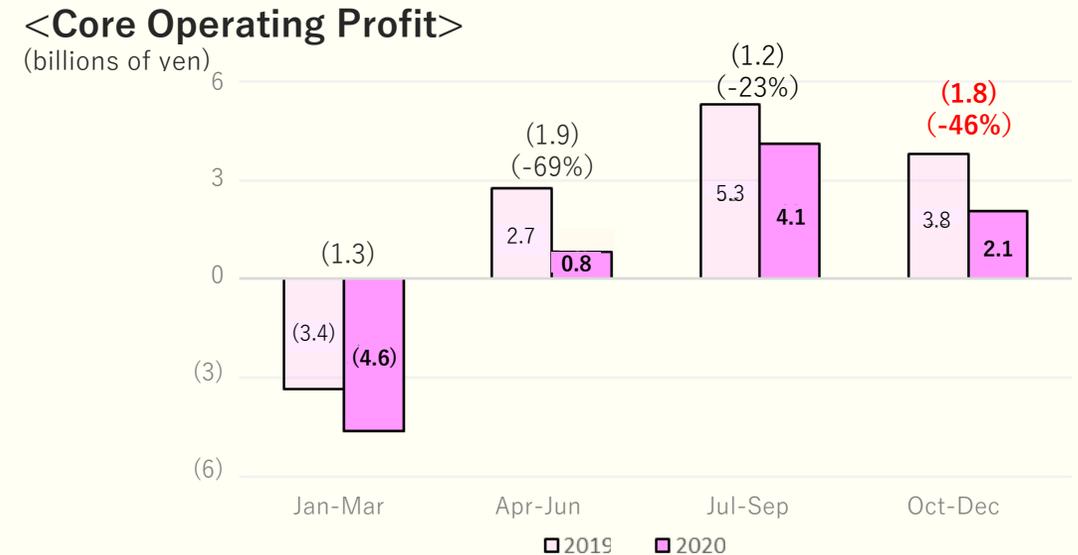
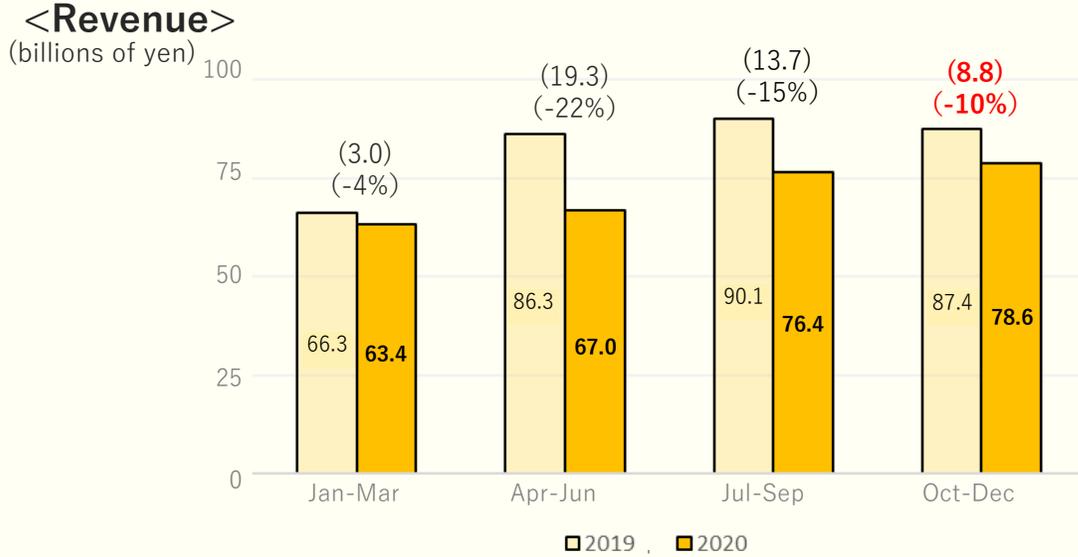


| (billions of yen) | 2019 Result | (Details) | 2020 Result | (Details) |
|--|----------------|---|----------------|---|
| Core operating Profit | 11.7 | | 4.3 | |
| Other operating income | 3.5 | Proceeds from sale of real estate +1.9 | 3.7 | Proceeds from sale of real estate +1.5 |
| Other operating expenses | 3.0 | | 23.9 | Impairment at PS (11.0) Loss from COVID-19 (3.5) Early retirement program lump sum payments (4.9) |
| Operating Profit | 12.2 | | (15.9) | |
| Profit before tax | 11.6 | | (19.4) | |
| Income taxes | 4.3 | | (2.8) | |
| Profit | 3.8 | Loss from discontinued operations (3.5) | (16.6) | |
| Loss attributable to non-controlling interest | (0.5) | | (0.5) | |
| Profit attributable to owners of parent | 4.4 | | (16.1) | |

2020: Alcoholic Beverages



▶ **Commercial-use beer and restaurant business struggled due to the impact of COVID-19; home-use beer and new genre performed strongly**



Positive

- Beer (canned), new genre exceeded 2019 levels
- Otoko Ume Sour performed strongly among RTDs
Koime no Lemon Sour no Moto performed well among RTSs
- Sales volume of Sleeman in Canada exceed 2019 levels

Negative

- Commercial-use beer, restaurants struggled
- Among RTDs, 99.99 struggled
- Commercial-use beer in North America stagnated

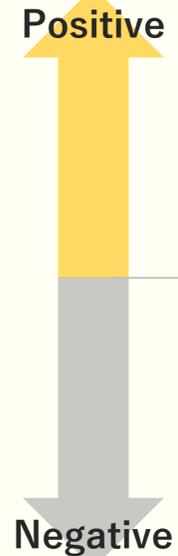
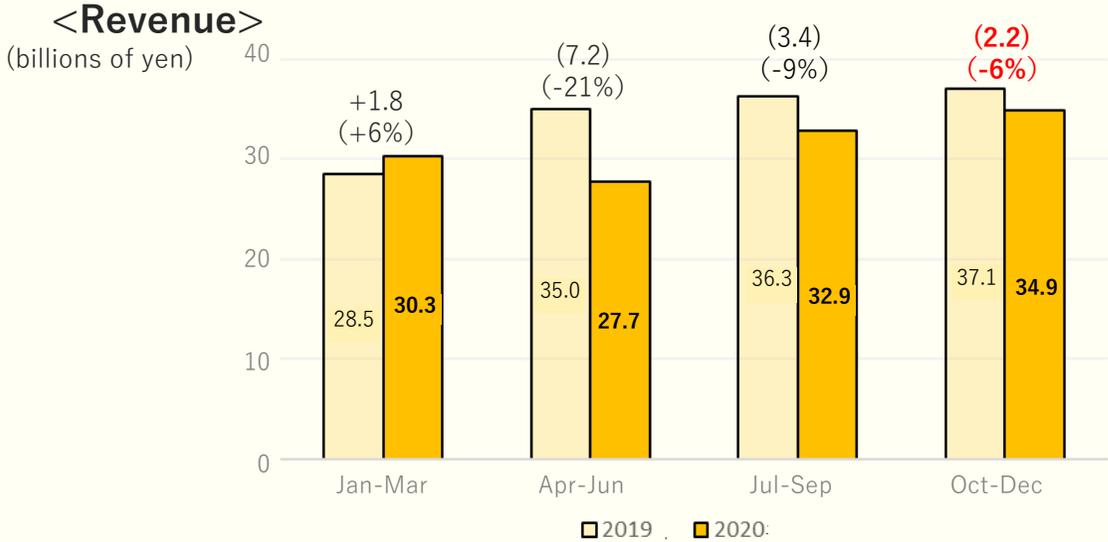
<Future initiatives>

- Strengthen core beer and new genre brands
- Strengthen RTD and RTS brands by linking commercial-use and home-use products
- Strengthen RTDs in Canada, improve profitability in the U.S.
- Promote cost structure reform

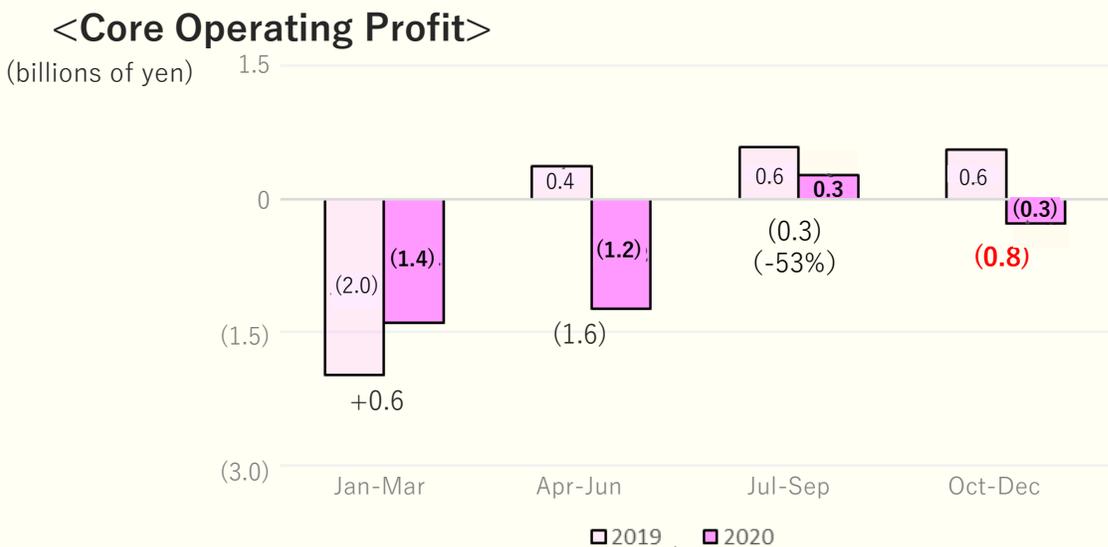
2020: Food & Soft Drinks



▶ Cafés and vending machine soft drink sales struggled due to impact of COVID-19; lemon-related products and food products were strong due to stay-at-home demand



- Record shipments of Pokka Lemon 100 and Kireto Lemon
- Soup and plant-based milk exceeded 2019 levels
- Recovery of vending machine sales was limited
- Restaurants struggled



<Future initiatives>

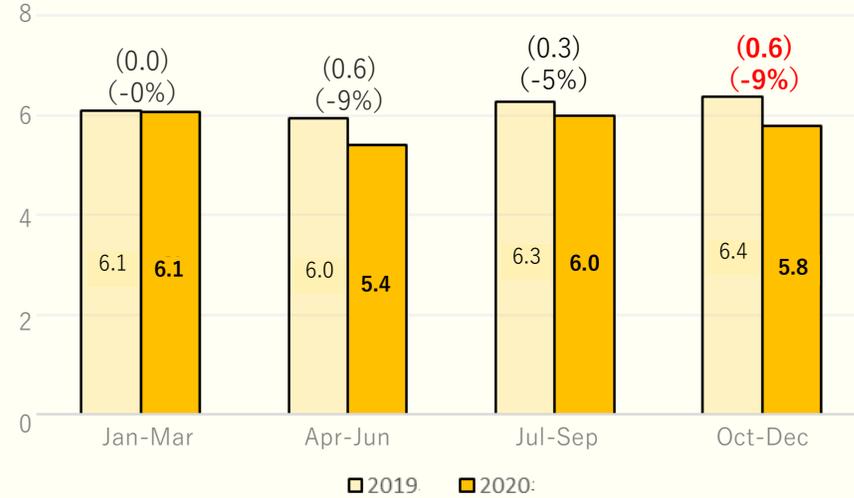
- Expand the lemon market further and maintain/increase market share
- Expand the plant-based milk market and improve profitability
- Cost structure reform and promotion of structural reform of the vending machine business
- Propose new values such as snacking food*

*A new "more than a snack but less than a meal" eating style.

Commercial facilities struggled, but offices sustained high occupancy rates; business results trending solidly

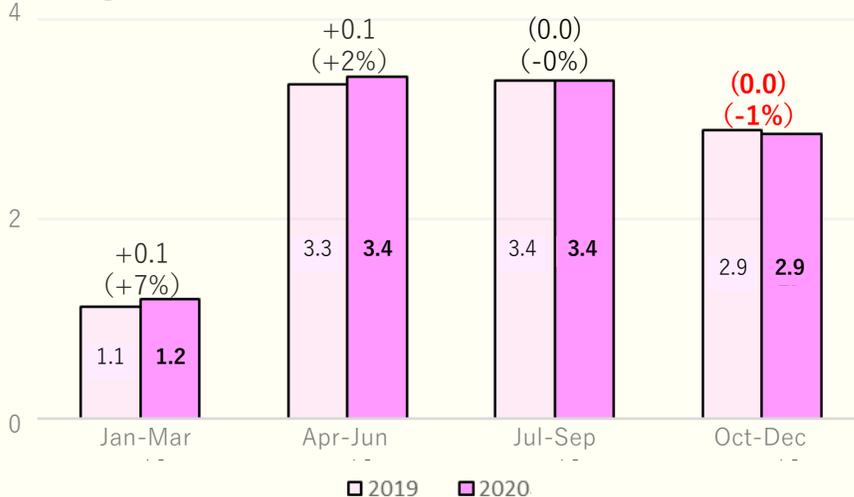
<Revenue>

(billions of yen)



<Core Operating Profit>

(billions of yen)



Positive

- Maintained high occupancy rates at offices and rental apartment buildings

- Office vacancy rates increased toward the end of the year

- COVID-19 impact at some commercial facilities including Sapporo Factory

Negative

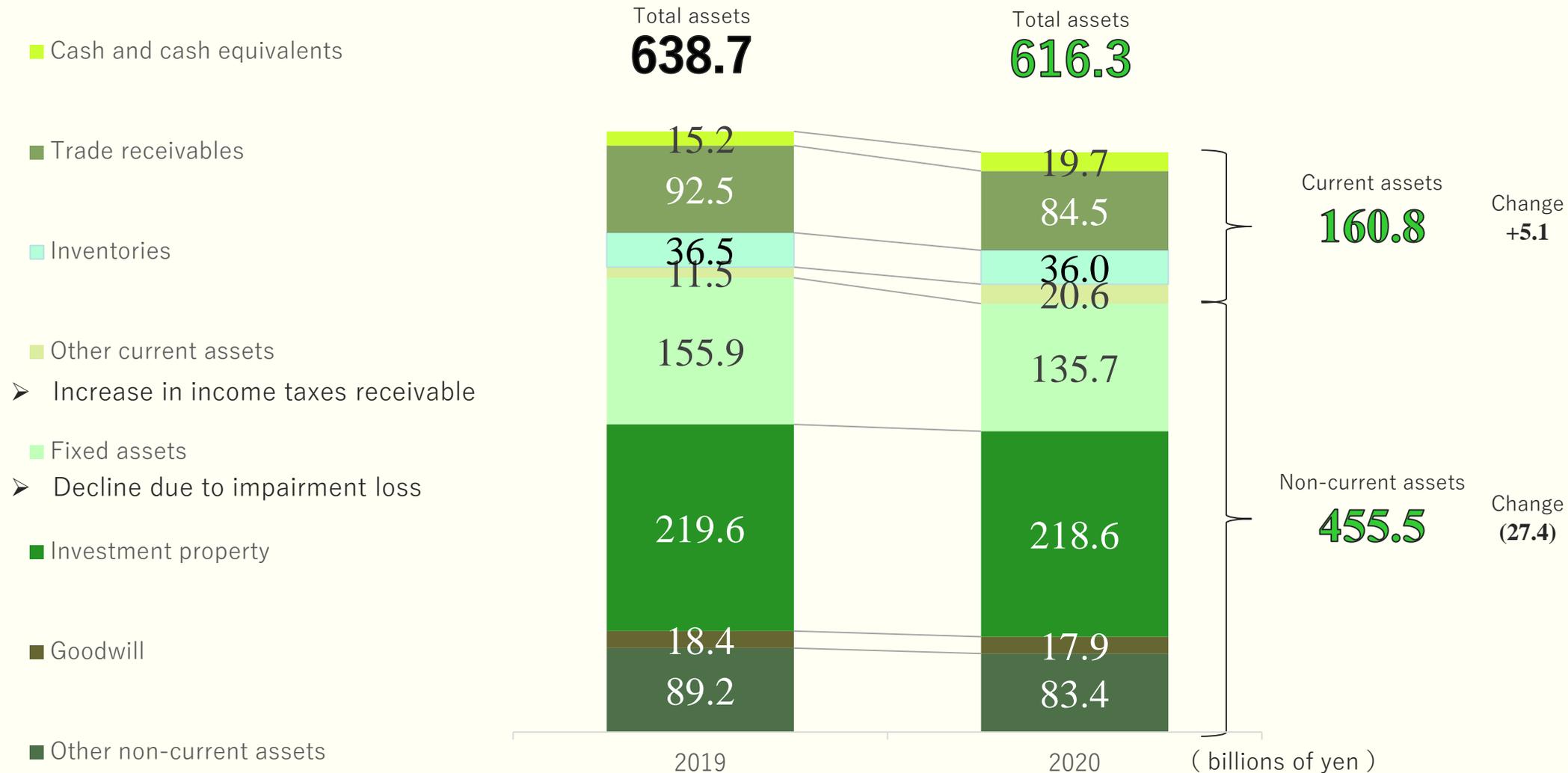
<Future initiatives>

- Steadily promote refurbishment of Yebisu Garden Place (commercial wing)
- Strengthen leasing to enhance occupancy rates of office area
- Improve capital efficiency through reshuffling of property portfolio

2020: Changes in Balance Sheets



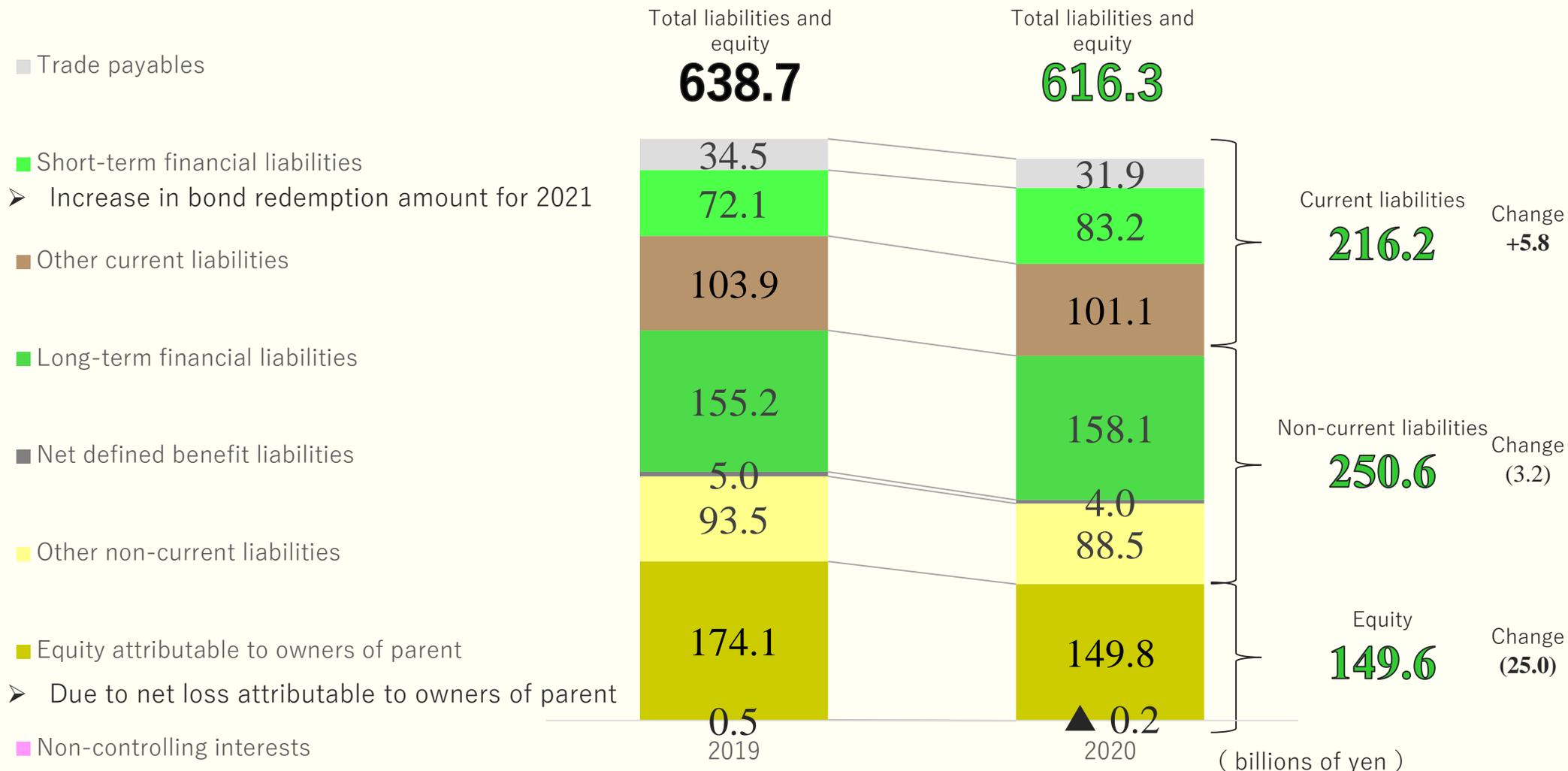
▶ Total assets declined 22.4 billions yen YoY



2020: Changes in Balance Sheets



▶ Total liabilities increased 2.6 billions yen YoY and total capital declined 25.0 billions yen YoY



2020: Financial Status



Investment on a cash basis was ¥24.7 billion

<Consolidated cash flow (CF) statement>

| (billions of yen) | 2019 | 2020 | Change | Change (%) |
|------------------------------|--------|--------|--------|------------|
| CF from operating activities | 36.1 | 16.5 | (19.6) | (54.3%) |
| CF from investing activities | (24.9) | (16.0) | 8.9 | — |
| Free CF | 11.1 | 0.5 | (10.7) | (95.8%) |
| CF from financing activities | (6.0) | 4.1 | 10.1 | — |

<Investment total (① + ② + ③)> ¥24.7 billion

① **Capital expenditure** (cash basis): **¥16.1 billion**
 (Property, plant and equipment, intangible assets, investment property)

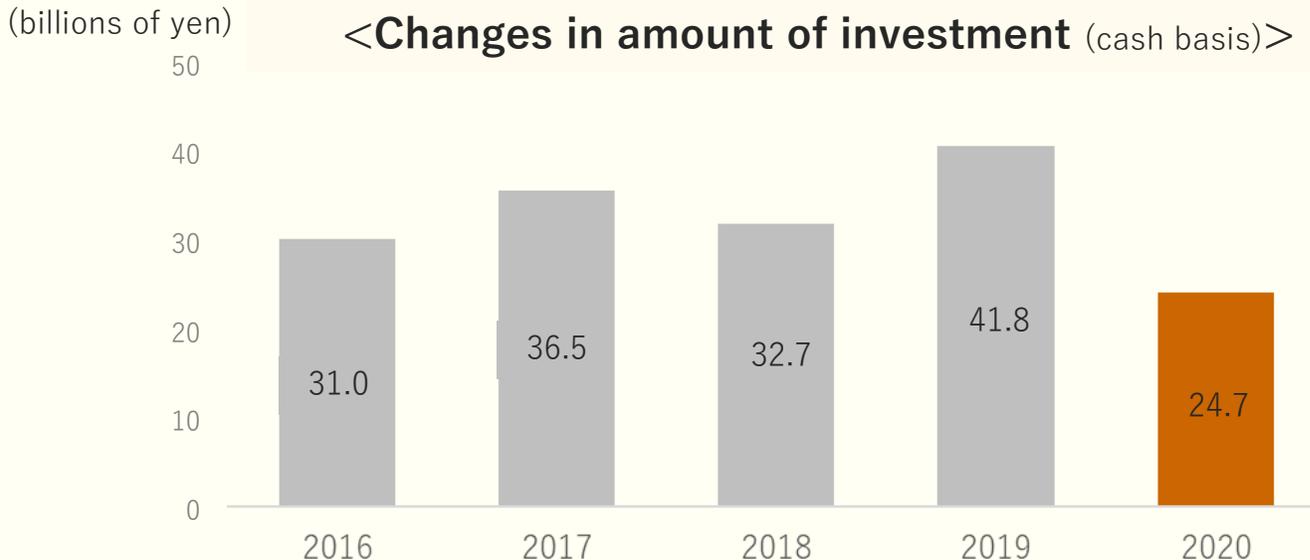
<Major items>

- Alcoholic Beverages: **¥6.8 billion**
 SB: ¥4.0 billion Sleeman ¥2.1 billion
- Food & Soft Drinks: **¥2.8 billion**
 PS: ¥0.9 billion
- Real Estate: **¥4.0 billion**
 Investment property: ¥3.6 billion
- Group-wide: **¥2.5 billion**

② **Lease fees: ¥3.6 billion**
 (excluding lease fees for renting restaurant premises)

③ **Other investments: ¥5.0 billion**
 (including long-term prepaid expenses, investment securities, etc.)

<Changes in amount of investment (cash basis)>



Appendix

Appendix: Sustainability Management Initiatives

▶ Main topics for 2020

- ▶ Fukushima Prefecture, SH, and SB sign comprehensive partnership agreement <https://www.sapporoholdings.jp/news/dit/?id=8564>
- ▶ Sapporo Group companies recognized under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program's Large Enterprise Category (White 500) <https://www.sapporoholdings.jp/news/dit/?id=8602>
- ▶ Sapporo Group Human Rights Policy formulated <https://www.sapporoholdings.jp/news/dit/?id=8655>
- ▶ Registered for "Declaration of Partnership Building" frame <https://www.sapporoholdings.jp/news/dit/?id=8705>
- ▶ Tohoku disaster recovery aid through shareholder special benefit plan <https://www.sapporoholdings.jp/news/dit/?id=8703>
- ▶ SB and PS each receive 2020 Gan Ally Bu Awards <https://www.sapporoholdings.jp/news/dit/?id=8721>

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



Appendix : Major sales volume & sale

Sales Volume:Beer (Japan) ※1

(10,000 cases)

| | Fiscal 2019 | Fiscal 2020 | YoY Change(%) |
|---|-------------|-------------|---------------|
| Sapporo Draft Beer Black Label (total) | 1,667 | 1,335 | (19.9%) |
| YEBISU (total) | 832 | 705 | (15.3%) |
| 1 Beer (total) | 3,007 | 2,473 | (17.8%) |
| 2 Happoshu (total) | 210 | 176 | (16.4%) |
| 3 New genre beer products (total) | 1,131 | 1,346 | 19.0% |
| Beer, happoshu, and new genre (total 1+2+3) | 4,347 | 3,995 | (8.1%) |
| Non-alcoholic beer taste beverage | 71 | 57 | (19.4%) |

Sales Volume:Beer (International)

(10,000 cases)

| | Fiscal 2019 | Fiscal 2020 | YoY Change(%) |
|--|-------------|-------------|---------------|
| Overseas brand (SLEEMAN, Anchor, etc.) | 1,323 | 1,359 | 2.7% |
| Sapporo brand | 365 | 296 | (18.9%) |
| North America | 1,688 | 1,656 | (1.9%) |
| Sapporo brand | 231 | 168 | (27.3%) |
| Other areas | 231 | 168 | (27.3%) |
| Total | 1,919 | 1,823 | (5.0%) |

Sales:Beer (Japan) *including liquor tax

(billions of yen)

| | Fiscal 2019 | Fiscal 2020 | YoY Change(%) |
|------------------------------|-------------|-------------|---------------|
| Beer | 167.4 | 137.2 | (18.0%) |
| Happoshu | 8.1 | 6.8 | (16.2%) |
| New genre | 37.4 | 45.5 | 21.6% |
| Subtotal | 212.9 | 189.5 | (11.0%) |
| Rebate subtracted from sales | (12.0) | (11.0) | — |
| Total | 200.9 | 178.5 | (11.1%) |

Sales:Alcoholic Beverage (Japan)

(billions of yen)

| | Fiscal 2019 | Fiscal 2020 | YoY Change(%) |
|---------------------------------|-------------|-------------|---------------|
| Domestic wines | 4.3 | 3.6 | (16.3%) |
| Imported wines | 8.4 | 6.8 | (19.0%) |
| Wine (total) | 12.7 | 10.4 | (18.1%) |
| RTD, Spirits and Shochu (total) | 37.8 | 38.0 | 0.5% |
| Subtotal | 50.5 | 48.4 | (4.2%) |
| Rebate subtracted from sales | (9.9) | (9.5) | — |
| Total | 40.7 | 38.9 | (4.4%) |

Sales:Food & Soft Drinks (Japan) ※2

(billions of yen)

| | Fiscal 2019 | Fiscal 2020 | YoY Change(%) |
|-----------------------------------|-------------|-------------|---------------|
| Soft Drinks | 68.6 | 62.5 | (8.8%) |
| Food (Lemon · Soups · Plant milk) | 30.7 | 32.8 | 6.7% |

※1 : Following the agreement of the Brewers Association of Japan, the sales volume for the first half and end of the fiscal year shall be disclosed.

※2 : Pokka Sapporo is only domestic sales.

Appendix : Alcoholic Beverages (Japan)



<Domestic beer and beer-type beverages:
YoY change in sales volume by genre>
(Jan – Dec)

[Beer and beer-type beverages total] down **8%** YoY

- ✓ Beer: down **18%** y-o-y
- ✓ Happoshu: down **16%** y-o-y
- ✓ New genre: up **19%** y-o-y

<Major domestic brands: YoY change in sales volume>
(Jan – Dec)

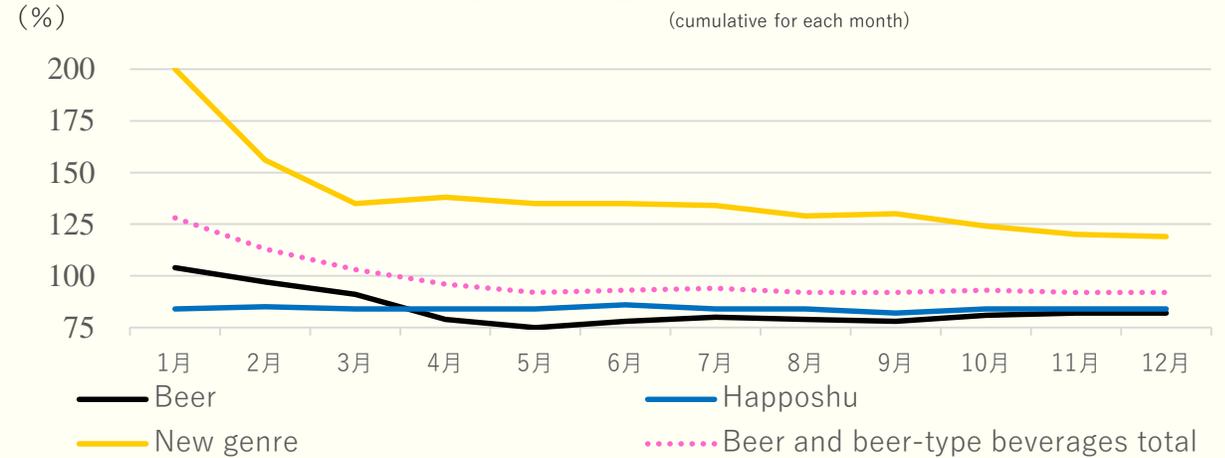
✓ Black Label brand
down **20%** y-o-y
(cans: up **9%** y-o-y)

✓ YEBISU brand
down **15%** y-o-y

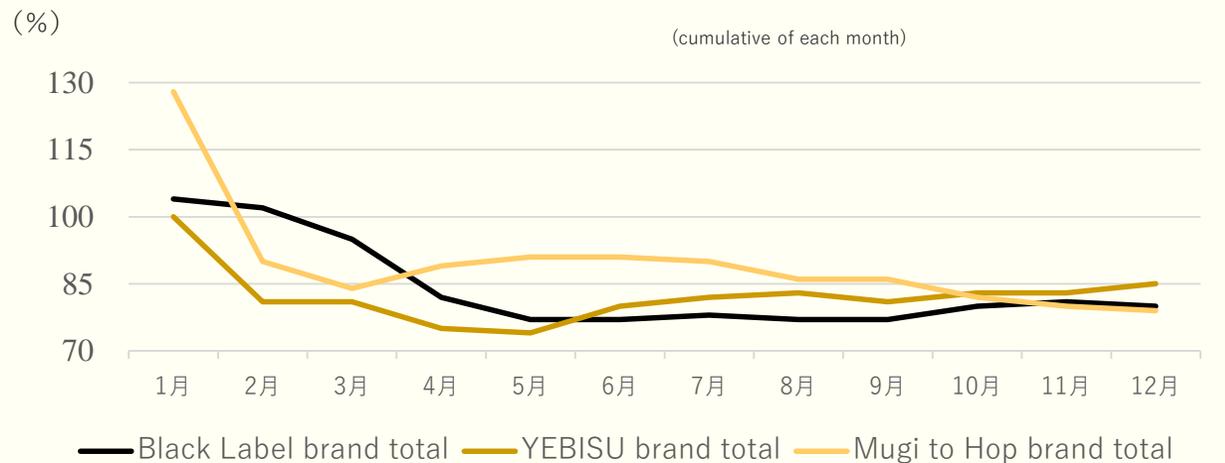
✓ Mugu to Hop brand
down **21%** y-o-y



<YoY changes in sales volume of beer and beer-type beverages by genre>



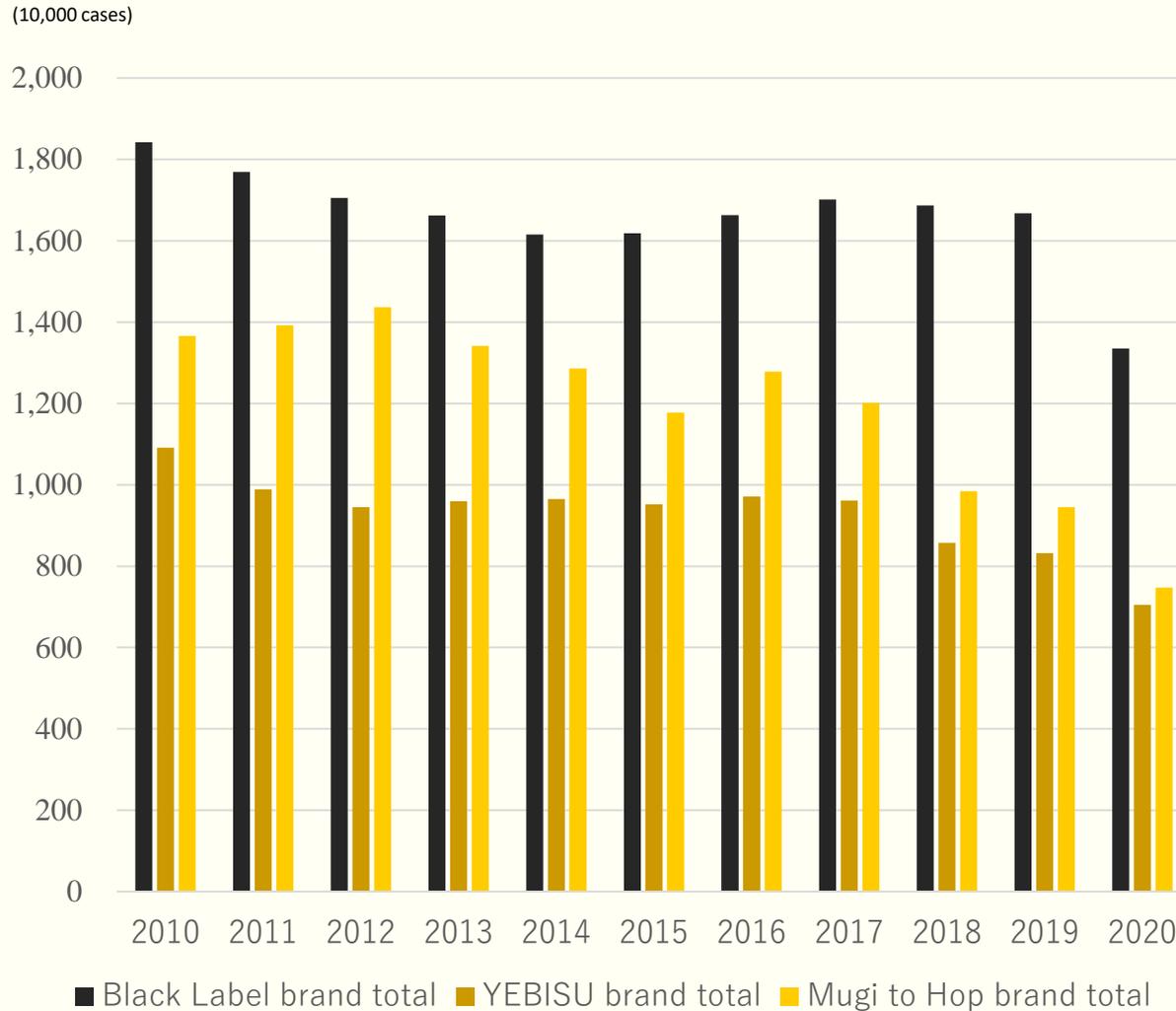
<YoY changes in sales volume of main brands>



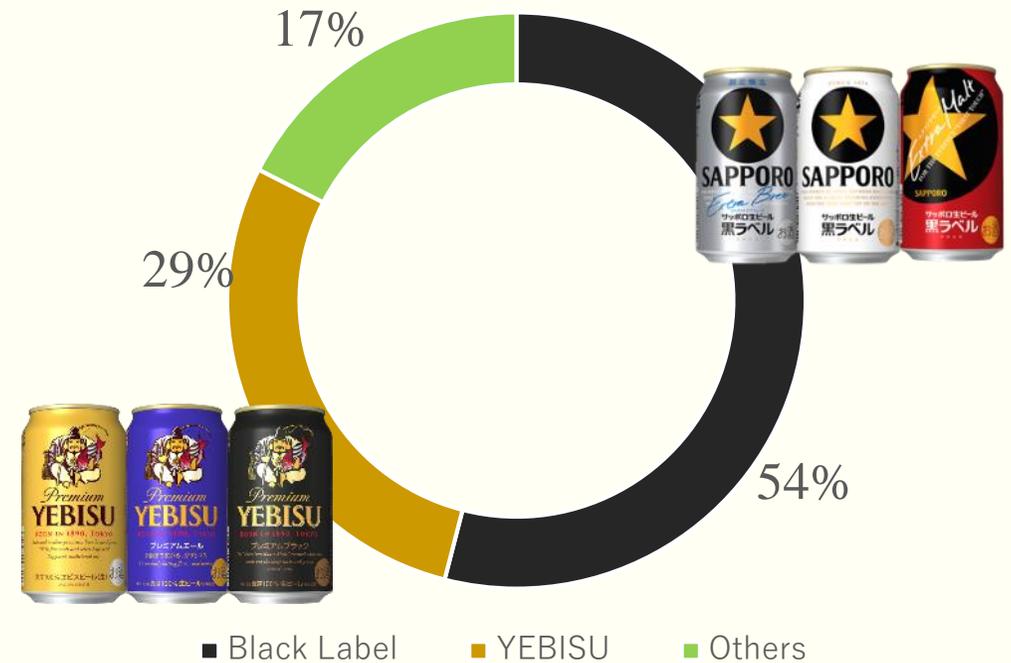
Appendix : Alcoholic Beverages (Japan)



< Main brand Jan- Dec Sales volume change >



< Beer lineup sales volume (Jan- Dec break down) >



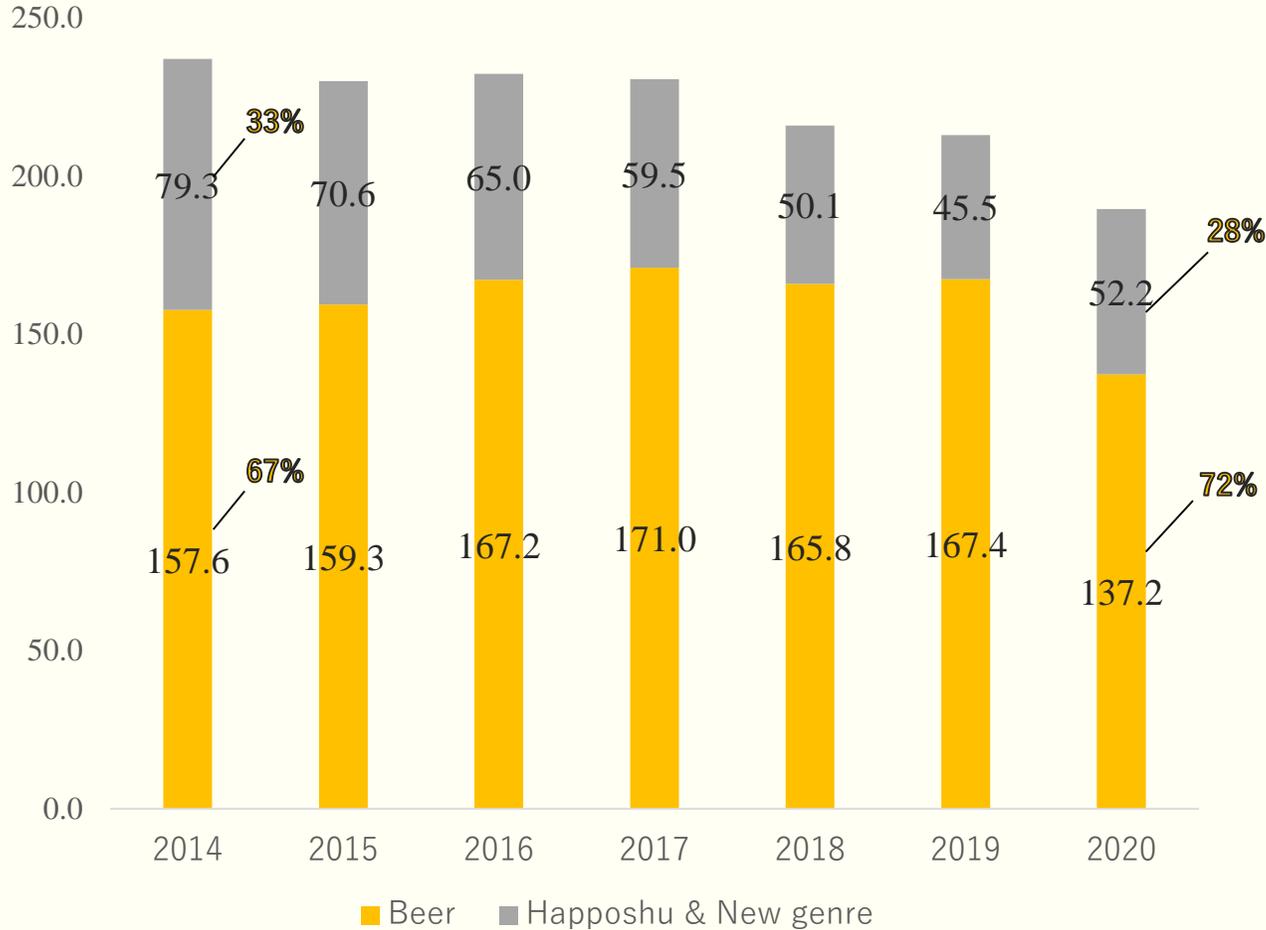
Appendix : Alcoholic Beverages (Japan)



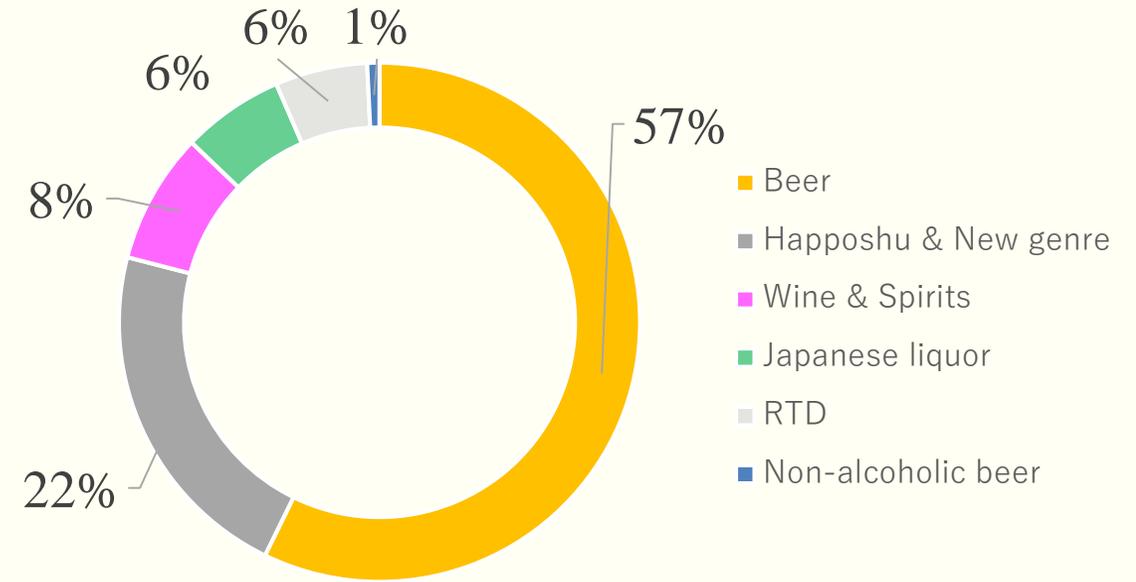
< Jan- Dec sales revenue >

(billions of yen)

※Incl. liquor tax



< Jan- Dec sales breakdown by category >

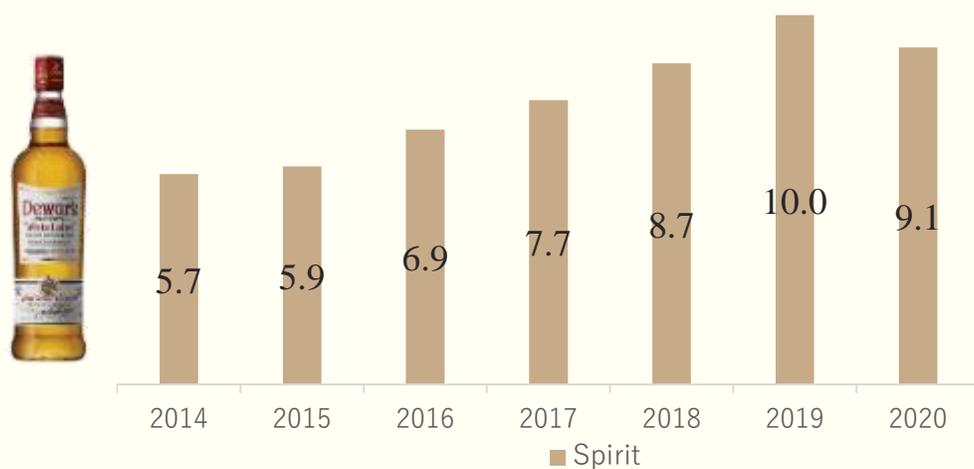
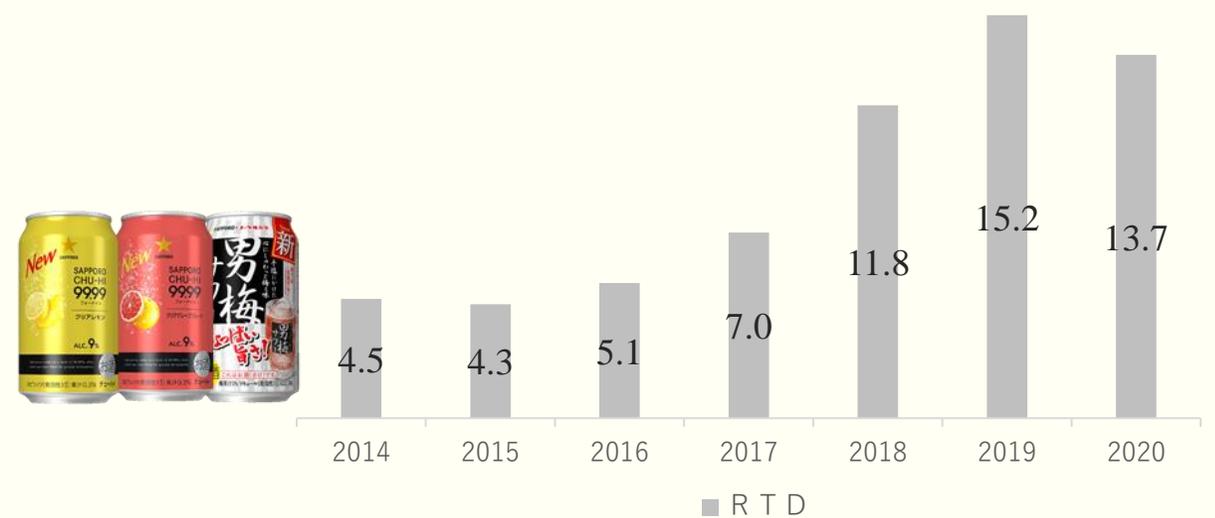
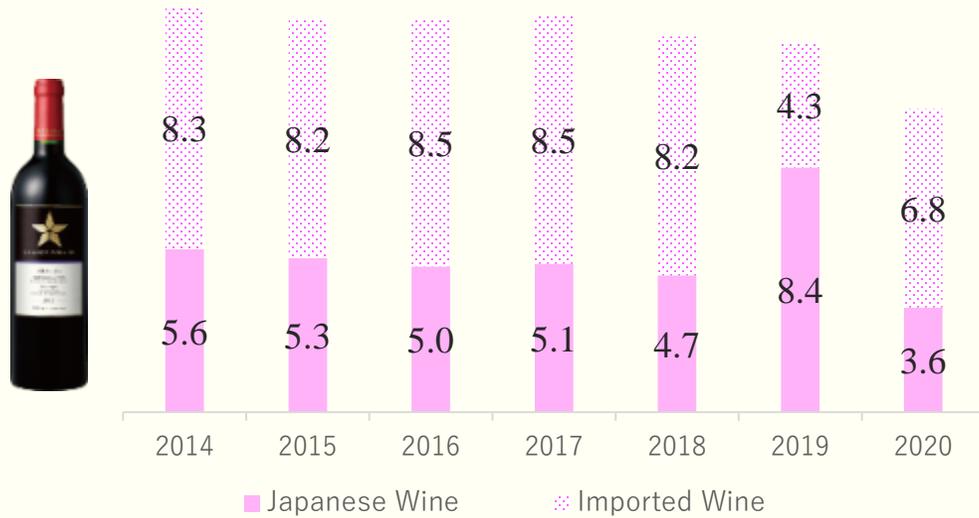


*before subsidiary companies sales, elimination of inter- company transactions and rebate deduction

Appendix : Alcoholic Beverages (Japan)



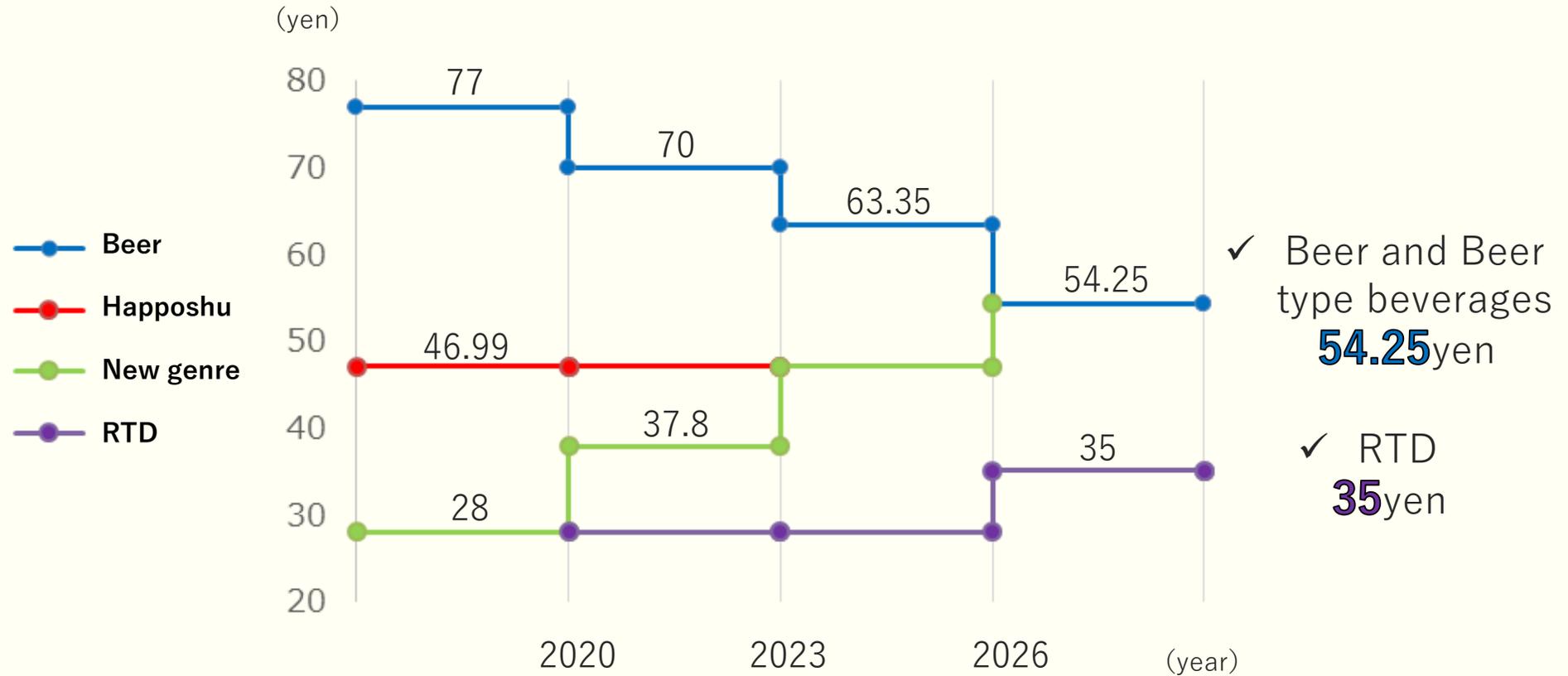
< Jan- Dec sales revenue > (billions of yen)



Appendix : Alcoholic Beverages (Japan)



< Changes in the amount of liquor tax per 350 ml >



Appendix : Alcoholic Beverages (Overseas)



< Overseas beer : YoY change in sales volume >

【North America Total down **2%** y-o-y
(Jan - Dec)

- ✓ Overseas brand
up **3%** y-o-y



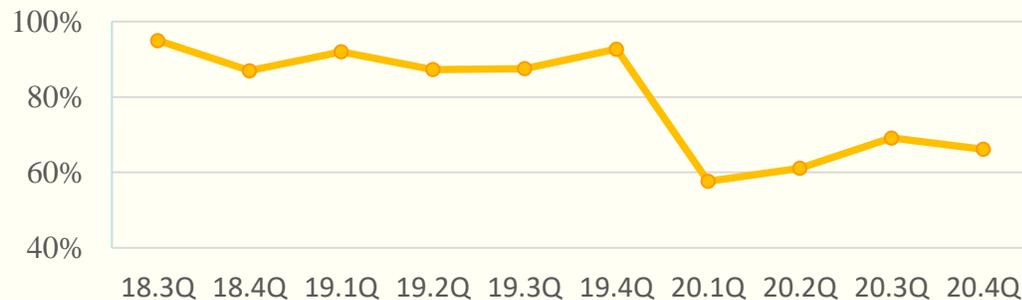
- ✓ Sapporo brand
down **19%** y-o-y



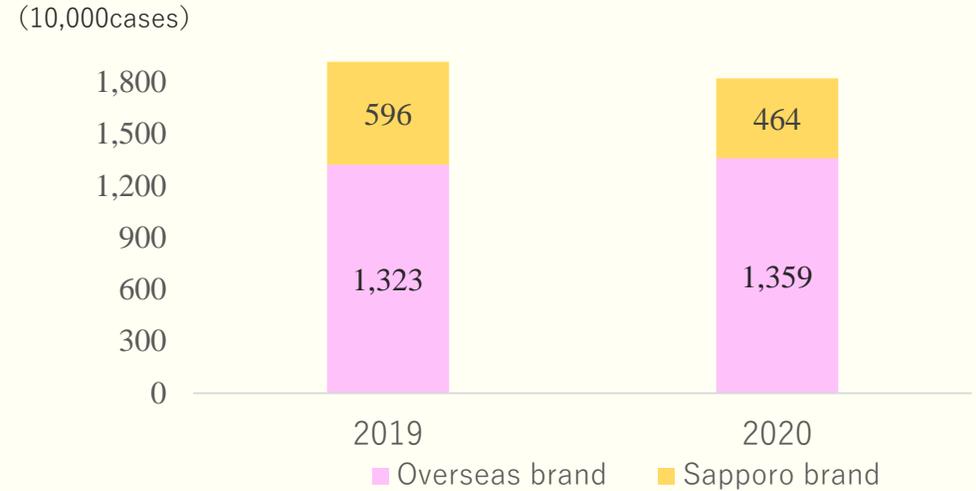
【Other Areas Total】 down **27%** y-o-y
(Main area : Asia pacific , Europe , Oceania) (Jan - Dec)

- ✓ Sapporo brand : down **27%** y-o-y

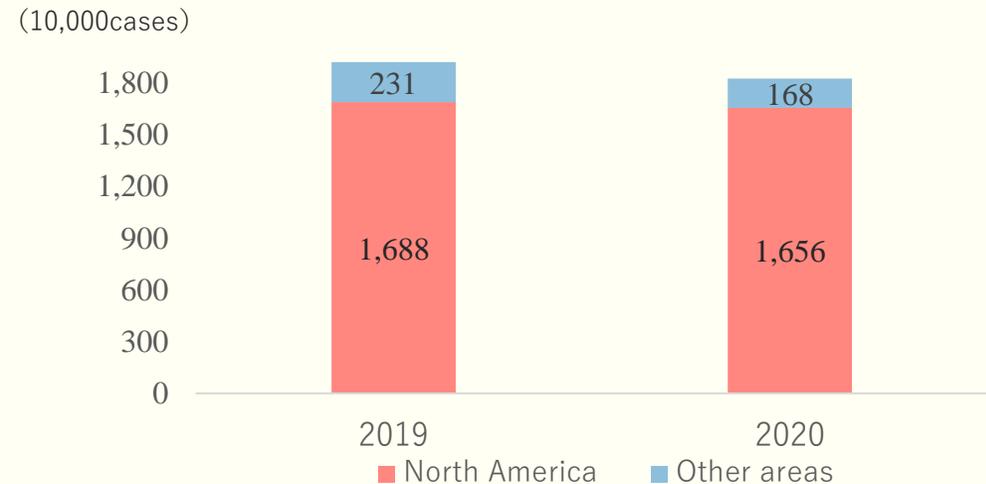
< Y-o-y change in domestic sales volume in Vietnam >



< Overseas sales volume by brand (Jan-Dec) >



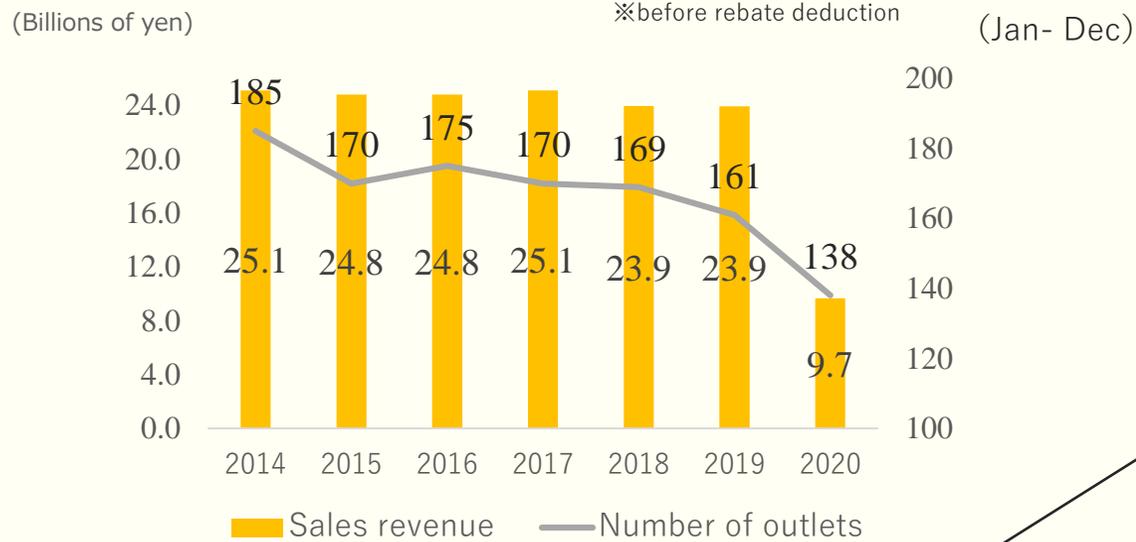
< Overseas sales volume by Area (Jan-Dec) >



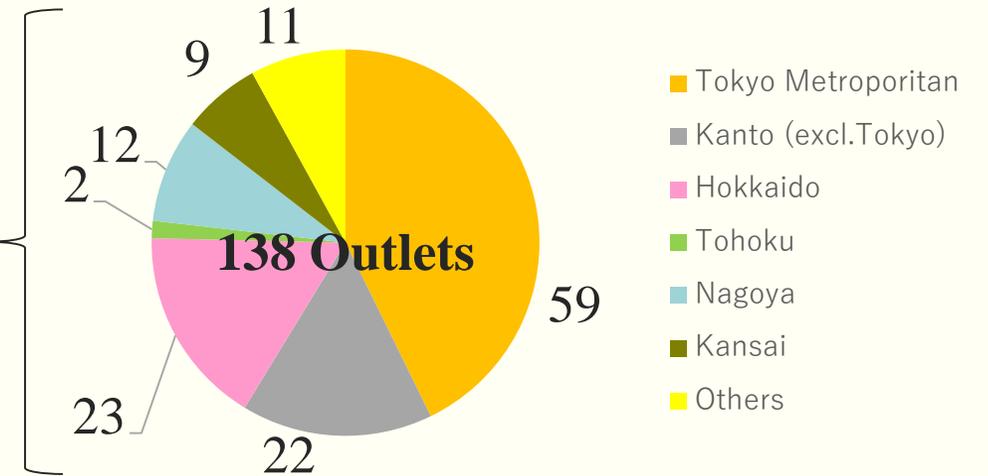
Appendix : Alcoholic Beverages (Restaurants)



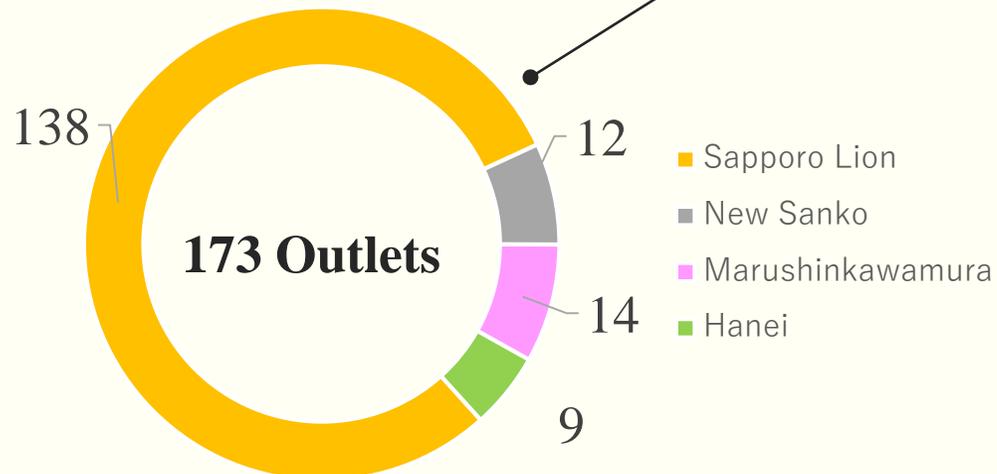
< Sales revenue and number of Sapporo Lion Outlets >



< Sapporo Lion outlets As of Dec 31, 2020 >



< Total number of outlets >



< Brands >



Appendix : Food & Soft Drinks



< Japanese soft drinks
 POKKA SAPPORO Food & Beverage >
 Sales volume & Sales by genre (Jan- Dec)

【Lemon based-drinks】

✓ **up 21%** y-o-y
 (Sales)



【Lemon-based food products】

✓ **up 9%** y-o-y
 (Sales)



【Unsweetened tea drinks】

✓ **down 24%** y-o-y
 (Sales volume)



【Soups】

✓ **up 4%** y-o-y
 (Sales)



【Coffee drinks】

✓ **down 16%** y-o-y
 (Sales volume)

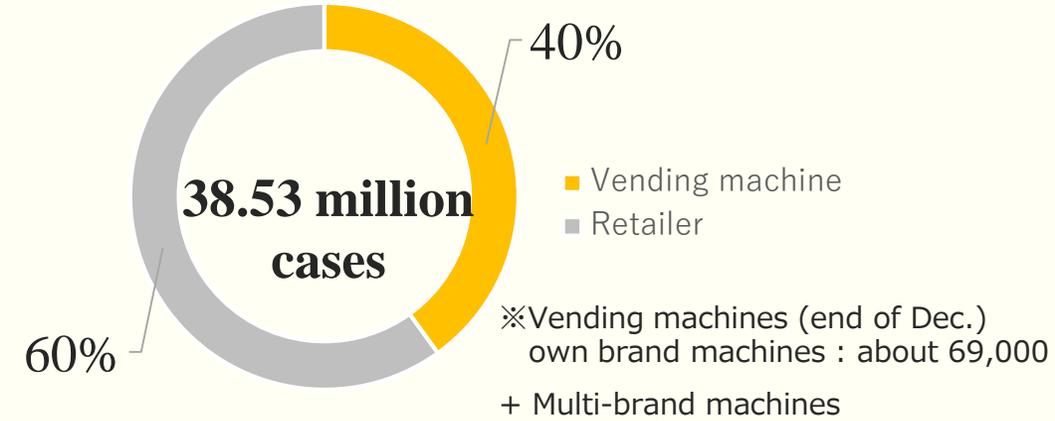


【Soy milk, chilled products】

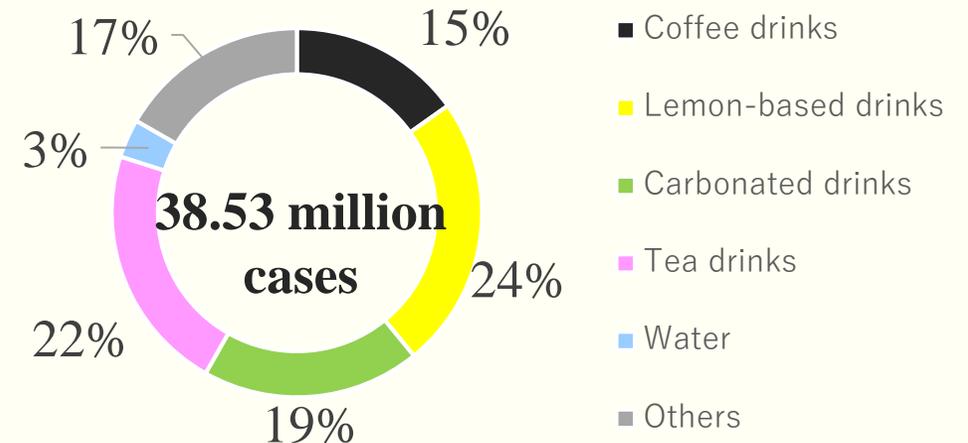
✓ **up 14%** y-o-y
 (Sales)



< Japanese soft drinks
 POKKA SAPPORO Food & Beverage >
 Sales composition by sales channel (Jan- Dec)



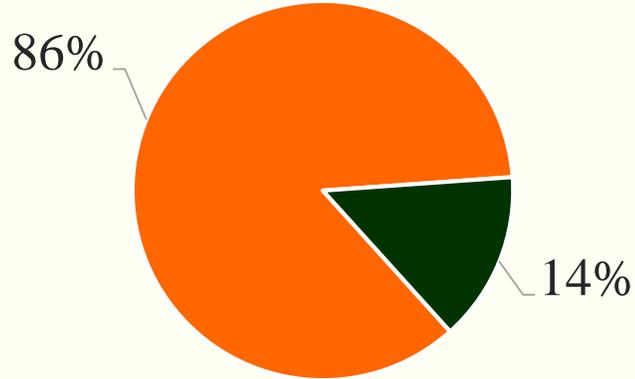
< Japanese soft drinks
 Sales composition by genre (Jan- Dec)>



Appendix : Food & Soft Drinks

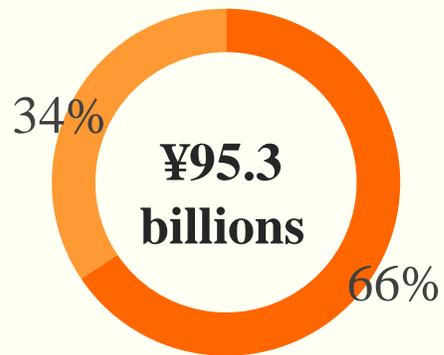
< Food & Soft Drinks segment
Revenue break down by geographic area >

※Except connection adjustment



■ Japan ■ Overseas

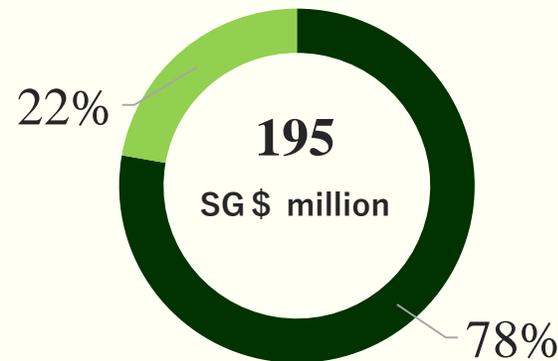
< Japanese soft drinks
POKKA SAPPORO Food & Beverage >
Sales composition (Jan- Dec)



■ Soft drink ■ Food



< Overseas soft drinks
POKKA Corporation (Singapore) >
Sales composition (Jan- Dec)

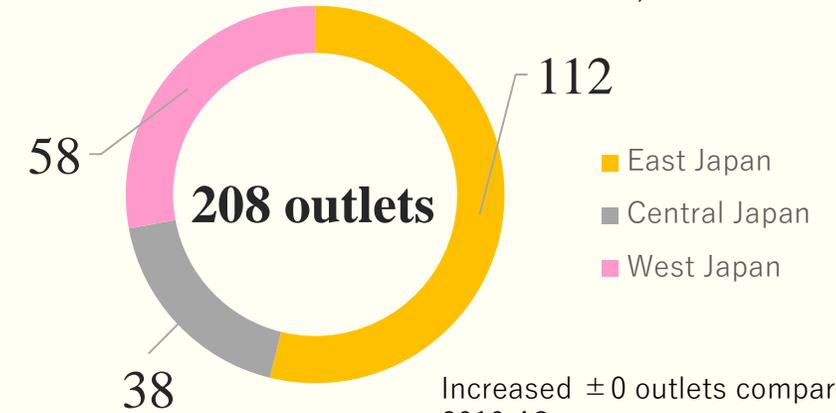


■ Singapore & Malaysia ■ Export

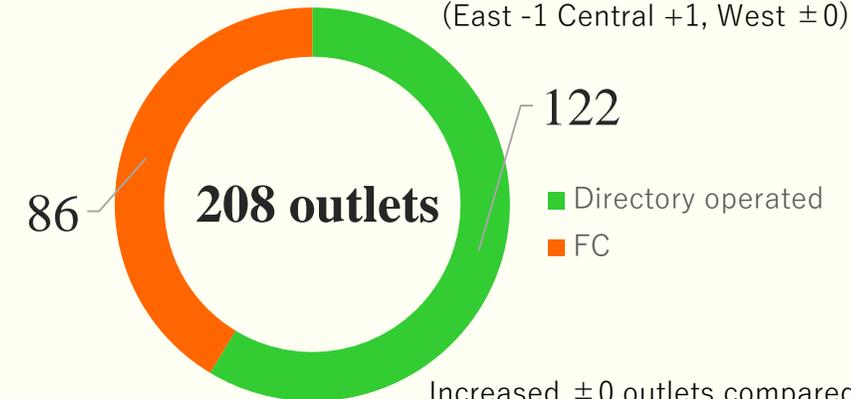
【 Pokka Create Co., Ltd .】

✓ Jan- Dec Sales revenue **¥ 6.6 billion**
down **27%** y-o-y

< Number of outlets as of Dec 31, 2020 >



Increased ±0 outlets compared with 2019 4Q
(East -1 Central +1, West ±0)



Increased ±0 outlets compared with 2019 4Q
(Directory operated +2, FC -2)

Appendix : Real Estate



< Major rental properties & occupancy rates : (Averages for 2020) >

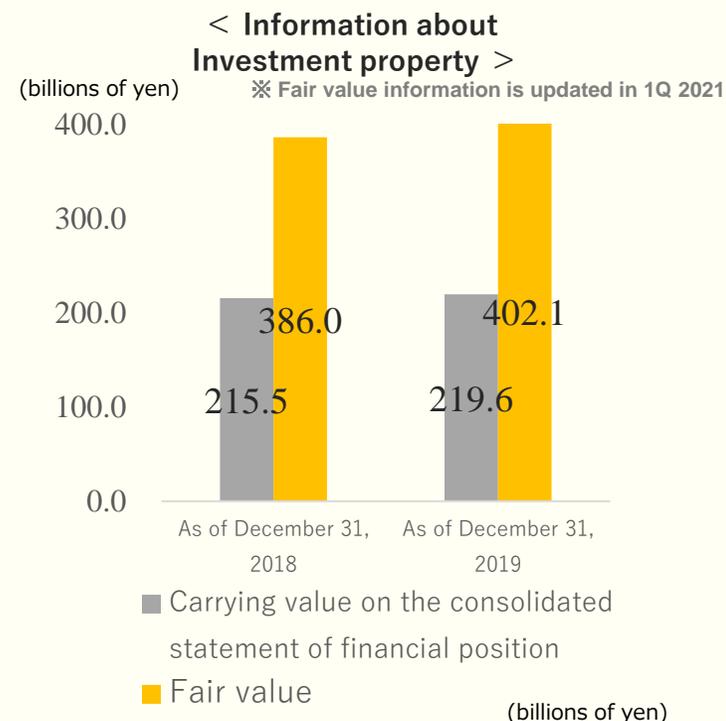
| | Site area (m ²) | Floor area (m ²) | Occupancy rate (%) | No. of floors |
|------------------------------------|-----------------------------|------------------------------|--------------------|---------------------------------|
| Yebisu Garden Place ⁽¹⁾ | 56,943 | 298,007 | 98 | 40 floors above ground, 5 below |
| Ebisu First Square | 2,596 | 16,012 | 100 | 12 floors above ground, 1 below |
| Ginza Place | 645 | 7,350 | 100 | 11 floors above ground, 2 below |
| Strata Ginza ⁽²⁾ | 1,117 | 11,411 | 100 | 13 floors above ground, 1 below |

*1: The number of floors is for the office block only. Occupancy rates are for office areas only.

*2: Figures are for entire property. Sapporo owns 922m² of the site (sectional ownership) and 89.72% of the building (joint management)

| < Core Operating profit > | (billions of yen) | | |
|-------------------------------|-------------------|-------|--------|
| | 2019 | 2020 | Change |
| Yebisu Garden Place, etc. | 8.2 | 8.1 | (0.1) |
| Other area & other operations | 2.7 | 2.9 | 0.1 |
| Hokkaido | 1.2 | 1.0 | (0.2) |
| General corporate | (1.4) | (1.1) | 0.3 |
| Total | 10.7 | 10.9 | 0.1 |

| < EBITDA > | (billions of yen) | | |
|-------------------------------|-------------------|-------|--------|
| | 2019 | 2020 | Change |
| Yebisu Garden Place, etc. | 11.2 | 11.1 | (0.1) |
| Other area & other operations | 4.2 | 4.4 | 0.2 |
| Hokkaido | 1.8 | 1.5 | (0.3) |
| General corporate | (1.2) | (0.9) | 0.3 |
| Total | 15.9 | 16.0 | 0.1 |



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



This document was prepared for the purpose of providing information to serve as a reference for investors in making investment decisions and not for the solicitation of investment or any other similar such actions.

The earnings forecasts and forward-looking statements contained in this document were prepared based on the judgment of the Company as of the date of this document and include potential risks and uncertainties.

Actual published future results may therefore differ materially from the content of this document.
The Company shall not in any way be responsible or liable for any losses or damages resulting from the use of the information in this document.