



Sapporo Group Business Results Presentation for the Three Months Ended March 31, 2022

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

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

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

May 12th 2022

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

1. Business Results for the Three Months Ended March 31, 2022 . . . P3~P16
2. Appendix . . . P17~P31

Business Results

Financial Highlights



- Despite the impact from the resurgence of COVID-19 infections, restaurant demand recovered to some degree. Steady growth for RTD and alcoholic beverages in overseas contributed to **an increase in revenue**.
- Core **operating profit improved** thanks to the effect of revenue increase and cost structure reforms in the restaurant business
- Operating profit progressed largely as planned

(billions of yen)	2021 Q1 Result	2022 Q1 Result	YoY changes (amount)	YoY changes (%)
Revenue	89.9	93.2	3.4	3.7%
Revenue (Excluding liquor tax)	68.5	72.0	3.5	5.2%
Overseas revenue	14.9	18.3	3.4	22.5%
EBITDA	(1.7)	(1.4)	0.3	—
Core operating profit	(6.9)	(6.4)	0.5	—
Core operating profit margin	(7.6%)	(6.9%)	—	—
Operating profit	(6.2)	(4.5)	1.7	—
Profit attributable to owners of parent	(5.2)	(4.0)	1.2	—
D/E ratio (times) ※Net	1.6	1.2	(0.4)	—

🔍 See details on page 5

	2021 1Q	2022 1Q	YoY changes (amount)
Revenue by Segment	89.9	93.2	3.4
Alcoholic Beverages	56.6	60.6	3.9
Japanese	44.7	46.1	1.5
Overseas	10.2	12.1	1.9
Restaurants	1.8	2.3	0.5
Food & Soft Drinks	27.6	27.7	0.1
Real Estate	5.6	5.0	(0.7)
Other	0.0	0.0	(0.0)

🔍 See details on page 6

	2021 1Q	2022 1Q	YoY changes (amount)
Core Operating Profit by Segment	(6.9)	(6.4)	0.5
Alcoholic Beverages	(5.0)	(3.9)	1.1
Japanese	(3.0)	(2.8)	0.2
Overseas	(0.3)	(0.1)	0.2
Restaurants	(1.7)	(1.0)	0.8
Food & Soft Drinks	(1.1)	(1.0)	0.1
Real Estate	0.7	0.1	(0.6)
Other · General corporate and intercompany eliminations	(1.5)	(1.6)	(0.1)

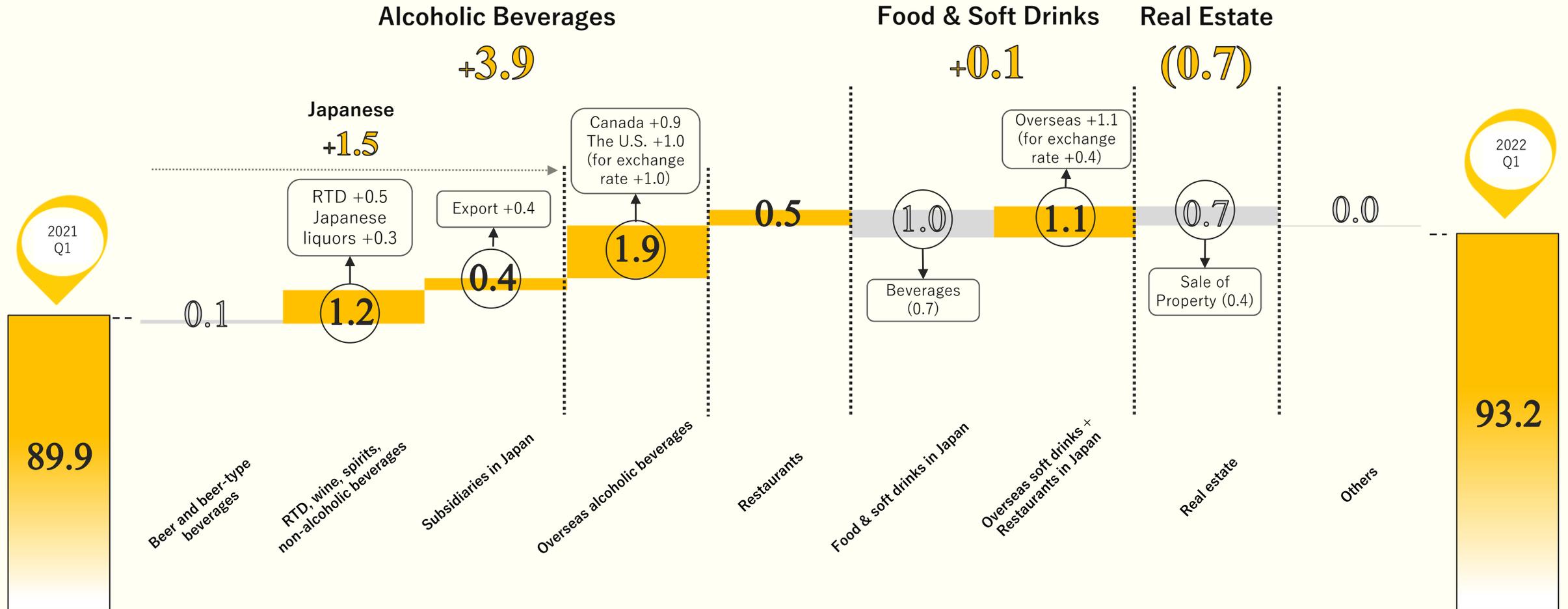
The balance of debt excludes the balance of lease obligations.

Reasons for changes in sales revenue

Due to the sale of property last year and decrease of rent over the renovation of the YGP commercial complex*, real estate business revenue were down from the previous quarter. However, thanks to increasing sales in restaurants and alcoholic beverages in Japan and overseas, sales revenue increased ¥3.4 billion.

(billions of yen)

■ = Increase
■ = Decrease



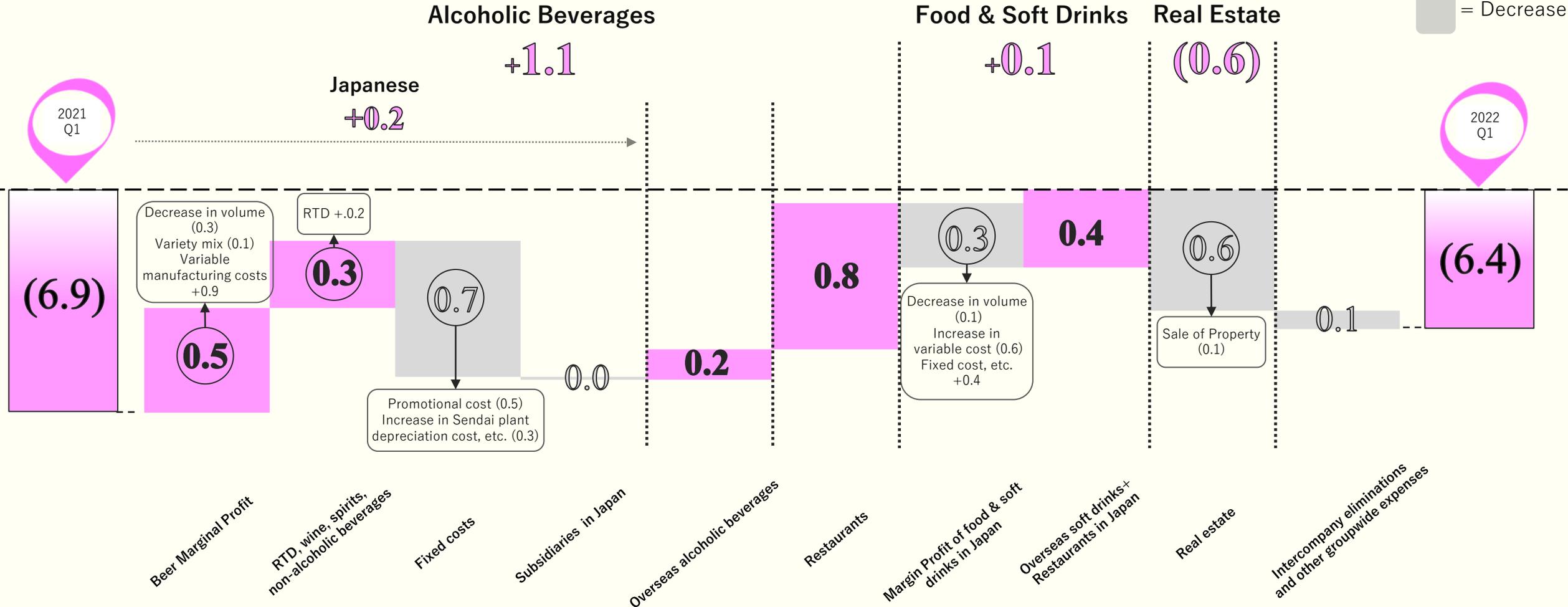
*YGP: Yebisu Garden Place, commercial complex: center plaza

Reasons for changes in core operating profit

The recovery in restaurant demand, strong sales for RTD, and steady growth in the overseas market offset a decline in profit in the real estate business. As a result, profit increased ¥500 million.

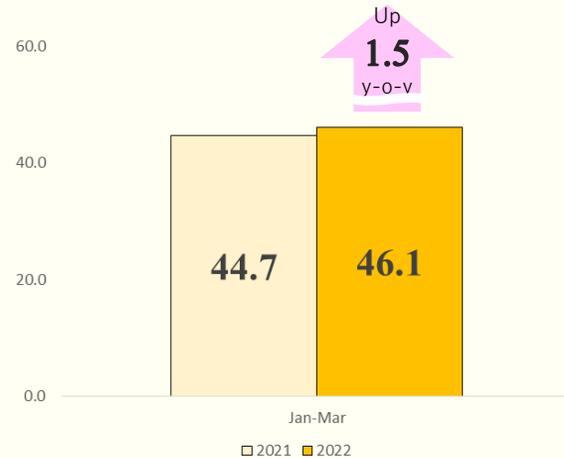
(billions of yen)

= Increase
 = Decrease

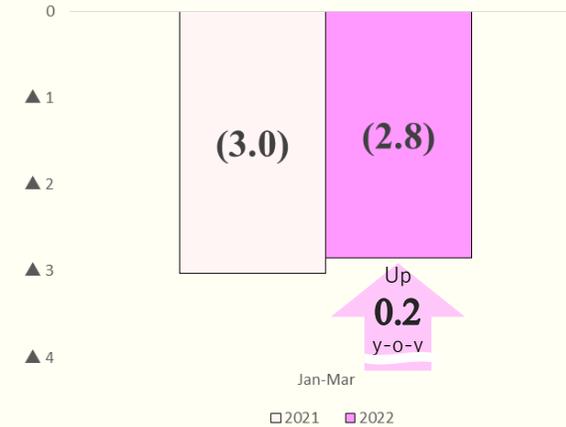


▶ We saw **an increase in revenue and profit** attributed from the demand recovery for restaurants business and strong sales for RTD which offset a fixed cost from Sendai Brewery depreciation, etc.

< Revenue >
(billions of yen)



< Core operating profit >
(billions of yen)



▶ The growth strategy and progress of structure reform

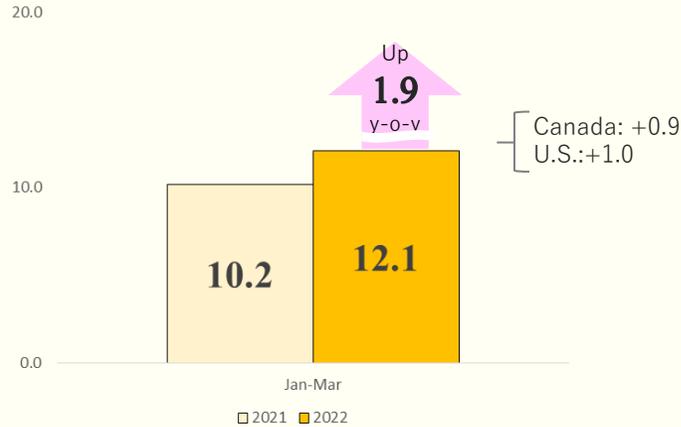
		Policy for 2022 Initiatives	Evaluation	Progress
Growth strategies	Japan	<ul style="list-style-type: none"> Continue to increase canned beer sales 	➡	Slight decreased (sales volume) for canned beers in competition with other new products, we continue efforts to strengthen the sales for each brand. (with RN* effect, canned Sapporo Draft Beer Black Label recorded good sales in March)
		<ul style="list-style-type: none"> Achieve growth in RTD, non-alcoholic and low-alcoholic products 	➡	<p>RTD remained steady, 13% (sales volume) increased from the previous fiscal year</p> <p>Non-alcohol and low-alcoholic beer increased 27% (sales volume), we continue to strengthen the recognition of both its category and brand</p>
Structural reforms	Japan	<ul style="list-style-type: none"> Institute in-house production of RTD at Sendai Brewery and increase productivity at breweries 	➡	We are preparing to start RTD manufacturing facility operation

*RN: Renewal

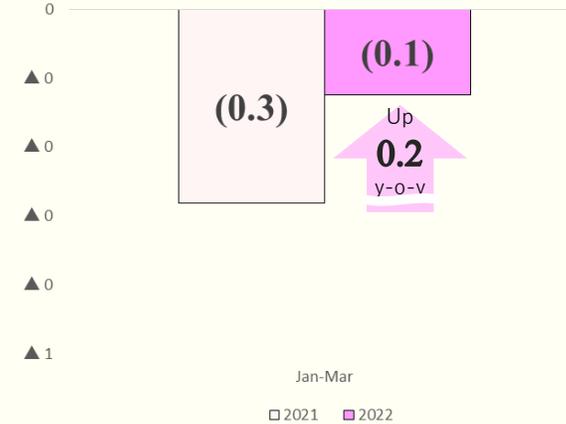
Alcoholic beverages in overseas

▶ The demand recovery for restaurants business and steady sales with the expansion of SPB* led to **an increase in revenue and profit.**

< Revenue >
(billions of yen)



< Core operating profit >
(billions of yen)



▶ The growth strategy and progress of structure reform

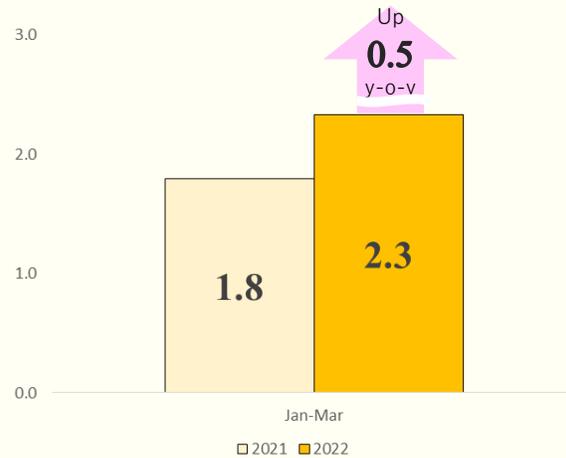
		Policy for 2022 Initiatives	Evaluation	Progress
Growth strategies	Overseas	<ul style="list-style-type: none"> Canada: Promote premium beers and strengthen RTD business 		Compared to the previous fiscal year, promotion for the premium beers achieved the growth (milder than expected) and succeeded to strengthen RTD business
		<ul style="list-style-type: none"> United States: Strengthen home-use products and revitalize/increase sales of Anchor 		SAPPORO brand exceeded the plan (recovery of the commercial-use and expansion of retailer stores for home-use products) Anchor focuses on the promotion for the home-use new products "West Coast IPA"
Structural reforms	Overseas	<ul style="list-style-type: none"> Optimize SPB* manufacturing locations 		We continue to seek for the acquisition of manufacturing facility

*SPB: SAPPORO PREMIUM BEER

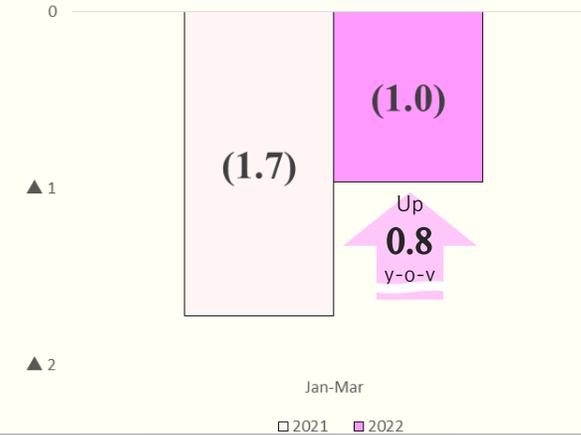
Alcoholic beverages in restaurants

▶ The demand recovery for restaurants business and decrease in fixed cost from the structural reforms led to **an increase in revenue and profit.**

< Revenue >
(billions of yen)



< Core operating profit >
(billions of yen)



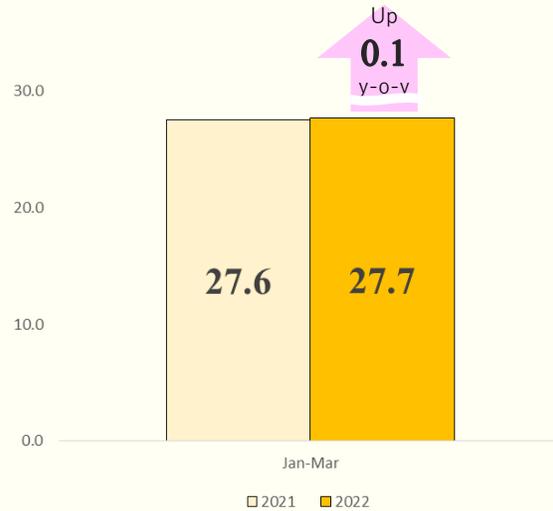
▶ The growth strategy and progress of structure reform

		Policy for 2022 Initiatives	Evaluation	Progress	
Structural reforms	Restaurants	<ul style="list-style-type: none"> Expand and develop “small, small investment, suburban” business model Implement further structural reforms to achieve profitability 			Expanding the low-cost operation business format and expediting the promotion for existing businesses

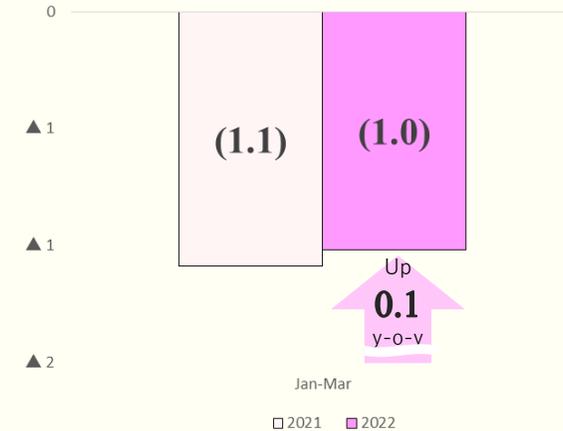
Food & Soft Drinks

- ▶ With the effect of series of renewal, Lemon beverages on its course in Japan.
Increased revenue and profit contributed by CNY* sales in Singapore

< Revenue >
(billions of yen)



< Core operating profit >
(billions of yen)



▶ The growth strategy and progress of structure reform

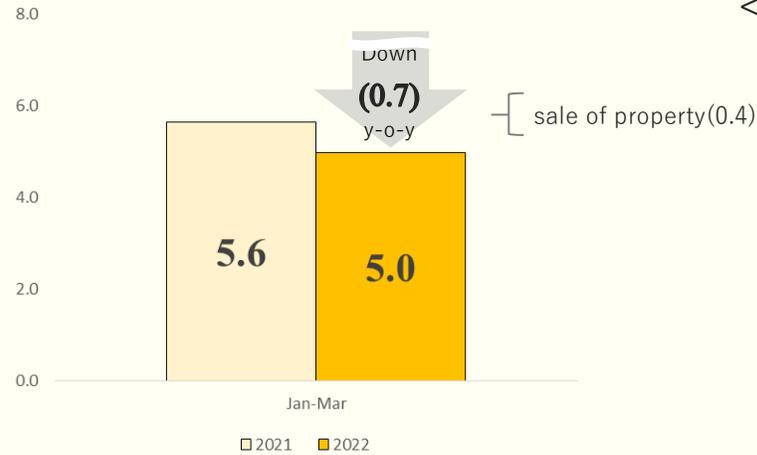
		Policy for 2022 Initiatives	Evaluation	Progress
Growth strategies	Food & Soft Drinks	<ul style="list-style-type: none"> Expand the sales for all lemon (lemon beverage + lemon food) 		<p>Strong sales of lemon beverages led to 5% increase (sales amount) from the previous fiscal year</p> 
Structural reforms	Food & Soft Drinks	<ul style="list-style-type: none"> Undertake structural reforms for optimization of business portfolio (Reorganization of vending machine operator subsidiaries, transfer of cafe business, reorganization of Shinsyu-ichi Miso production sites) 		<p>Cafe business transferred in April, and the production sites of Shinsyu-ichi Miso sold Planning the liquidation for PVS* in June in terms of reorganizing the vending machine operator subsidiaries</p>

PVS*: Public Vending Service company

Real Estate business

▶ The sales of Yebisu First Square last year and decrease of rent over the renovation for YGP commercial complex* led to **decrease in revenue and profit.**

< Revenue >
(billions of yen)



< Core operating profit >
(billions of yen)



▶ The growth strategy and progress of structure reform

		Policy for 2022 Initiatives	Evaluation	Progress
Growth strategies	Real Estate	<ul style="list-style-type: none"> Promote initiatives aimed at improving value of YGP* properties 	➡	“Foodies Garden” a second basement floor for food and daily living sundries opened on April 15 YGP commercial complex is being renovated for grand opening in fall
		<ul style="list-style-type: none"> Grow profits of new businesses using equity investments, etc. 	➡	One equity investment implemented

*YGP: Yebisu Garden Place, commercial complex: center plaza

Profit attributable to owners of parent

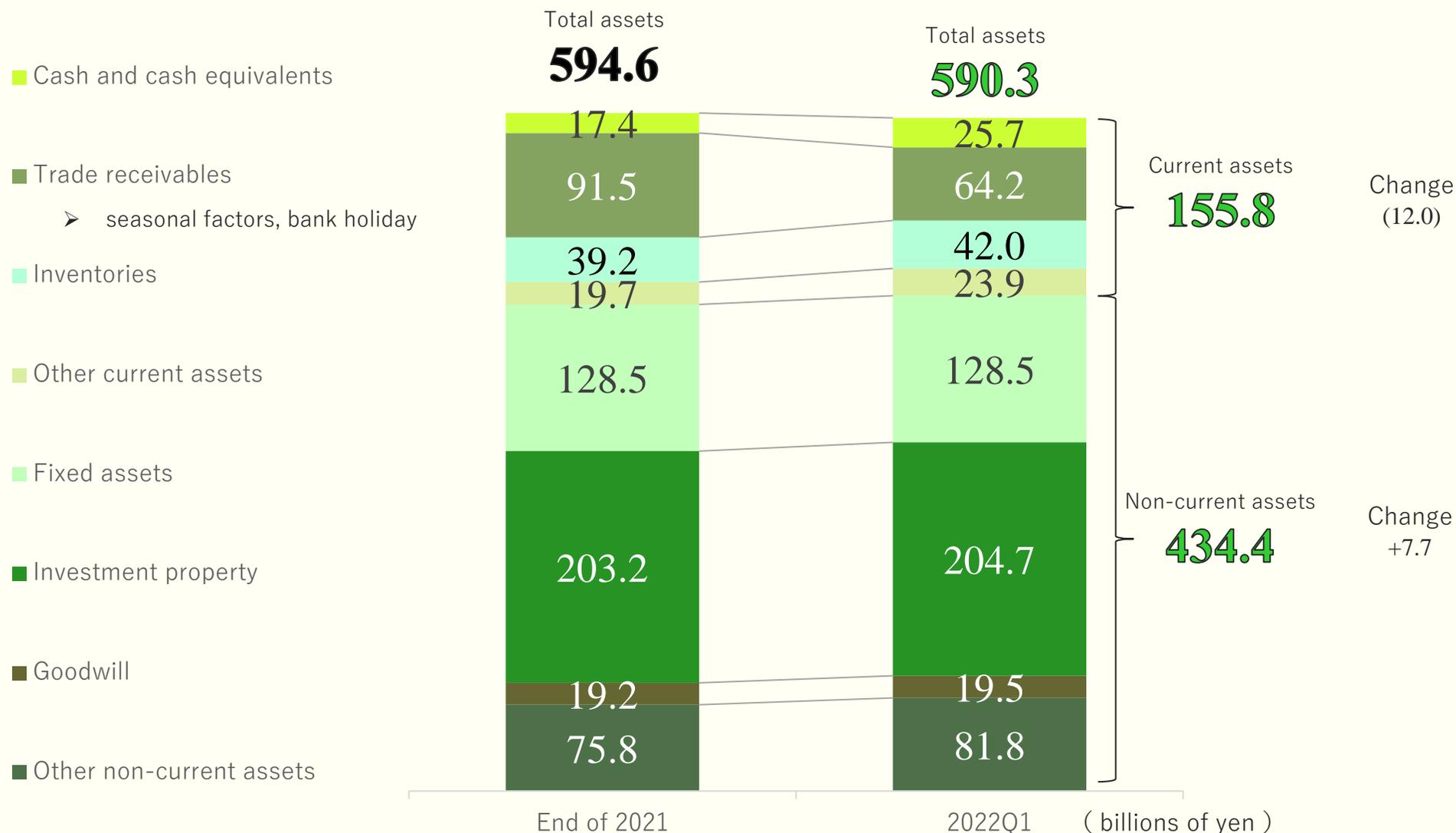


(億円)	2021 Q1 実績	主な内訳	2022 Q1 実績	主な内訳
Core operating Profit	(6.9)		(6.4)	
Other operating income	1.3		2.5	Gain on sales of fixed assets, etc.
Other operating expenses	0.6		0.6	
Operating Profit	(6.2)		(4.5)	
Profit before tax	(6.2)		(4.3)	
Income taxes	(1.0)		(0.3)	
Profit	(5.2)		(4.0)	
Loss attributable to non-controlling interest	(0.0)		0.0	
Profit attributable to owners of parent	(5.2)		(4.0)	

Changes in Balance Sheets



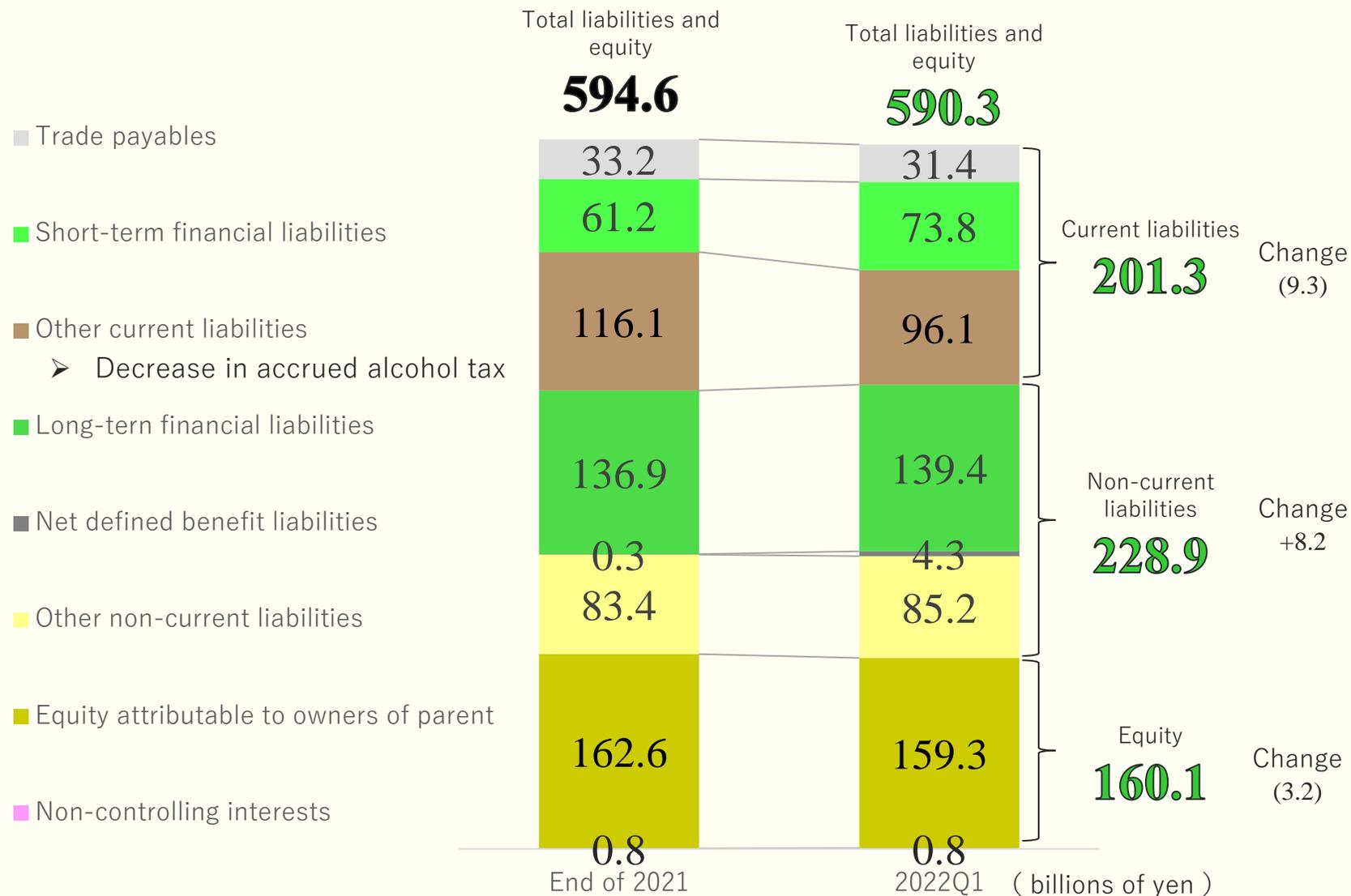
▶ Total assets declined 42.9 billions yen from the previous year end



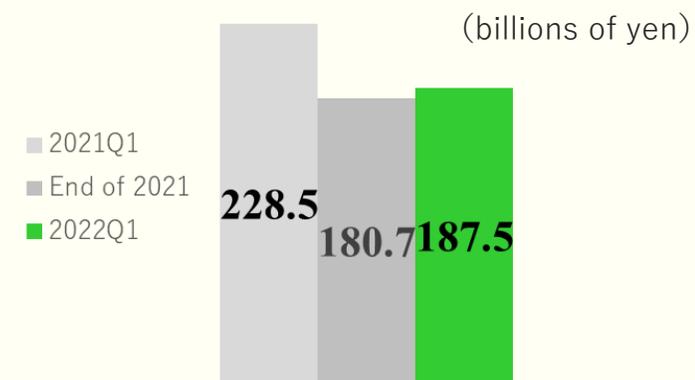
Changes in Balance Sheets



- Total liabilities declined 1.1 billions yen from the previous year end and total capital declined 3.2 billions yen from the previous year end



Balance of net debt



D/E ratio (Net) **1.2x** down (40%) YoY

Equity



Investment on a cash basis was ¥7.6 billion

<Consolidated cash flow (CF) statement>

(billions of yen)	2021 Q1 Result	2022 Q1 Result	Change	Change (%)
CF from operating activities	2.1	(0.8)	(2.9)	—
CF from investing activities	(5.4)	(3.6)	1.8	—
Free CF	(3.3)	(4.4)	(1.1)	—
CF from financing activities	1.3	11.6	10.3	762.5%

< Investment total (① + ② + ③) > ¥7.6 billion

① Capital expenditure (cash basis): ¥5.4 billion

(Property, plant and equipment, intangible assets, investment property)

< Major items >

- Alcoholic Beverages: ¥1.0 billion

SB: ¥0.6 billion Sleeman ¥0.3 billion

- Food & Soft Drinks: ¥0.5 billion

PS : ¥0.2 billion POKKA PTE. LTD. : ¥0.1 billion

- Real Estate: ¥3.6 billion

Acquisition of investment property

- Group-wide: ¥0.3 billion

② Lease fees: ¥0.9 billion

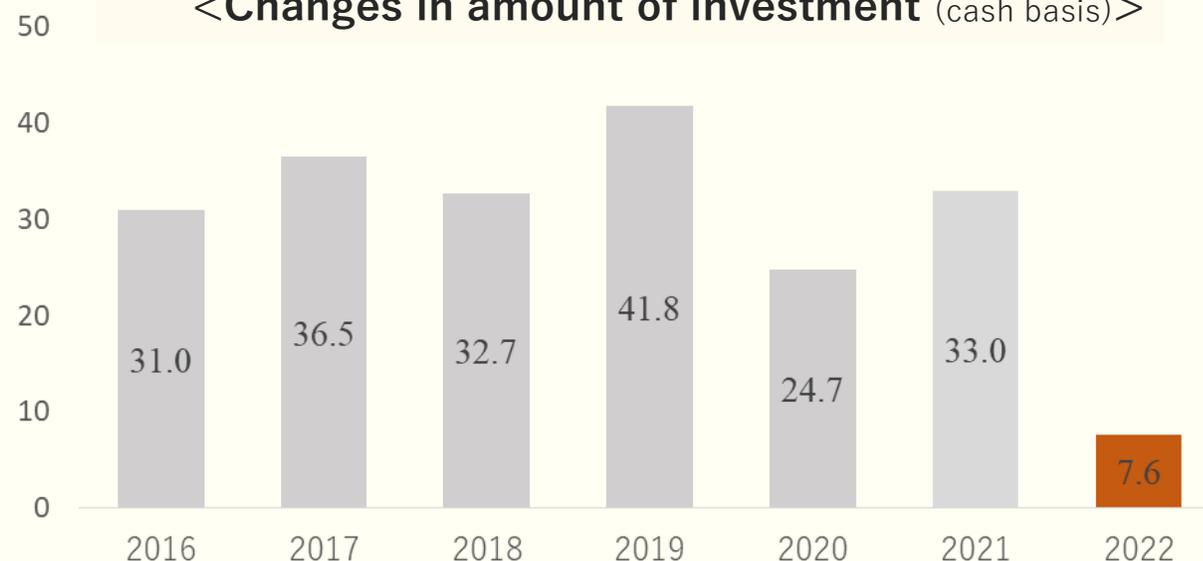
(excluding lease fees for renting restaurant premises)

③ Other investments: ¥1.4 billion

(Invest in property's equity etc.)

(billions of yen)

<Changes in amount of investment (cash basis)>



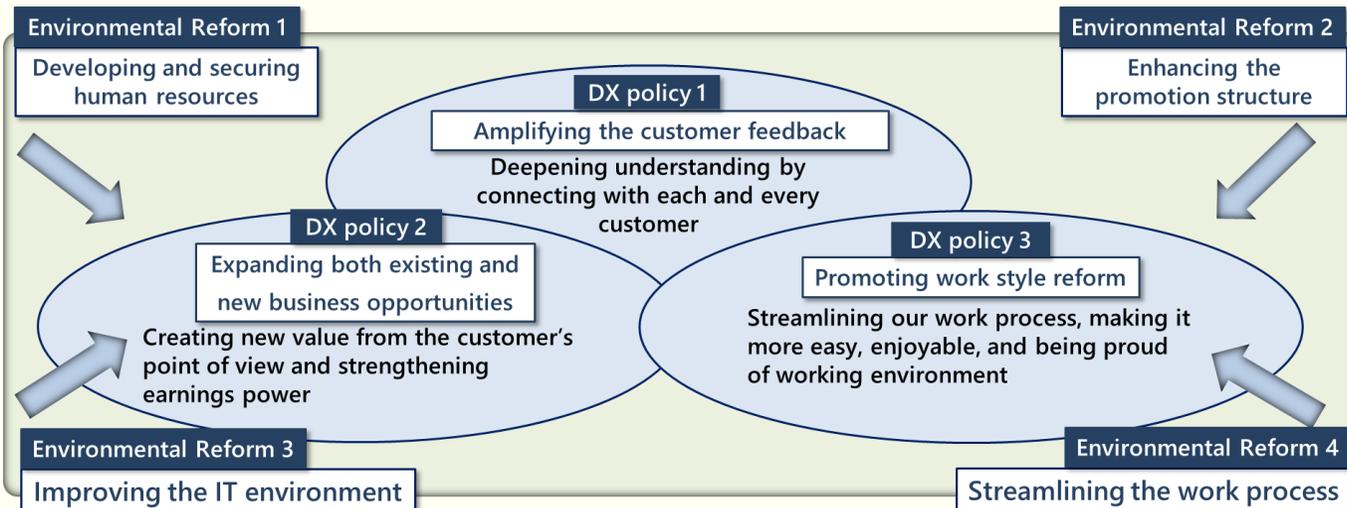
The Group Topics for DX promotion

▶ The growth strategy and progress of structure reform

		Policy for 2022 Initiatives	Evaluation	Progress
Structural reforms	Common	<ul style="list-style-type: none"> Promote DX in earnest 		<p>“The Sapporo Group’s DX policies” released on March 22 https://www.sapporoholdings.jp/news/dit/?id=8912</p> <p>Promoting “DX for all employees” with DX/IT human resource development program https://www.sapporoholdings.jp/news/dit/?id=8913</p>

▶ The Sapporo Group’s DX policies

While promoting the strategy “the Sapporo Group’s 3 DX policies” based on “the 4 DX business environmental reform,” we continually grow with all stakeholders who have relation to the Sapporo Group’s business and aim for the maximization of corporate value with customers.



Appendix

Appendix: Initiatives for Sustainability Management



The Sapporo Group will address global environmental and social issues to make people happy.

The earth, the source of nature's bounty, is our most important partner.

We will strive to collaborate and prosper together with our stakeholders who share our value to provide products sustainable in the entire lifecycle from the development of products and services to the delivery to customers.

We will value our founding philosophy and think hard about creating sustainable value, and bring a smile to the face of people.

We will try to bring smiles to people all over the world, with our commitment to professional manufacturing, development of regionally oriented communities, and with our vows "Be a pioneer of people's smiles in the world."

Sustainability management strategy Sustainable Smile Plan



Main topics for Q1 in FY 2022

Release date	Contents	Related Priority Issues
2/10	Initiatives for further strengthening value of Yebisu Garden Place https://www.sapporo-re.jp/pdf/sapporore/store/storage/cname_20220210092350.pdf	<ul style="list-style-type: none"> Promises 3 Environmental Conservation <ul style="list-style-type: none"> • Preventing global warming • Promoting the 3Rs • Harmonizing with nature
2/17	Commenced the joint transportation for Sapporo beer and Nissin cup-noodles. https://www.sapporoholdings.jp/news/dit/?id=8894	<ul style="list-style-type: none"> Promises 3 Environmental Conservation <ul style="list-style-type: none"> • Preventing global warming • Promoting the 3Rs • Harmonizing with nature
3/9	5 companies of the Sapporo Group selected "2022 Certified Health and Productivity Management Organization Program" https://www.sapporoholdings.jp/csr/news/dit/?id=8910	<ul style="list-style-type: none"> Promises 4 Cultivate Highly Unique Employees <ul style="list-style-type: none"> • Health and productivity management • Diversity & Inclusion and human rights • Human resource development and training



Appendix: Initiatives for Sustainability Management

Sapporo Group Environmental Vision 2050

Toward a “carbon-free society, recycling-oriented society and society in harmony with nature”

Carbon-free society

- Toward zero CO2 emissions (carbon neutrality) by 2050
- Work toward reducing CO2 emissions in the value chain beyond our own business sites

Recycling-oriented society

- Strive toward 3Rs of all resources related to operations across the entire Group
- <Containers and packaging> Seek to use materials that meet the requirements of a recycling-oriented society for 100% of our containers & packaging
- <Water resources> Continue our efforts to reduce the amount of water used at our factories so as to use water resources sustainably

Society in harmony with nature

- Contribute to sustainable procurement through R&D on barley and hops (support TCFD recommendations and work toward resolving climate change issues)
- Community development with vibrant time and spaces in harmony with nature



Specific initiatives

- Reduce CO2 of our own business sites by 20% (by 2030 vs. 2013) **SB PS**
 - Reduce emissions mainly of production sites
 - Introduce solar power generation systems at business sites (PPA)
- Yebisu Garden Place to be 100% renewable energy (April 2022) **SRE**

Specific initiatives

- Reduce plastics usage, etc.
 - Use 50% recycled materials for wine PET bottles made in Japan and eliminate waste of plastic advertising in Japan (2030) **SB**
 - Use 50% recycled materials for PET bottled products (2030) **PS**
 - Switch to paper straws **SLN**
- Reduce water usage of production sites by 10% (by 2030 vs. 2013) **SB PS**
- Achieve 100% recycling rate of waste at main factories **SB PS**



Specific initiatives

- Initiatives for breeding, environmental education, and protection of endangered species,
 - Commercialize barley and hops in Japan that are compatible with climate change (2035) **SB**
- Community development using urban farming (YEBISU GARDEN FARM), etc. **SRE**

Appendix : Major sales volume & sale



(Beer and beer-type beverages and non-alcoholic beer calculations based on large bottles, RTDs are calculated by 250 ml × 24 bottles.)

Sales Volume: Beer (Japan) ※1

(10,000 cases)

	Jan. 1 - Mar.31, 2021	Jan. 1 - Mar.31, 2022	YoY Change(%)
Sapporo Draft Beer Black Label (total)	—	—	(0.4%)
YEBISU (total)	—	—	(9.4%)
1 Beer (total)	—	—	0.4%
2 Happoshu (total)	—	—	(9.5%)
3 New genre beer products (total)	—	—	(5.4%)
Beer, happoshu, and new genre (total 1+2+3)	—	—	(2.3%)
RTD	260	294	13.1%
Non-alcoholic beer and low alcohol beer taste beverage	11	14	27.3%

Sales Volume: Beer (International)

(10,000 cases)

	Jan. 1 - Mar.31, 2021	Jan. 1 - Mar.31, 2022	YoY Change(%)
Overseas brand (SLEEMAN, Anchor, etc.)	277	265	(4.4%)
Sapporo brand	64	91	42.3%
North America	340	355	4.4%
Sapporo brand	41	54	33.6%
Other areas	41	54	33.6%
Total	381	410	7.5%

Sales: Beer (Japan) *including liquor tax

(billions of yen)

	Jan. 1 - Mar.31, 2021	Jan. 1 - Mar.31, 2022	YoY Change(%)
Beer	23.4	23.5	0.1%
Happoshu	1.4	1.3	(9.9%)
New genre	10.8	10.2	(5.3%)
Subtotal	35.6	34.9	(1.9%)
Rebate subtracted from sales	(2.5)	(1.9)	—
Total	33.1	33.0	(0.3%)

Sales: Alcoholic Beverage (Japan)

(billions of yen)

	Jan. 1 - Mar.31, 2021	Jan. 1 - Mar.31, 2022	YoY Change(%)
Domestic wines	0.8	0.8	(2.2%)
Imported wines	1.3	1.3	(1.1%)
Wine (total)	2.1	2.1	(1.6%)
Spirits and Shochu (total)	5.0	5.5	10.5%
RTD	4.7	5.2	11.5%
Subtotal	11.8	12.8	8.7%
Rebate subtracted from sales	(2.4)	(2.4)	(1.8%)
Total	9.4	10.5	11.4%

Sales: Food & Soft Drinks (Japan) *2

(billions of yen)

	Jan. 1 - Mar.31, 2021	Jan. 1 - Mar.31, 2022	YoY Change(%)
Soft Drinks	12.6	12.4	(2.2%)
Food (Lemon · Soups · Plant milk)	7.5	7.4	(0.5%)

※1 : Following the agreement of the Brewers Association of Japan, there is no disclosure of the sales volume for the first quarter.

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 – Mar)

[Beer and beer-type beverages total] down **2%** YoY

- ✓ Beer: up **0%** y-o-y
- ✓ Happoshu: down **10%** y-o-y
- ✓ New genre: down **5%** y-o-y

<Major domestic brands: YoY change in sales volume>

(Jan – Mar)

✓ Black Label brand
down **0%** y-o-y



✓ YEBISU brand
down **9%** y-o-y



✓ Mugli to Hop brand
down **20%** y-o-y

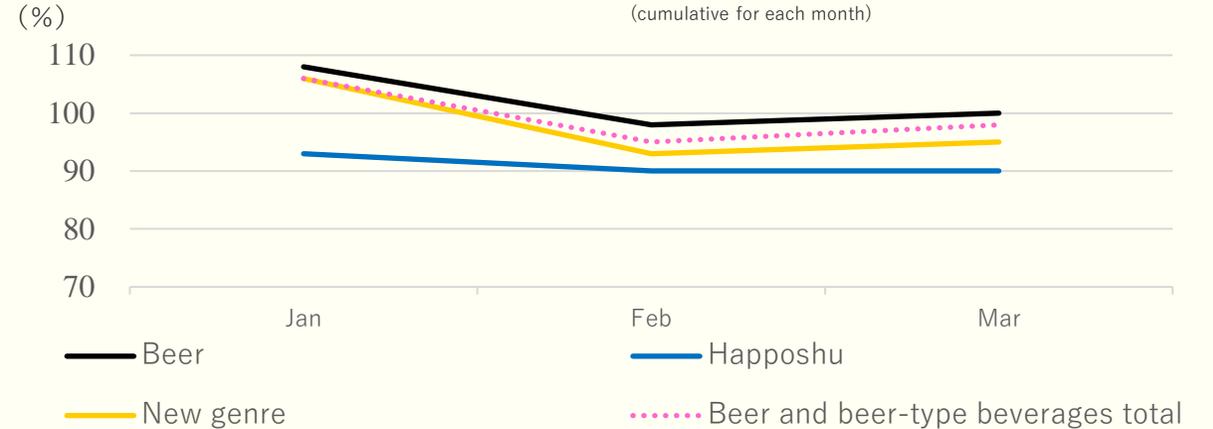


✓ GOLD STAR
up **9%** y-o-y



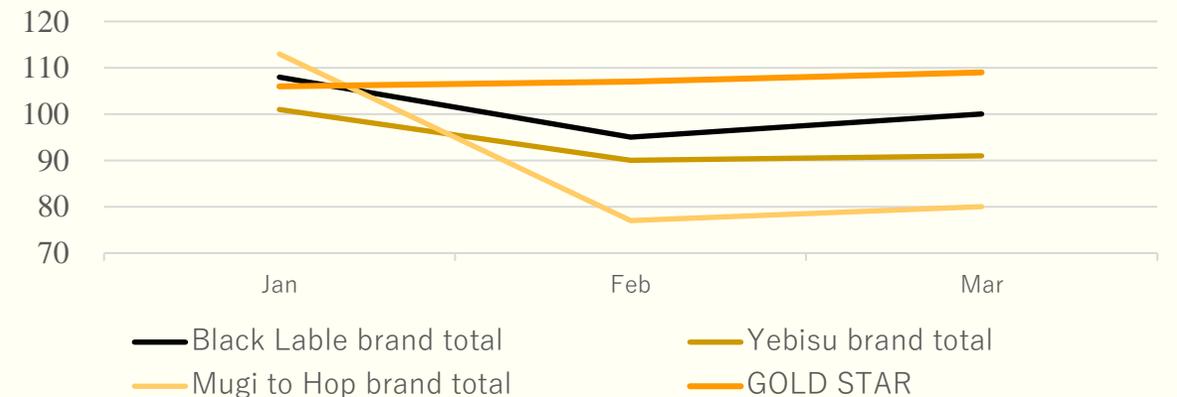
<YoY changes in sales volume of beer and beer-type beverages by genre>

(cumulative for each month)



<YoY changes in sales volume of main brands>

(cumulative of each month)

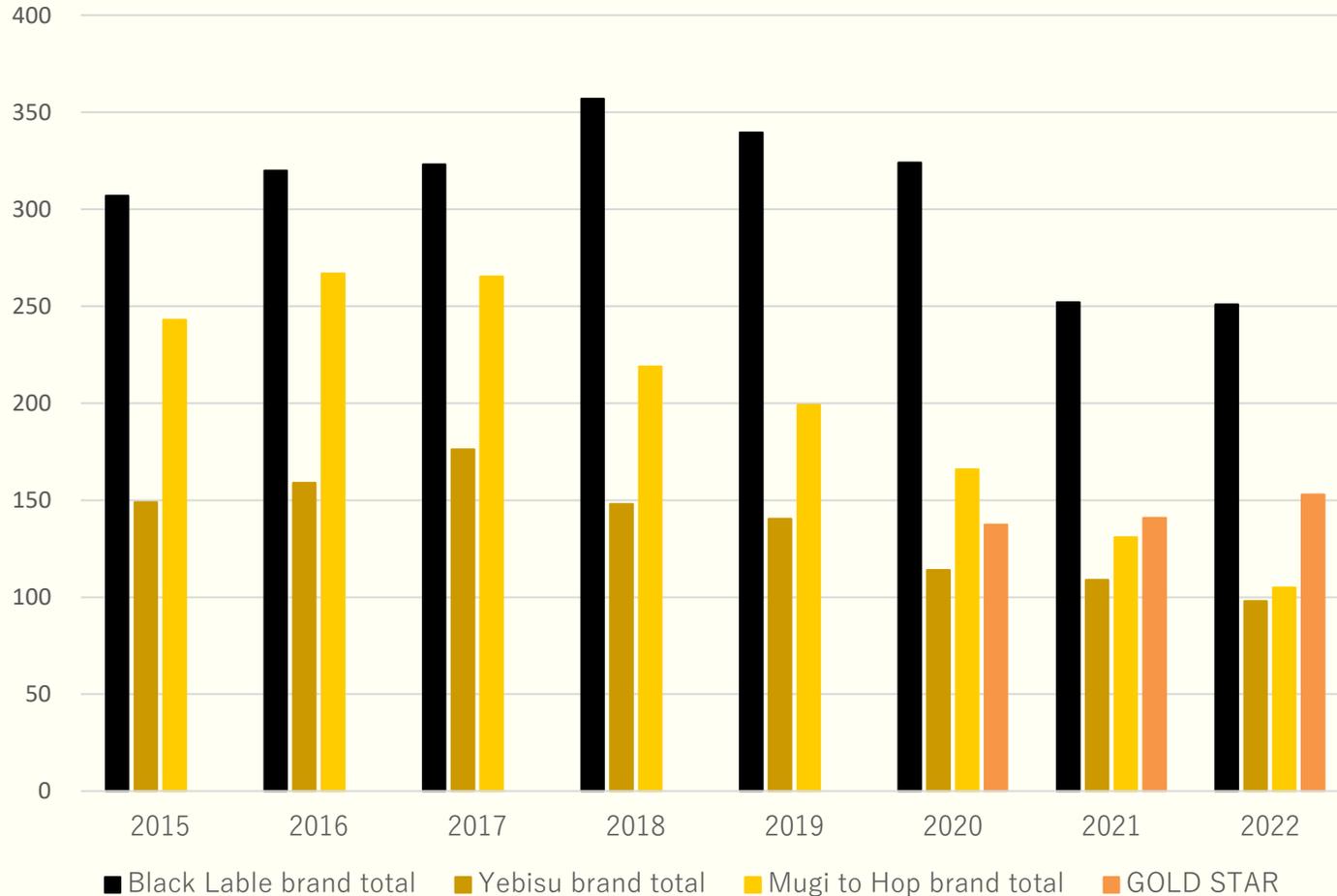


Appendix : Alcoholic Beverages (Japan)

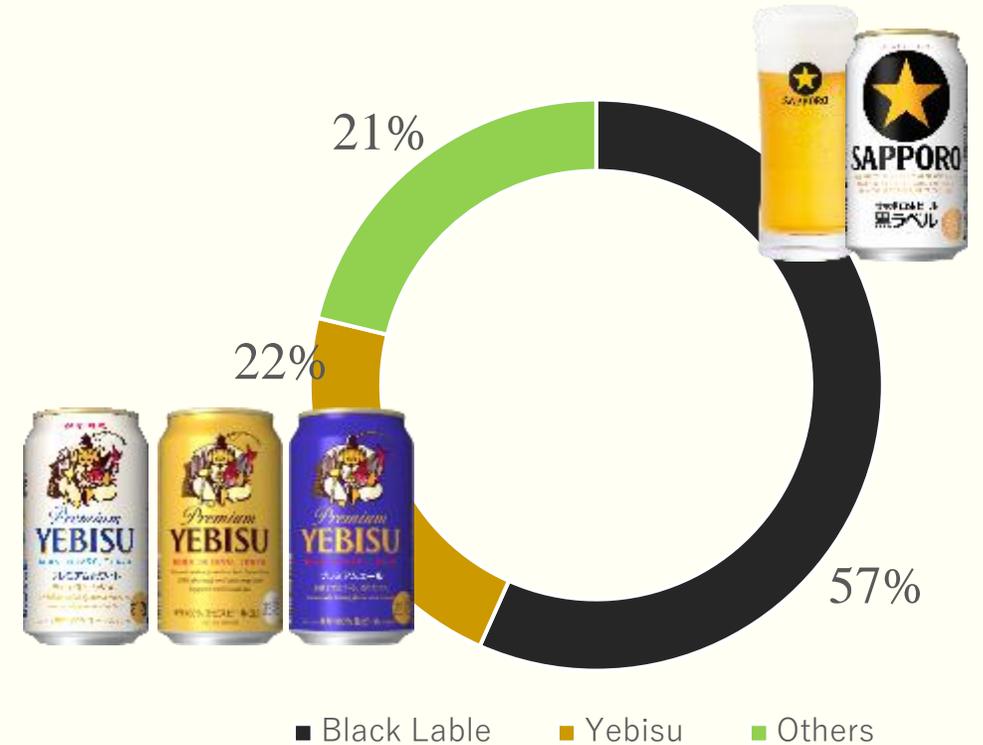


< Main brand Jan- Mar Sales volume change >

(10,000 cases)



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



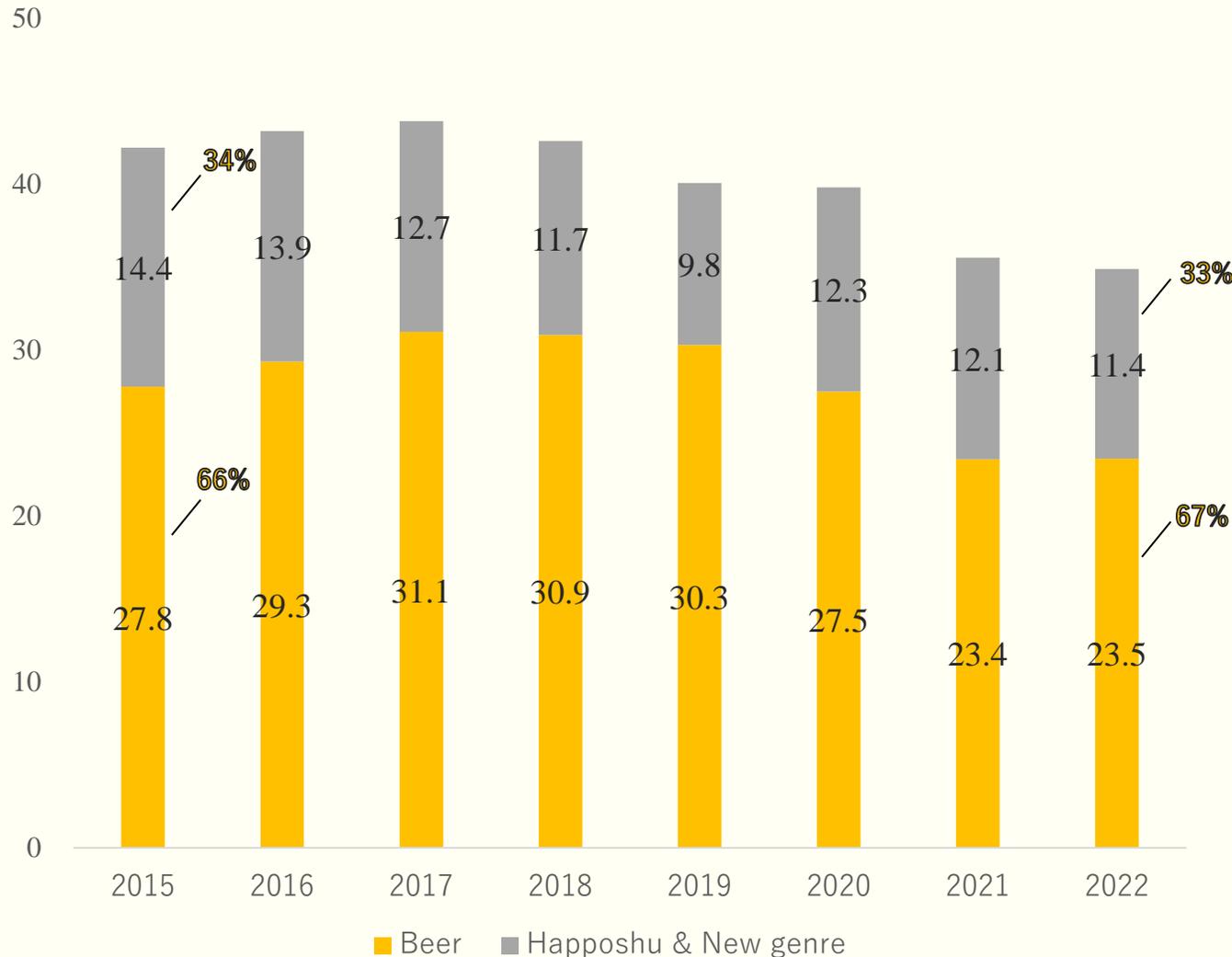
Appendix : Alcoholic Beverages (Japan)



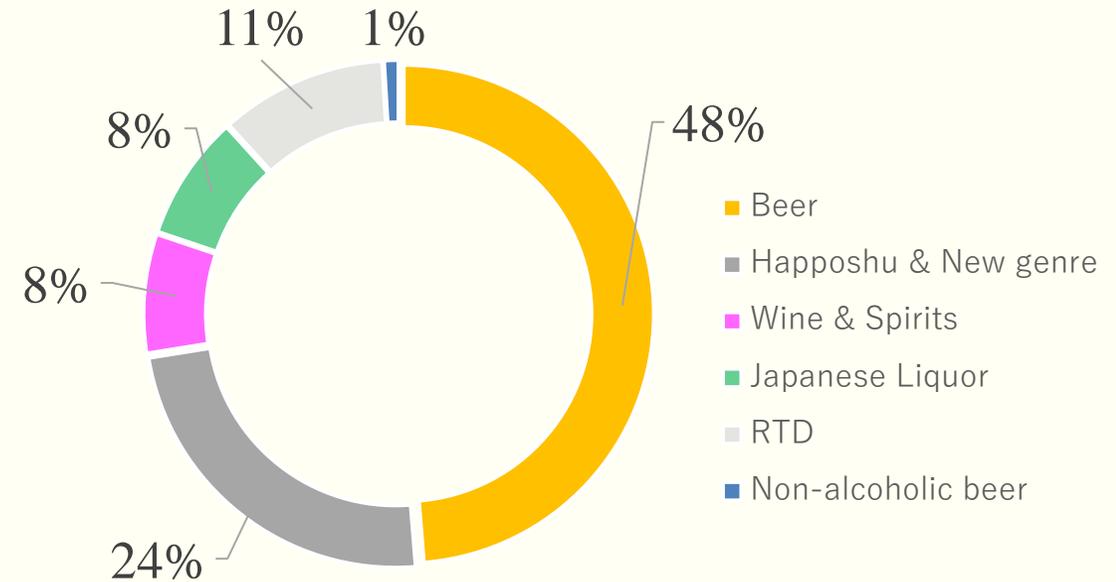
< Jan- Mar sales revenue >

(billions of yen)

※Incl. liquor tax



< Jan- Mar sales breakdown by category >



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

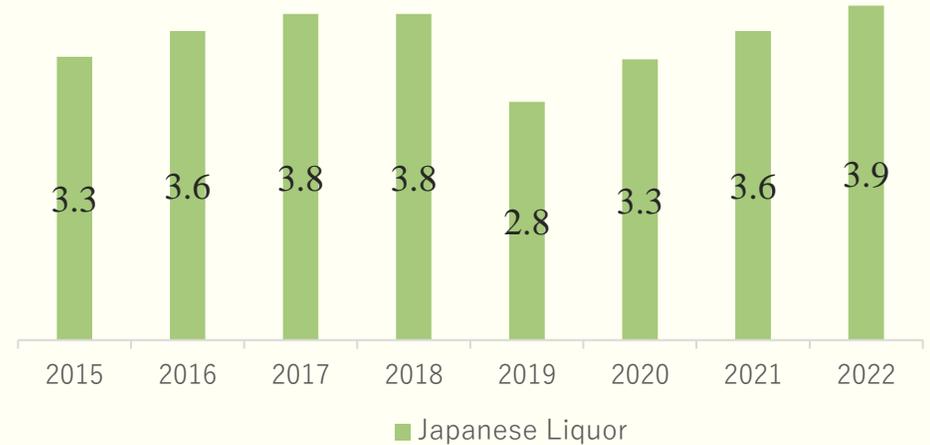
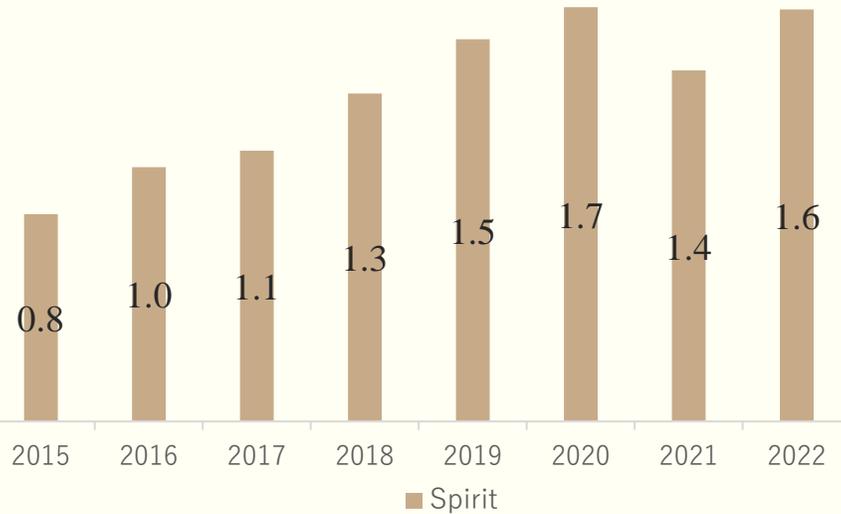
*From 2021, Hyosai Sour and 99.99 keg are reclassified from Spirits to RTD.

Appendix : Alcoholic Beverages (Japan)



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

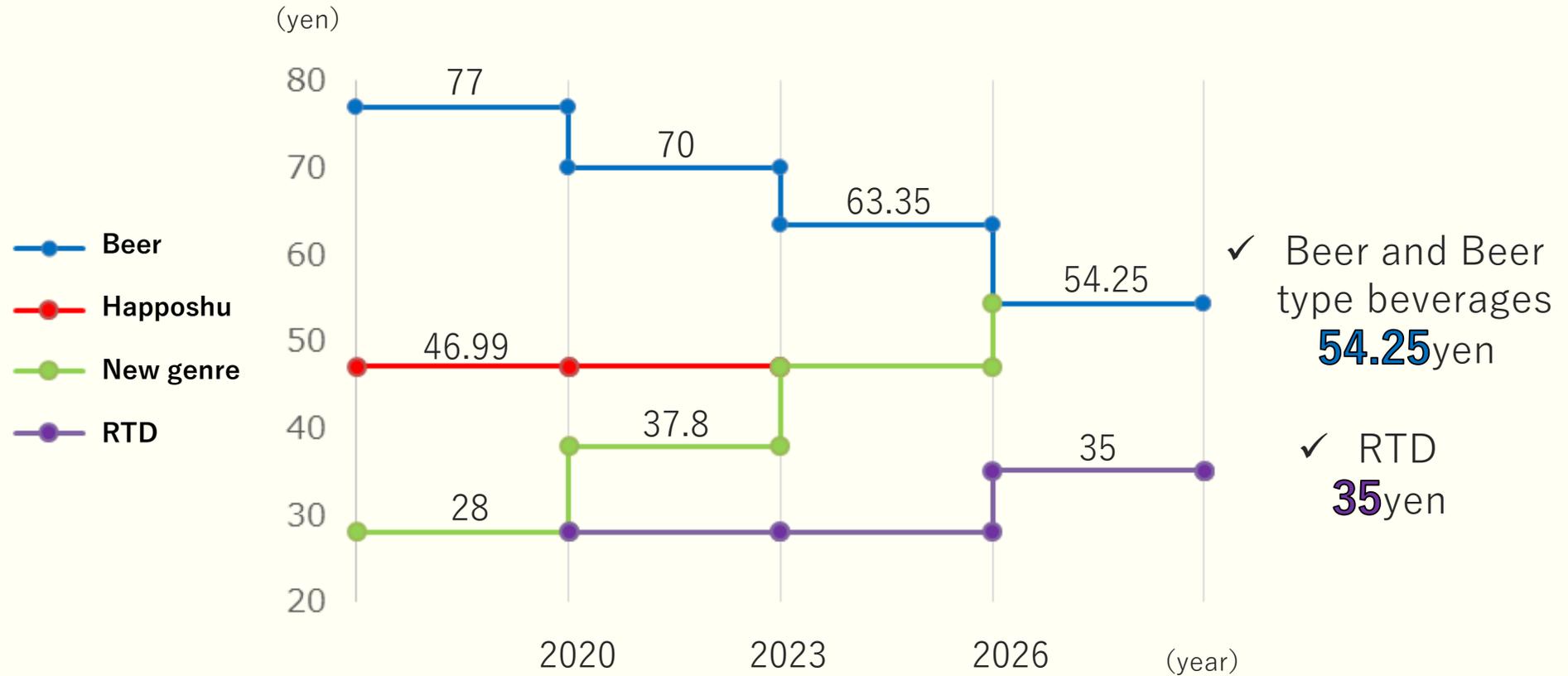
*From 2021, Hyosai Sour and 99.99 keg are reclassified from Spirits to RTD.



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 >

(Jan - Mar)

【North America Total up 4 % y-o-y

- ✓ Overseas brand
down 4% y-o-y



- ✓ Sapporo brand
up 42 % y-o-y

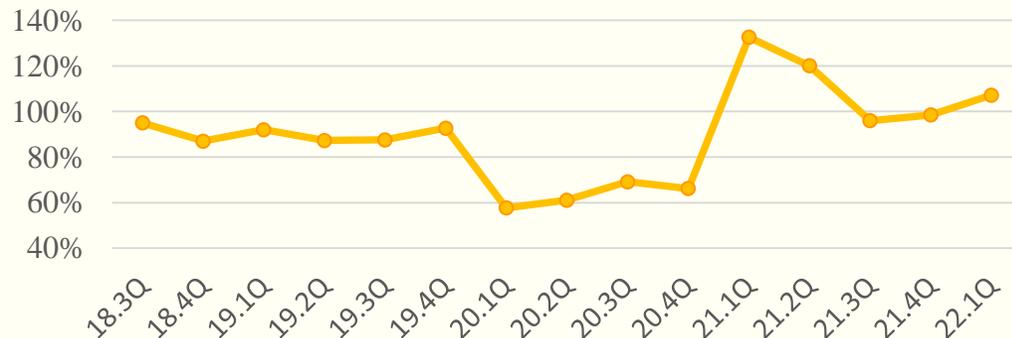


【Other Areas Total】 up 34 %y-o-y

(Main area : Asia pacific , Europe , Oceania) (Jan - Mar)

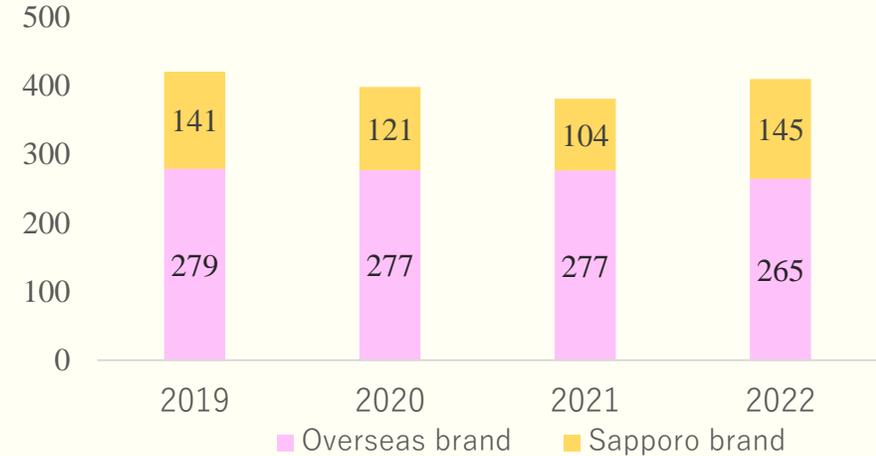
- ✓ Sapporo brand : up 34 %y-o-y

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



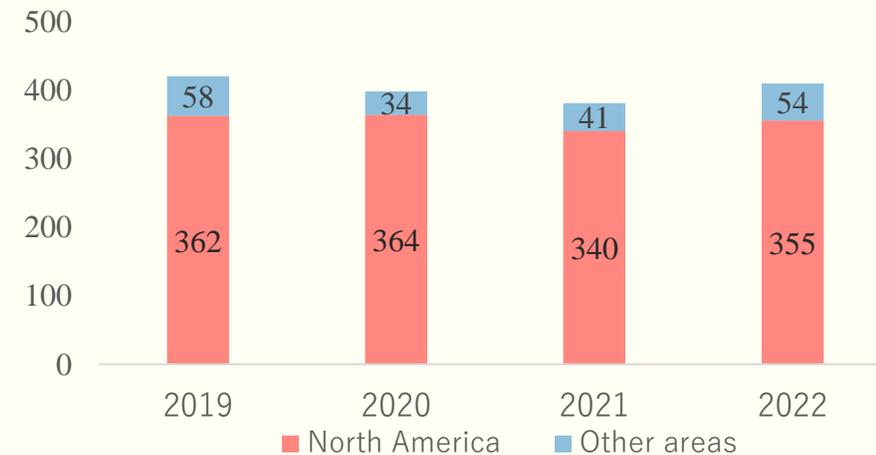
< Overseas sales volume by brand (Jan-Mar) >

(10,000 cases)



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

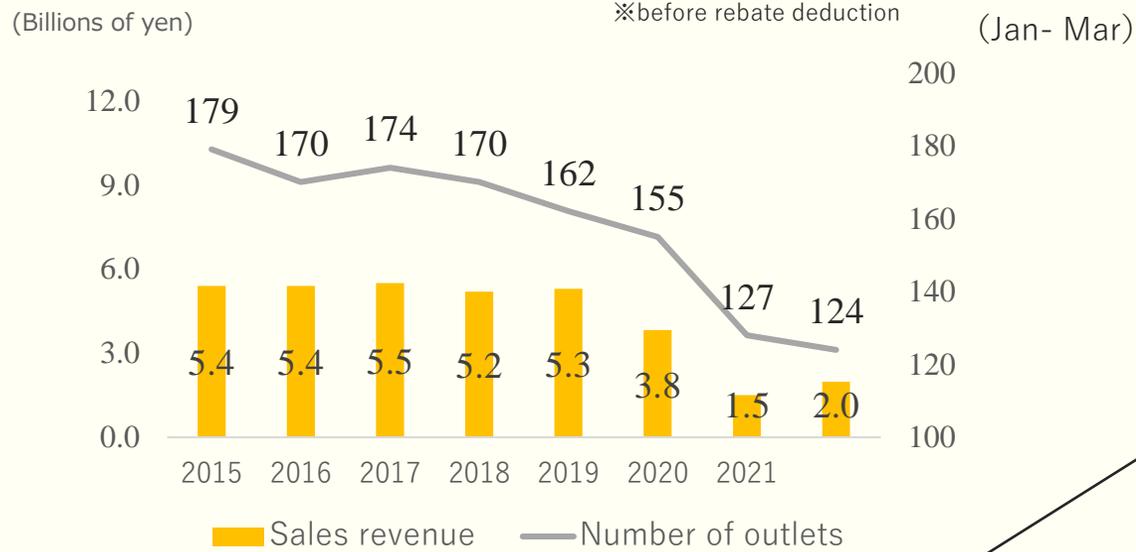
(10,000 cases)



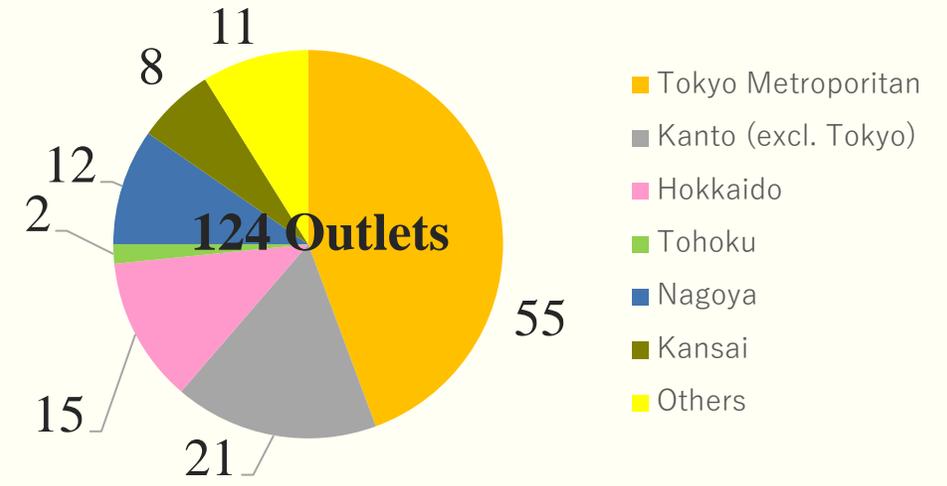
Appendix : Alcoholic Beverages (Restaurants)



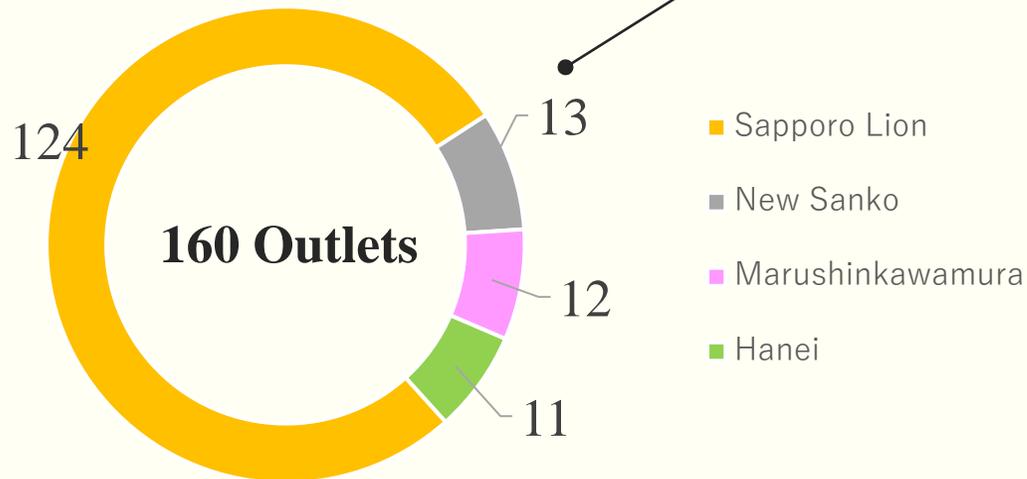
< Sales revenue and number of Sapporo Lion Outlets >



< Sapporo Lion outlets As of Mar 31, 2022 >



< Total number of outlets >



< Brands >



Appendix : Food & Soft Drinks



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

【Lemon based-drinks】

✓ **up 12% y-o-y**
(Sales volume)



【Lemon-based food products】

✓ **down 5% y-o-y**
(Sales)



【Unsweetened tea drinks】

✓ **down 7% y-o-y**
(Sales volume)



【Soups】

✓ **up 1% y-o-y**
(Sales)



【Coffee drinks】

✓ **down 13% y-o-y**
(Sales volume)



【Soy milk, chilled products】

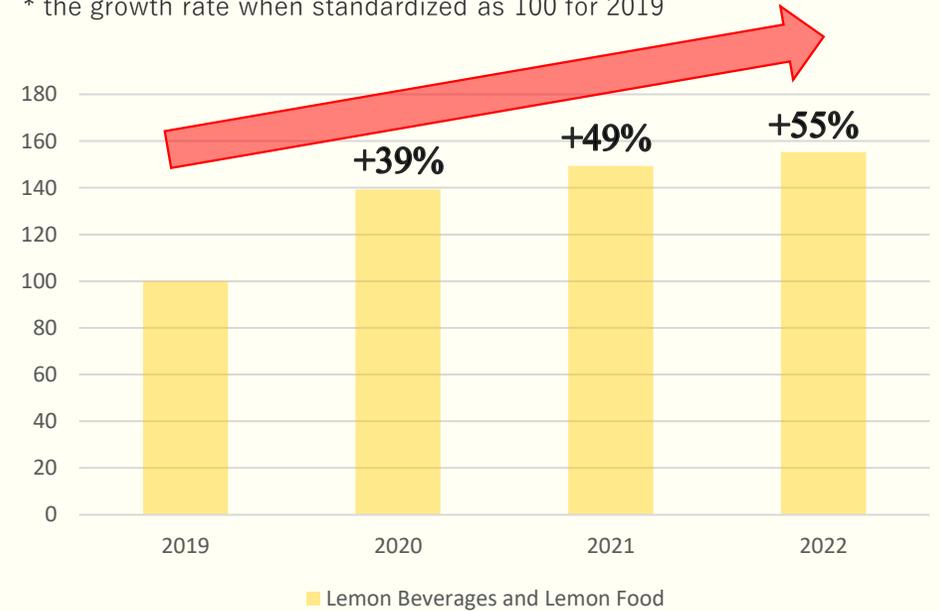
✓ **up 3% y-o-y**
(Sales)



< Japanese soft drinks POKKA SAPPORO Food & Beverage >
Changes in sales volume for lemon beverages and lemon Food

(the total volume for the period of January to March)

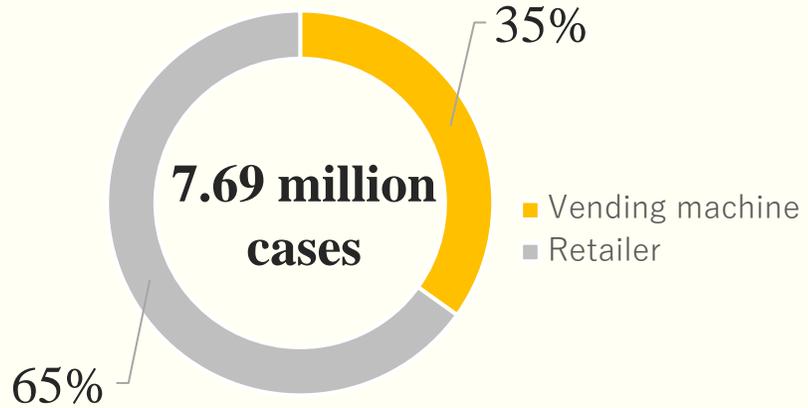
* the growth rate when standardized as 100 for 2019



Appendix : Food & Soft Drinks

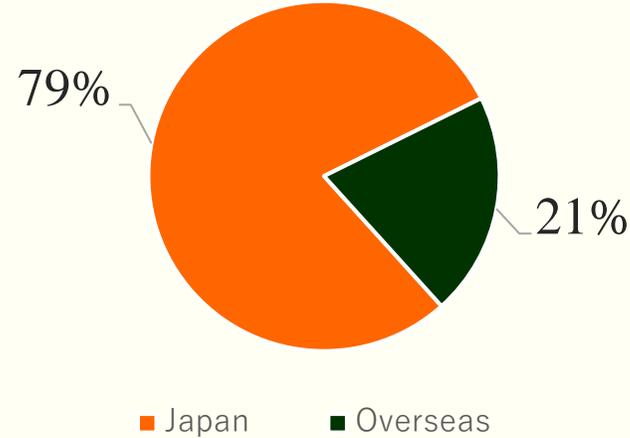


< Japanese soft drinks
POKKA SAPPORO Food & Beverage >
Sales composition by sales channel (Jan- Mar)

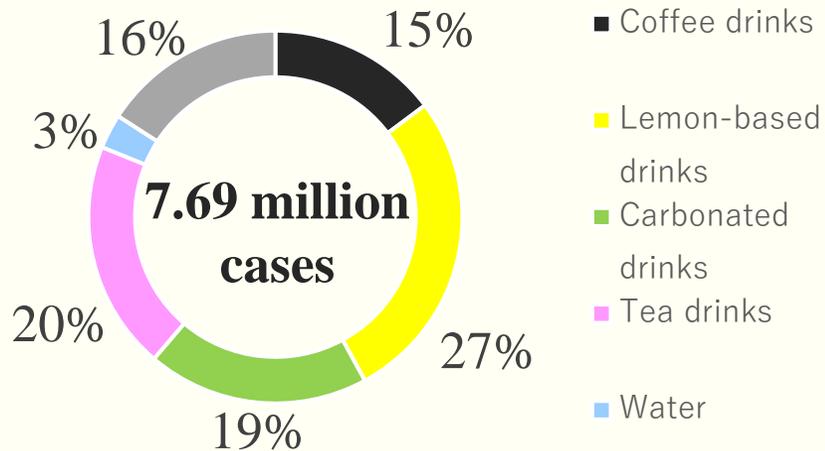


< Food & Soft Drinks segment
Revenue break down by geographic area >

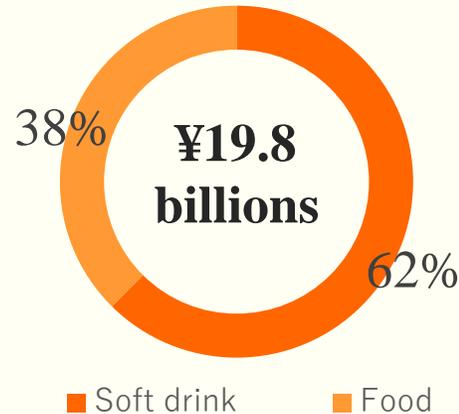
※Except connection adjustment



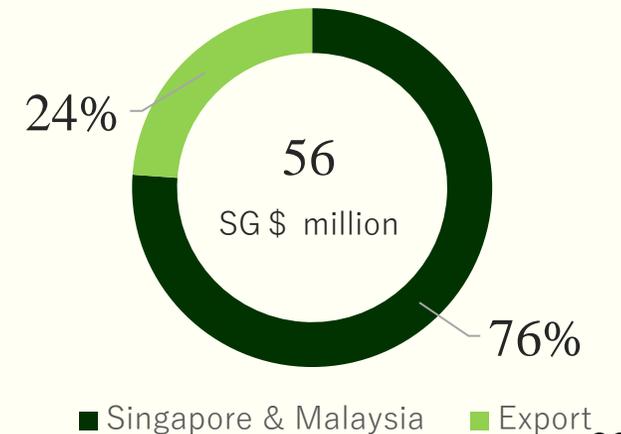
< Japanese soft drinks
Sales composition by genre (Jan- Mar) >



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



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



Appendix : Real Estate

< Major rental properties & occupancy rates : (Averages for 2022 1Q) >

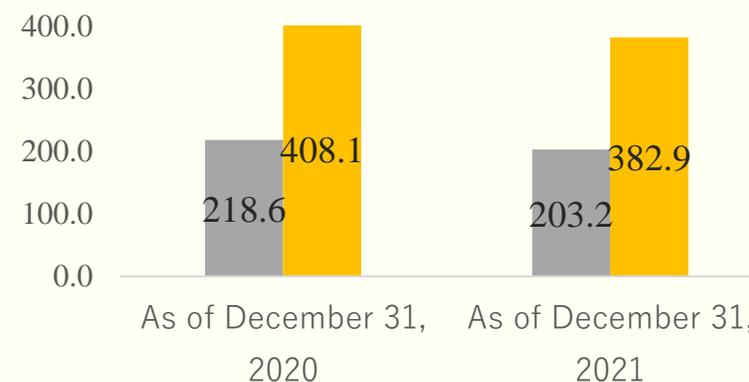
	Site area (m ²)	Floor area (m ²)	Occupancy rate (%)	No. of floors
Yebisu Garden Place ⁽¹⁾	56,943	298,007	90	40 floors above ground, 5 below
Ginza Place	645	7,350	95	11 floors above ground, 2 below
Strata Ginza ⁽²⁾	1,117	11,411	100	13 floors above ground, 1 below

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

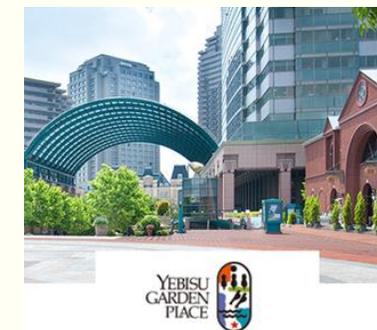
*2: Figures are for entire property. Sapporo owns 922m² of the site (sectional ownership) and 89.72% of the building (joint management)

< Information about Investment property >

(billions of yen)



■ Carrying value on the consolidated statement of financial position
 ■ Fair value



(billions of yen)

< Core Operating profit >	2021 Q1	2022 Q1	Change
Yebisu Garden Place, etc.	0.6	0.2	(0.4)
Other area & other operations	0.4	0.3	(0.1)
Hokkaido	(0.0)	(0.1)	(0.0)
General corporate	(0.3)	(0.3)	(0.0)
Total	0.7	0.1	(0.6)

(billions of yen)

< EBITDA >	2021 Q1	2022 Q1	Change
Yebisu Garden Place, etc.	1.4	1.0	(0.4)
Other area & other operations	0.8	0.4	(0.4)
Hokkaido	0.1	0.1	(0.0)
General corporate	(0.2)	(0.1)	0.1
Total	2.1	1.4	(0.7)

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.