



Sapporo Group Business Results Presentation for the Six Months Ended June 30, 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.

August 6th 2021

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

1.	Summary	・ ・ ・ P3~P4
2.	Business Results	・ ・ ・ P5~P23
3.	Revision of Consolidated Earnings Forecasts	・ ・ ・ P24~P29
4.	Appendix	・ ・ ・ P30~P44

Summary: Business Results for 2021 2Q and Full-Year Earnings Forecast for 2021



▶ Business Results for 2021 2Q

Revenue: 199.7 billion yen (down 0.3 billion yen YoY)

Sales were at the same level YoY as commercial-use beer and restaurant sales in Japan declined due to the impact of COVID-19, while sales of home-use alcoholic beverages in Japan and international alcoholic beverages increased.

Core operating profit: (3.5) billion yen (up 1.6 billion yen YoY)

While the restaurant-related business struggled, core business profit improved, due in part to reductions in expenses resulting from cost structure reforms implemented since last year.

Profit attributable to owners of parent: 12.3 billion yen (up 18.8 billion yen YoY)

Profit soared due to sale of investment property.

▶ Full-Year Earnings Forecast for 2021 (refer to page 24 for details)

• The full-year earnings forecasts have been revised in light of the ongoing impact of COVID-19 in addition to the progress toward plans up to the second quarter.

➔ **Revenue and core operating profit have been revised down** (No changes to operating profit and other profit categories, or to the plan for revenue and profit growth (YoY))

Earnings Forecast (billions of yen)	Initial plan for 2021	Revised plan for 2021	Amount of revision	Results for 2020	Difference
Revenue	468.2	447.2	(21.0)	434.7	12.5
Core operating profit	9.0	6.7	(2.3)	4.3	2.4
Operating profit	18.0	18.0	0.0	(15.9)	33.9
Profit attributable to owners of parent	12.0	12.0	0.0	(16.1)	28.1

Summary: Business Conditions in 2021 2Q and Future Outlook

● Our efforts are beginning to show results, while the groundwork for recovery in performance and achievement of the Medium-term management plan is being laid.
 We will ensure and accelerate growth strategies and structural reforms.

Business segment	2Q conditions	Future outlook
Japan alcoholic beverages	<ul style="list-style-type: none"> Canned beer products continued strong performance. RTD sales grew significantly (1H sales recorded all-time high) 	➡ Boost home-use products and launch new products aimed at creating new value
Overseas alcoholic beverages	Canada <ul style="list-style-type: none"> Acquired Aware Beverages Inc. to strengthen RTD sales (Refer to page 40 for details) U.S. <ul style="list-style-type: none"> Canned products saw increased sales, and commercial-use products also started to show a recovery in sales. 	➡ In order to expand business in North American area, bolster RTD in addition to beer in Canada, and expand sales of home-use products in the U.S.
Restaurants	<ul style="list-style-type: none"> Break-even point was lowered through structural reforms (achieved profitability with around 70% of 2019 sales) 	➡ Restructure store portfolio with aim of even lower cost structure
Food & Soft Drinks	<ul style="list-style-type: none"> Sales of lemon-based products and plant milks continued to exceed YoY Commenced discussions for business alliance with Yakult 	➡ Continue focusing on plant-based ingredients and accelerating structural reform initiatives in vending machine business
Real Estate	<ul style="list-style-type: none"> Made latent gains and boosted capital through sale of owned properties Expanded initiatives in new business domains 	➡ Enhance value of existing properties and take initiatives to reconfigure properties

Business Results

Review of the Six Months Ended June 30, 2021: Results



- ▶ Canned beer continued to see strong sales. RTD sales rose significantly, and lemon-based products and plant milk products maintained solid performance. In the U.S., sales of home-use products were strong, while sales of commercial-use products also recovered rapidly due to the vaccine rollout.

Black Label brand canned product sales volume



Up **13%** YoY

Yebisu brand canned product sales volume



Up **5%** YoY

RTD sales volume



Up **48%** YoY
All-time high 1H sales

North America Sapporo Brand sales volume



Up **26%** YoY

Lemon-based products sales



Up **10%** YoY

Soy beans and chilled products sales



Up **13%** YoY

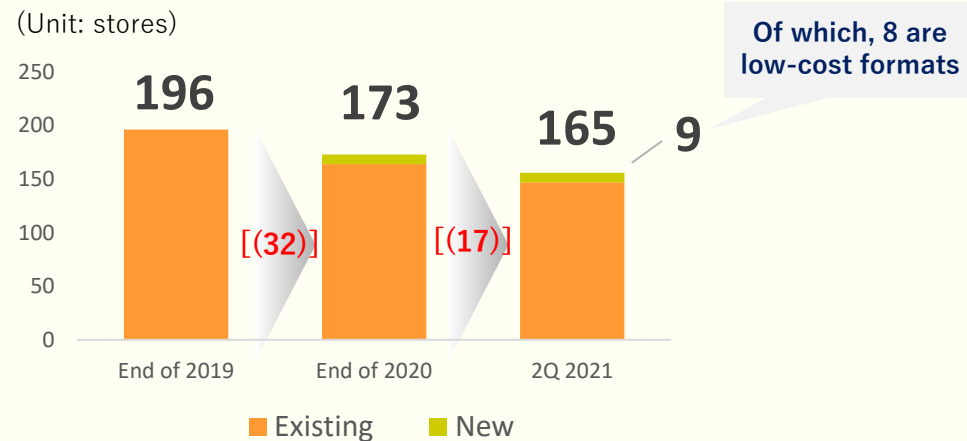
Review of the Six Months Ended June 30, 2021: Results

Progress of structural reforms

Restaurant business initiatives to reform break-even point

→ Built a profit structure that can achieve profitability with sales of approximately 70% of 2019 level through structural reform and reshuffling of store portfolio

Change in number of properties in restaurant business (Unit: stores)



Carried out reshuffling of store portfolio by closing stores and opening new stores in low-cost format at the same time

Liquidation of owned properties for 2021 2Q



Liquidated part of owned real estate (multiple properties)

Approx. **35.0** billion yen converted to cash

Approx. **23.0** billion yen of latent gains realized

Effect of implementing early retirement incentive program

(compared to 2020)

(billions of yen)

	SB	PS	SLN	Total
Amount of impact on core operating profit				
2021 1H (results)	+0.3	+0.3	+0.2	+0.9
Full-year 2021 (forecast)	+0.8	+0.8	+0.6	+2.1
2022 onward (forecast)	+1.0	+1.1	+0.7	+2.8

Review of the Six Months Ended June 30, 2021: Issues

- ▶ Sales of commercial-use beer and sales in the restaurant business continued to suffer due to the impact of the COVID-19 pandemic.
Office occupancy rate fell due to deterioration in market conditions.

Beer (bottles • kegs)
sales volume



Down **31**% YoY

Restaurants
sales



Down **44**% YoY

Yebisu Garden Place
office occupancy rate



Office occupancy rate **91**%

(average occupancy during the fiscal year under review)

Results Highlight



(billions of yen)	2020 2Q Result	2021 2Q Result	YoY changes (amount)	YoY changes (%)
Revenue	200.0	199.7	(0.3)	(0.1%)
Revenue (Excluding liquor tax)	151.6	151.1	(0.5)	(0.3%)
Overseas revenue	30.7	34.7	4.0	13.1%
EBITDA	6.4	6.9	0.6	9.2%
Core operating profit	(5.1)	(3.5)	1.6	-
Core operating profit margin	(2.5%)	(1.7%)	-	-
Operating profit	(9.4)	19.1	28.5	-
Profit attributable to owners of parent	(6.4)	12.3	18.8	-
D/E ratio (times) ※Net	1.4	1.2	(0.3)	-

The balance of debt excludes the balance of lease obligations.

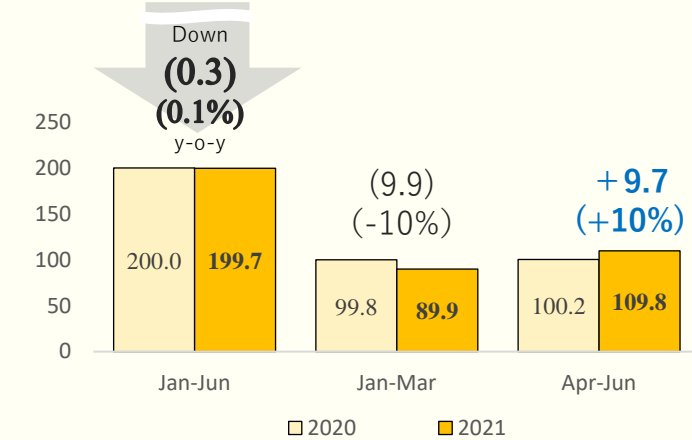
Results Highlights



- Although restaurant-related business struggled, core operating profit is recovering due to growth in the home-use product market and cost structure reforms. Profit attributable to owners of parent soared due to sale of investment property.

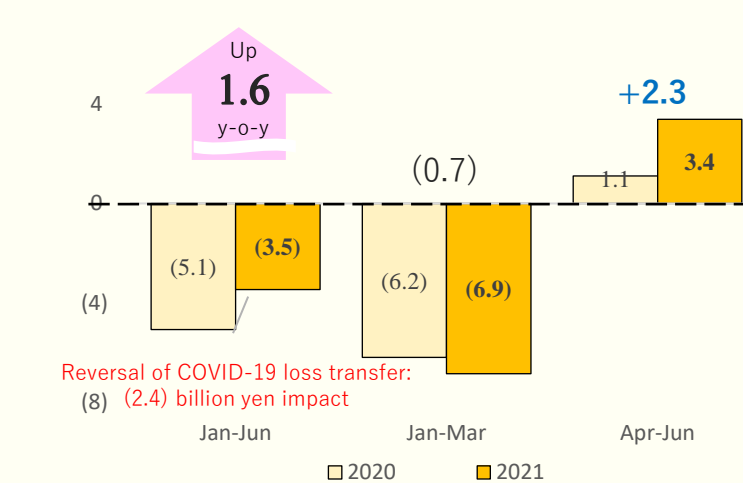
Revenue

(billions of yen)



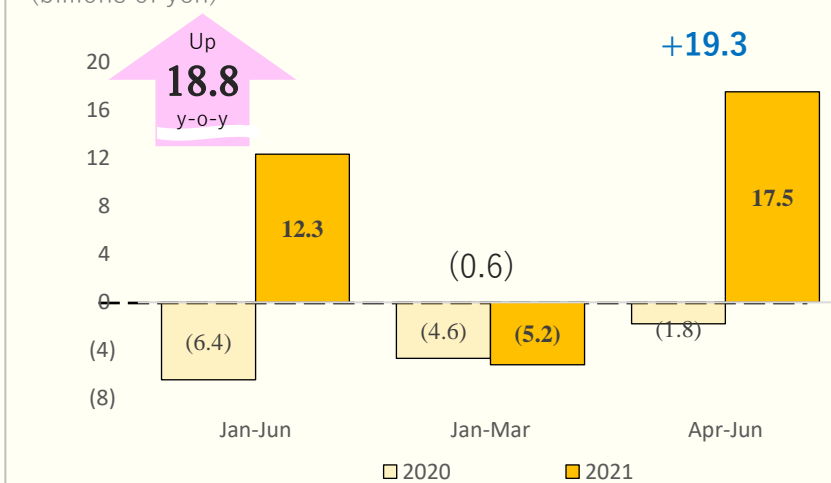
Core operating profit

(billions of yen)



Profit attributable to owners of parent

(billions of yen)



- **Alcoholic Beverages:** Recovery in commercial-use beer and restaurant business continues to lag, but revenue increased due to growth in home-use products and the overseas business.
- **Food & Soft Drinks:** Sales of lemon-based food and plant-based milk products remained steady. Sales of soft drinks and the restaurant business have been recovering.
- **Real Estate:** Office occupancy rate declined as some tenants left in 2020.

- Despite the impact of the reversal of COVID-19 loss transfer ((2.4) billion yen), core operating profit was improved through ongoing cost structure reforms and cost controls.

- Profit increased significantly due to sale of investment property.

Results Highlight: Impact on Restaurant-Related Companies

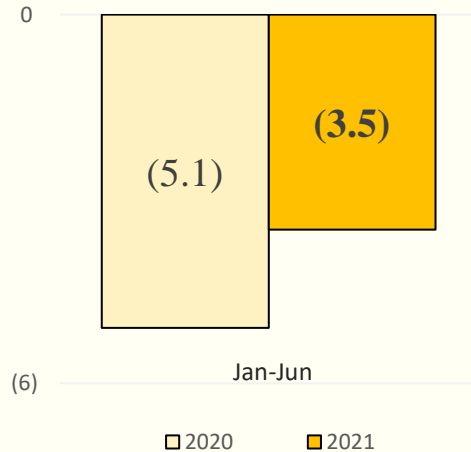
- ▶ Breakdown showing core operating profit for restaurants-related business and other businesses

➡ Loss for 1H was due to difficulties in the restaurant-related business

Consolidated: (1) + (2)

Persistent **difficulties in restaurant-related business**

(billions of yen)

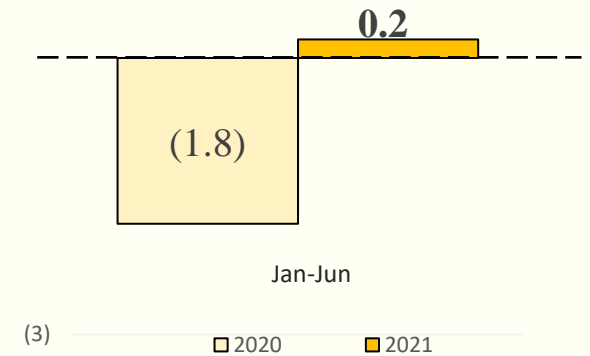


Excl. restaurant-related companies*: (1)
Profit posted for 1H

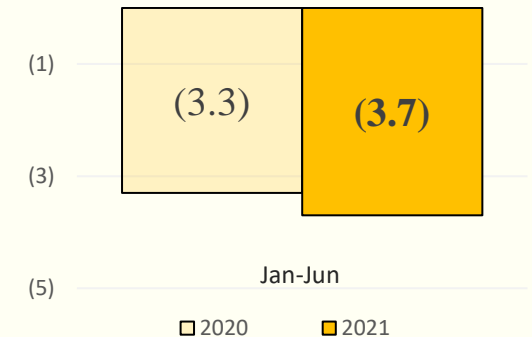
Restaurant-related companies* only: (2)
Main **factor in loss was the restaurant-related business**

***Restaurant-related companies**
Restaurant business (Sapporo Lion Group)
Shinseien, Pokka Create

(billions of yen)



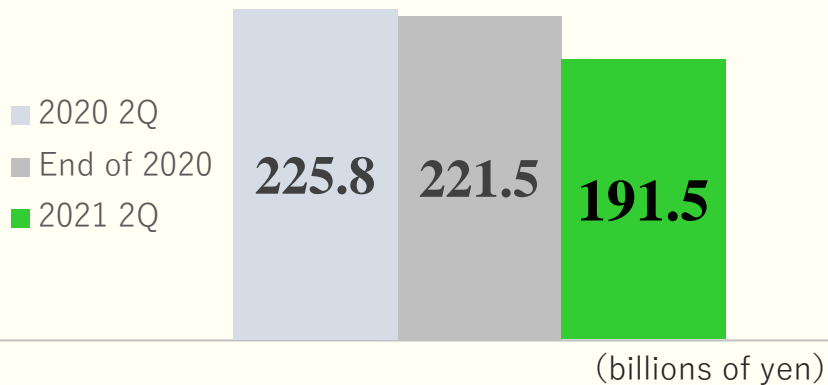
(billions of yen)



Results Highlight

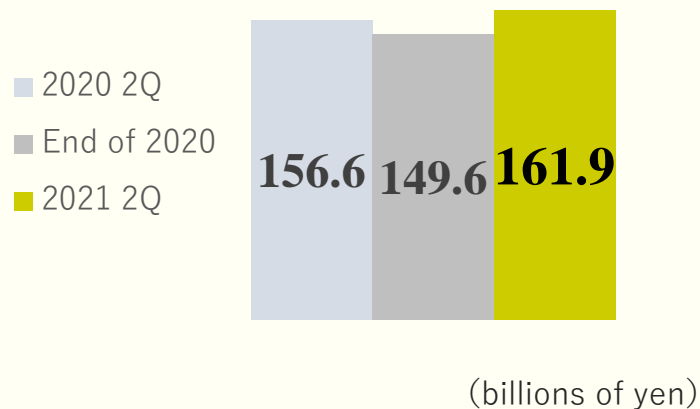


Balance of net debt

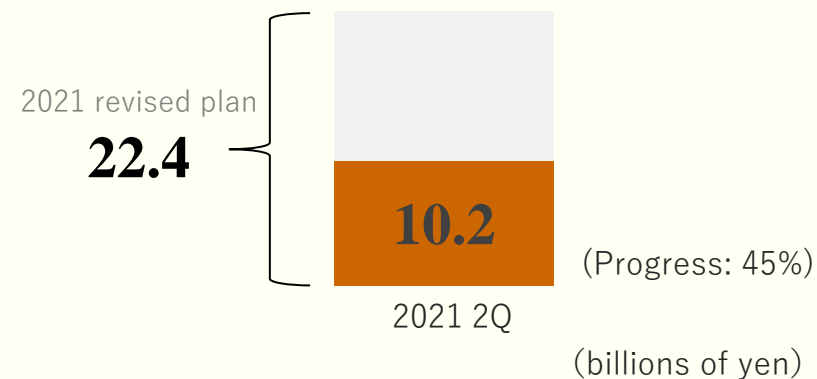


D/E ratio (net) 1.2 X Down 30% YoY

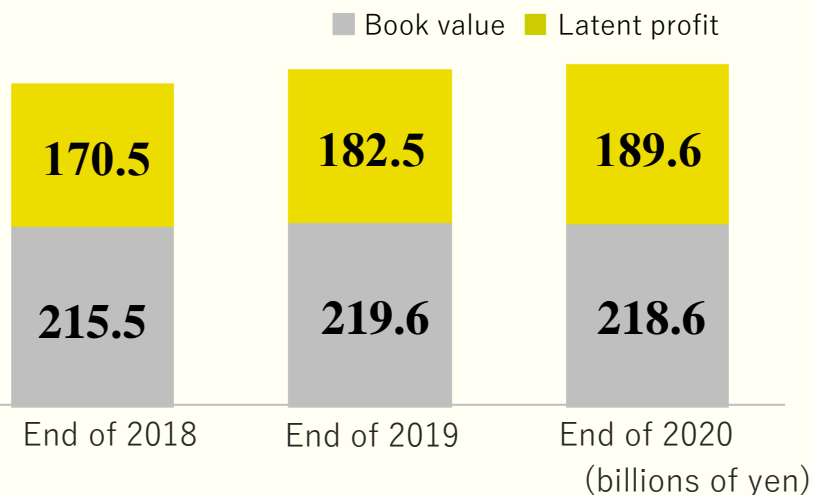
Equity



Capital expenditure (cash basis)



Market value info on investment properties



Transformation of Group management structure and Group topics


- Selected as index component of SOMPO Sustainability Index for 10 years in a row
<https://www.sapporoholdings.jp/news/dit/?id=8807>
- Recipe proposal app "Uchi-Repi" starts a demonstration experiment to build a food tech service
<https://www.sapporoholdings.jp/news/dit/?id=8801> <https://www.sapporoholdings.jp/news/dit/?id=8800>
- Sapporo Holdings' response to the TCFD recommendations: Responding to climate change through the development of new raw material varieties
<https://www.sapporoholdings.jp/news/dit/?id=8770>
- Commencement of discussions on business alliance with Yakult Honsha Co., Ltd.
https://www.pokkasapporo-fb.jp/company/news/release/210514_01.html



Revenue by Segment



(billions of yen)	2020 2Q Result	2021 2Q Result	YoY changes (amount)	YoY changes (%)
Revenue by Segment	200.0	199.7	(0.3)	(0.1%)
Alcoholic Beverages	130.4	130.5	0.2	0.1%
Japanese	103.2	102.7	(0.5)	(0.5%)
Overseas	21.7	24.8	3.1	14.3%
Restaurants	5.5	3.1	(2.4)	(44.1%)
Food & Soft Drinks	58.1	58.0	(0.1)	(0.2%)
Real Estate	11.5	11.1	(0.4)	(3.1%)
Other	0.1	0.1	0.0	5.6%

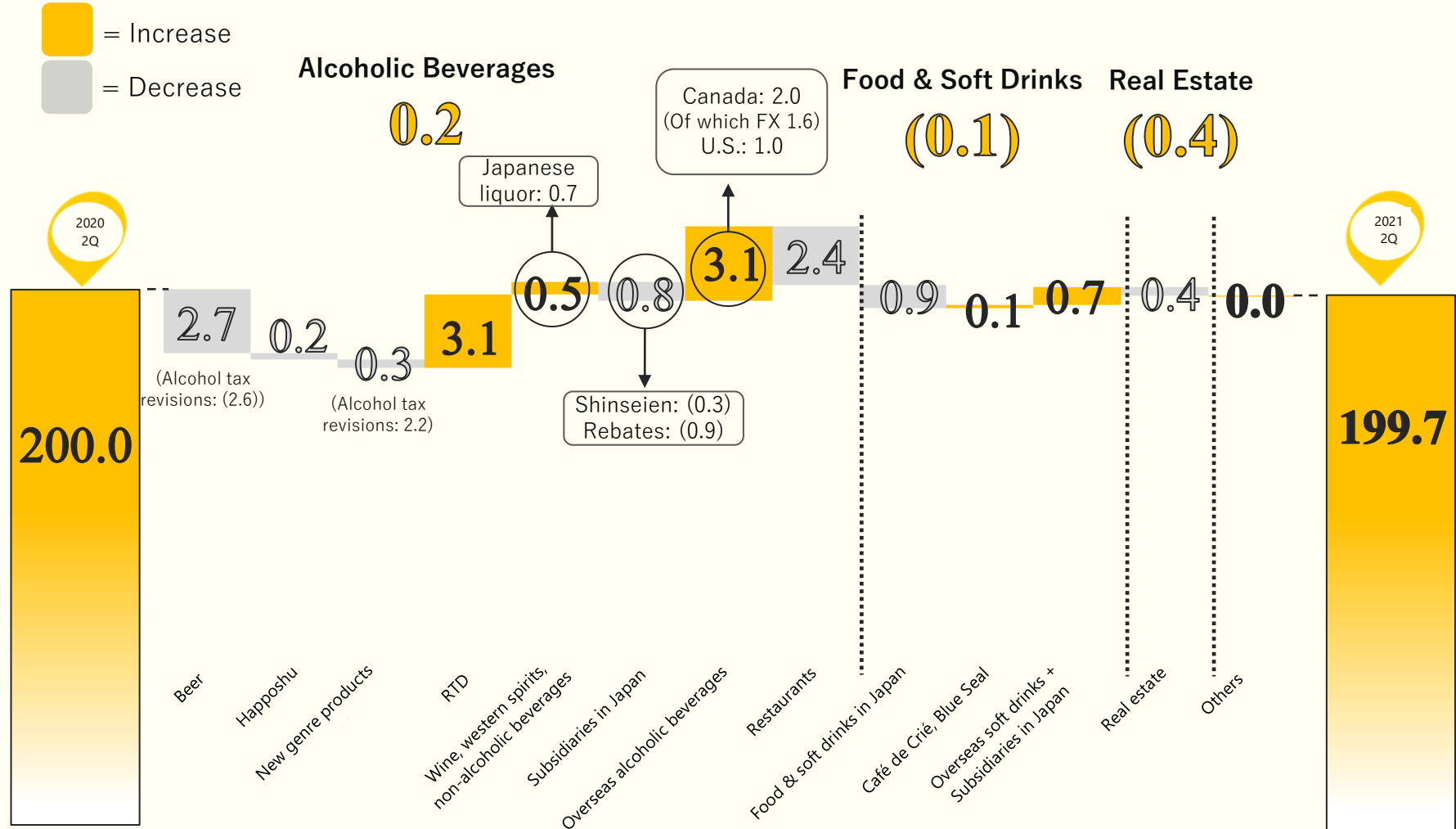
 Factors are explained
in the next slide

Main Contributors to Changes in Revenue



Revenue of RTD and overseas alcoholic beverages rose, but declined for restaurants and soft drinks despite a recovery trend, resulting in a slight decrease of 0.3 billion yen year on year.

= Increase
 = Decrease



(billions of yen)	YoY changes		
	Total	1 Q	2 Q
Total	(0.3)	(9.9)	9.7
Alcoholic Beverages	0.2	(6.7)	6.9
Japanese	(0.5)	(3.9)	3.4
Beer	(2.7)	(4.1)	1.4
Happoshu	(0.2)	(0.1)	(0.2)
New genre products	(0.3)	(0.1)	(0.2)
RTD	3.1	1.3	1.8
Wine, western spirits, non-alcoholic beverages	0.5	(0.2)	0.7
Subsidiaries in Japan	(0.8)	(0.7)	(0.1)
Overseas	3.1	(0.1)	3.2
Restaurants	(2.4)	(2.7)	0.3
Food & Soft Drinks	(0.1)	(2.8)	2.7
Food & soft drinks in Japan	(0.9)	(1.9)	0.9
Café de Crié, Blue Seal	0.1	(0.6)	0.7
Overseas soft drinks + Subsidiaries in Japan	0.7	(0.3)	1.0
Real Estate	(0.4)	(0.4)	0.1
Others	0.0	0.0	(0.0)

Core Operating Profit by Segment



(billions of yen)	2020 2Q Result	2021 2Q Result	YoY changes (amount)	YoY changes (%)
Core Operating Profit by Segment	(5.1)	(3.5)	1.6	-
Alcoholic Beverages	(3.8)	(2.9)	0.9	-
Japanese	(0.9)	(0.3)	0.6	-
Overseas	(0.5)	0.2	0.7	-
Restaurants	(2.5)	(2.9)	(0.4)	-
Food & Soft Drinks	(2.6)	(1.1)	1.5	-
Real Estate	4.6	3.8	(0.8)	(17.9%)
Other • General corporate and intercompany eliminations	(3.3)	(3.2)	0.1	-

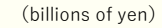
Factors are explained
in the next slide

→ **Covered reversal of 2.4 billion COVID-19 loss transfer***

Alcoholic Beverages

Food & Soft Drinks

Real Estate



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Profit attributable to owners of parent



(billions of yen)	2020 2Q Result	(Details)	2021 2Q Result	(Details)
Core operating Profit	(5.1)		(3.5)	
Other operating income	0.6		24.5	Gain on sales of non-current assets: 23.2 billion yen COVID-19 related subsidies: 0.9 billion yen
Other operating expenses	5.0	Coronavirus losses 3.4 Early retirement program lump sum payments 1.2	1.9	Coronavirus losses 0.8
Operating Profit	(9.4)		19.1	
Profit before tax	(9.9)		19.1	
Income taxes	(3.4)		6.8	
Profit	(6.6)		12.3	
Loss attributable to non-controlling interest	(0.1)		(0.1)	
Profit attributable to owners of parent	(6.4)		12.3	

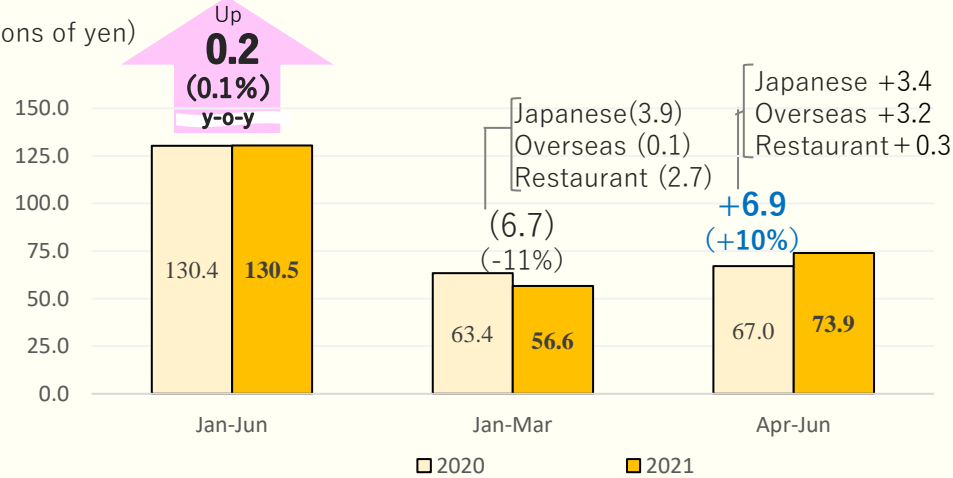
Alcoholic Beverages



- Commercial-use beer and the restaurant business were sluggish due to COVID-19, which beer for home consumption and RTD products continued to post strong sales. Progress with cost structure reforms led to improvement in profit.

<Revenue>

(billions of yen)



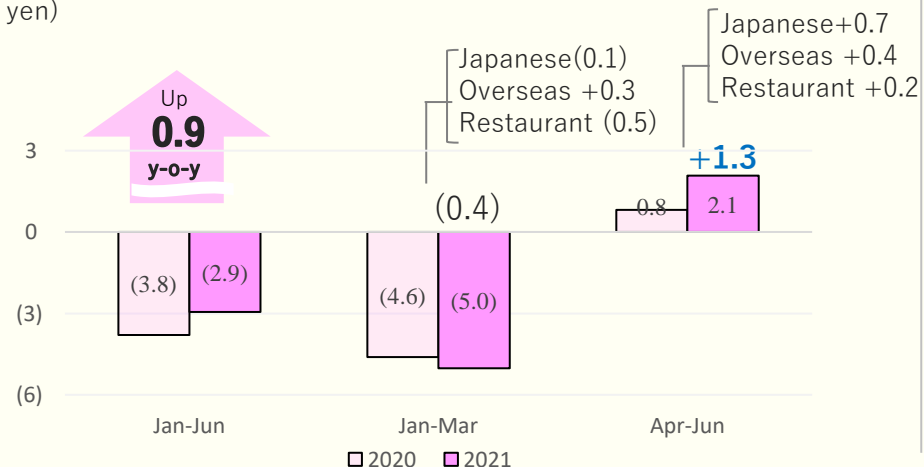
Positive

- Sales of canned beer, RTD products, and RTS products remained steady.
- In the U.S. sales of home-use products were strong, while sales of commercial-use products also recovered rapidly due to the vaccine rollout.
- Sales of Sleeman Clear at Sleeman in Canada were strong (up 40% YoY)
- Cost structure reforms in the restaurant business helped to ease the extent of losses.
- Commercial-use beer and restaurants slumped.
- The new-genre beer market overall struggled despite strong sales of GOLD STAR.
- Canned anchor products sold briskly, but recovery in sales of keg and bottled beer lagged behind.

Negative

<Core operating profit>

(billions of yen)



<Future initiatives>

- Strengthen products for home-use, including beer and RTD products*, and promote initiatives to improve earnings of commercial-use products.
 - *Aimed to launch new products (WATER SOUR, The Drafty) to increase sales of products for home-use (refer to page 36)
- Bolster RTD sector, including acquired brand SoCIAL LITE, in addition to beer, in Canada's market.
- Strengthen home-use products and expand sales of new and revamped products in the U.S.

Food & Soft Drinks

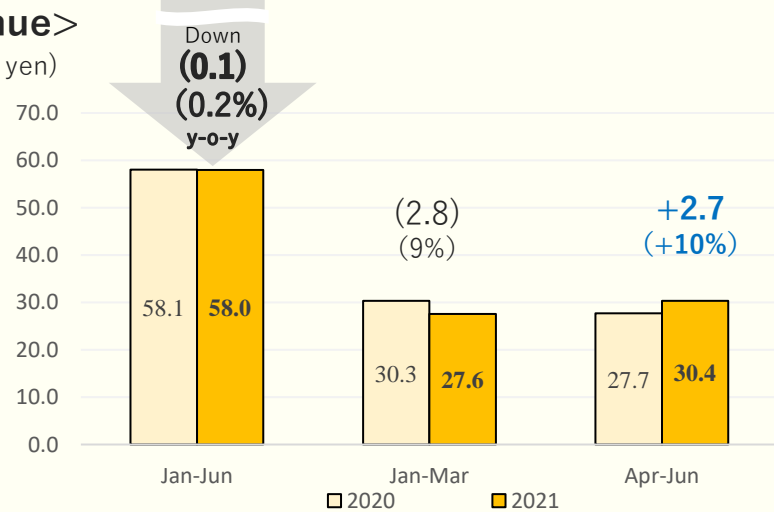


- Sales of lemon-based products and plant-milk based products were strong while some vending machine locations struggled.

Profit increased amid cost controls and a reduction in depreciation due to the previous year's impairment.

<Revenue>

(billions of yen)



Positive

- Continued strong sales of Pokka Lemon 100 and Kireto Lemon
- Plant-based milk products continued selling better than 2020 levels
- Commenced discussions for business alliance with Yakult
- Structural reform of Shinsyu-ichi Miso (decided to close its Higashikurume Factory)

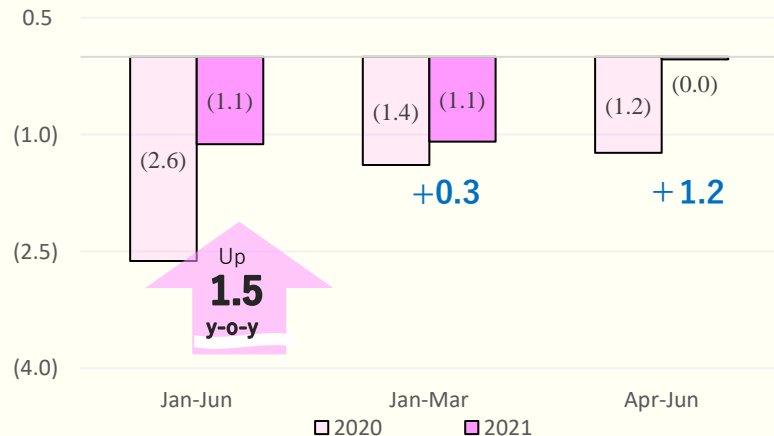
- Sales struggled at some vending machine locations.

- Restaurant sales were the same level as 2020.

Negative

<Core operating profit>

(billions of yen)



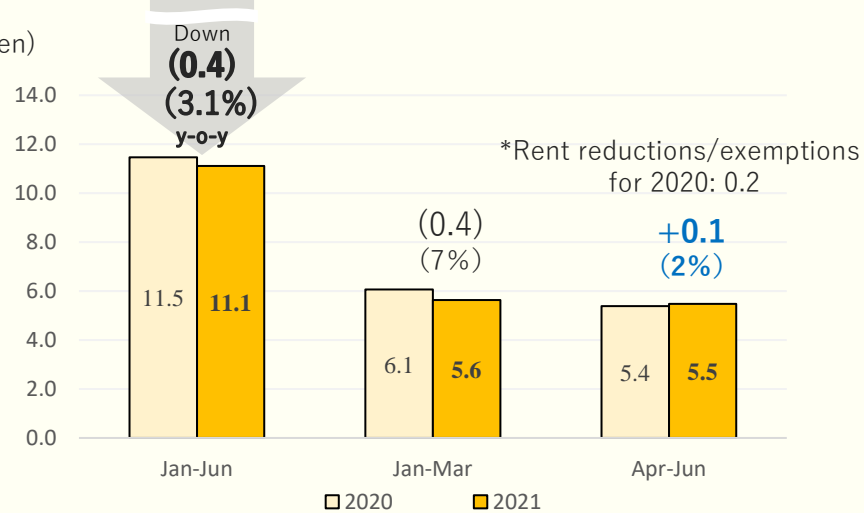
<Future initiatives>

- Further expand the lemon-based product market and maintain and gain market share
- Enlarge plant-based milk product market and improve profitability
- Promote cost structure reforms and structural reform in the vending machine business
- Promote concrete discussions with Yakult

▶ Slight decline in revenue due to impact of some tenants leaving

<Revenue>

(billions of yen)



Positive

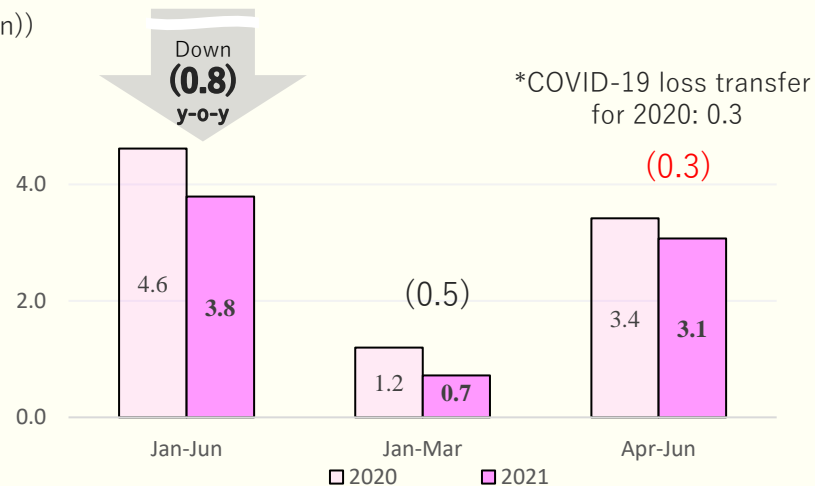
- Tenants for the food and lifestyle floor of Yebisu Garden Place Tower (commercial wing) decided ahead of remodeling, and leasing is progressing well in other areas.
- Realized latent gains through sale of owned real estate
- Promoted initiatives to enhance value of owned real estate

- Declining occupancy rate of offices at Yebisu Garden Place Tower (average occupancy during quarter under review: 91%)

Negative

<Core operating profit>

(billions of yen))



<Future initiatives>

- Steadily promote remodeling of Yebisu Garden Place Tower (commercial wing)
 - *Leasing scheduled to commence from August in office zone
- Strengthen leasing to increase occupancy rate of office areas
- Increase profitability by reshuffling the property portfolio
- Increase earnings in new business domains

Changes in Balance Sheets



▶ Total assets decreased ¥35.4 billion year on year

■ Cash and cash equivalents

■ Trade receivables

➤ Impact of seasonal factors and bank holidays

■ Inventories

■ Other current assets

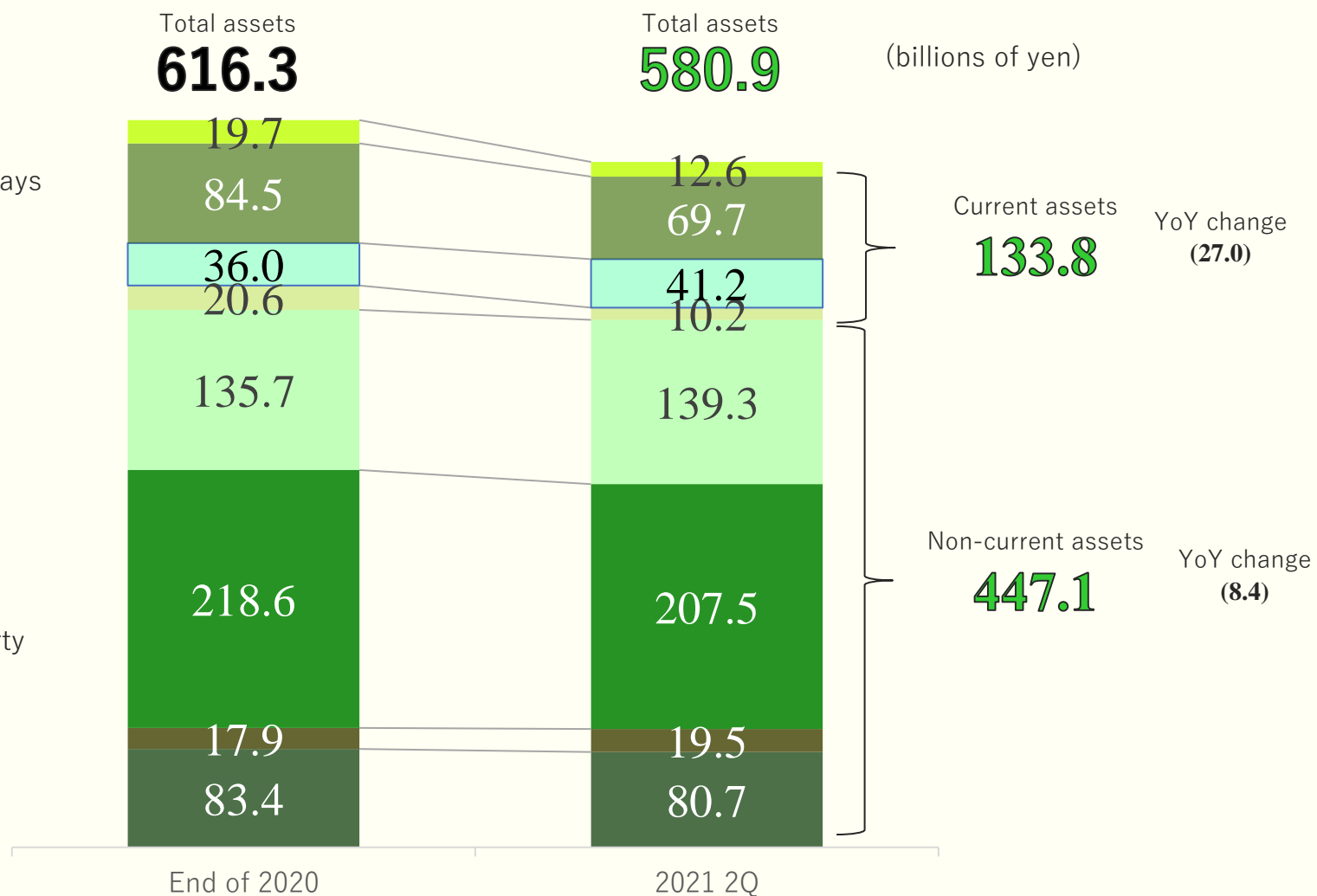
■ Fixed assets

■ Investment property

➤ Sale and acquisition of investment property

■ Goodwill

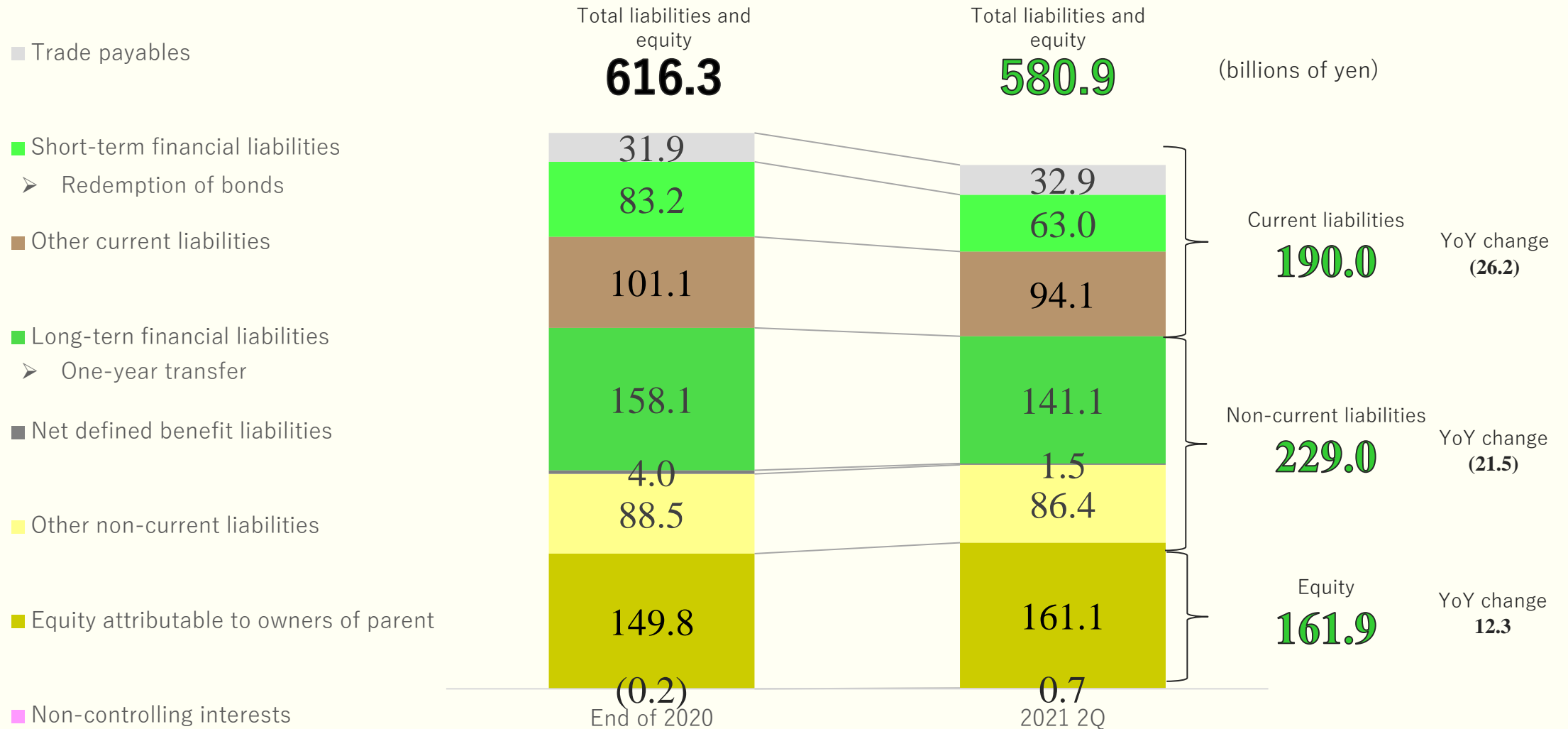
■ Other non-current assets



Changes in Balance Sheets



▶ Total liabilities declined ¥47.7 billion from year end, total equity increased ¥12.3 billion



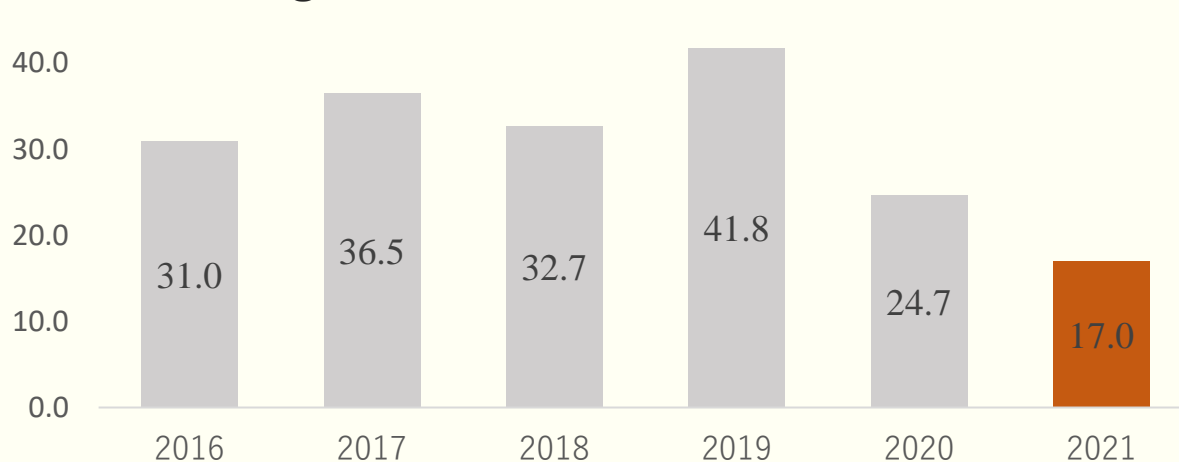
Investment on a cash basis was ¥17.0 billion

<Consolidated cash flow (CF) statement>

(billions of yen)	2020 2Q results	2021 2Q results	Change	Change (%)
CF from operating activities	4.3	12.8	8.5	196.9%
CF from investing activities	(11.8)	22.6	34.5	—
Free CF	(7.5)	35.5	43.0	—
CF from financing activities	15.5	(43.8)	(59.4)	—

(billions of yen)

<Changes in amount of investment (cash basis)>



<Investment total (①+②+③)> ¥ **17.0**
billion

① **Capital expenditure** (cash basis) : ¥ **10.2** billion
(Property, plant and equipment, intangible assets, investment property)

<Major items>

• Alcoholic Beverages: ¥ **3.0** billion
SB: ¥1.8 billion Sleeman ¥0.7 billion

• Food & Soft Drinks: ¥ **2.4** billion
POKKA PTE. LTD. : ¥1.2 billion
Shinsyu-ichi Miso Co., Ltd. ¥0.6 billion

• Real Estate: ¥ **4.2** billion
Acquisition of investment property

• Group-wide: ¥ **0.5** billion

② **Lease fees**: ¥ **1.7** billion
(excluding lease fees for renting restaurant premises)

③ **Other investments**: ¥ **5.2** billion
(Acquisition of Aware Beverages Inc., Invest in property's equity etc..)

Revision of Consolidated Earnings Forecasts

Revisions to Earnings Forecasts



► Sales forecast (YoY)

Downward revision of sales mainly in the restaurant-related business, based on the progress of the plan up to the second quarter and the impact of the emergency declaration, etc.

			Sales Volume & Net Sales (YoY)						Main factors
			Full year		1H		2H		
			Initial plan	Revised plan	Initial plan	Results	Initial plan	Revised plan	
Japanese Alcoholic Beverages (Sales Volume)	Beer type beverages total		+5%	(2%)	+6%	(5%)	+4%	+1%	Forecast of total full-year demand: Initially 0%, revised to (4)%
	Genre	Beer	+7%	+1%	+11%	(1%)	+4%	+2%	Strong sales of canned beer but recovery lagging in commercial-use market
		Happoshu	(19%)	(9%)	(21%)	(7%)	(17%)	(10%)	
		New genre	+5%	(6%)	+2%	(11%)	+7%	(1%)	Reflecting trend in new-genre beer market
	Bottles ・ kegs		+19%	(12%)	+16%	(31%)	+22%	+3%	Forecast of total full-year demand: Initially 18%, revised to (15)%
	RTD total		+22%	+48%	+16%	+48%	+27%	+48%	Continuation of 1H trends, new product launches in 2H
Restaurant (sales)			+48%	(24%)	+27%	(44%)	+67%	(5%)	Lagging recovery in restaurant market
Pokka Create (sales)			+38%	+8%	+39%	+0%	+37%	+16%	Sales expected to be at 2019 level at beginning of year

Revisions to Revenue Forecast by Segment



(billions of yen)	2021 Initial Plan	2021 Revised Plan	Revised Amount	Details of main revisions	2019 Result	Change Amount
Revenue by Segment	468.2	447.2	(21.0)		434.7	12.5
Alcoholic Beverages	310.9	295.4	(15.5)		285.4	10.0
Japanese	245.3	232.3	(13.0)	While canned beer and RTD products showed better performance than the initial plan, sales were lower due to lagging recovery in commercial-use products.	227.9	4.3
Overseas	49.0	54.6	5.7	Canada: effect of depreciation in yen U.S.: increase in SPB* volume	46.2	8.4
Restaurants	16.7	8.6	(8.1)	Decrease in sales due to lagging recovery of commercial-use products	11.3	(2.7)
Food & Soft Drinks	133.8	129.8	(4.0)	Decrease in sales at Pokka Create	125.9	4.0
Real Estate	23.3	21.7	(1.6)	Declining office occupancy rates and lower sales in Sapporo business	23.3	(1.6)
Other	0.2	0.2	0.0		0.2	0.0

*SPB:Sapporo Premium Beer

Revisions to Core Operating Profit Forecast by Segment



(billions of yen)	2021 Initial Plan	2021 Revised Plan	Revised Amount	Details of main revisions	2019 Result	Change Amount
Revenue by Segment	9.0	6.7	(2.3)		4.3	2.4
Alcoholic Beverages	7.3	4.6	(2.7)		2.4	2.2
Japanese	7.2	7.2	0.0	Cost controls will cover impact of lower sales	6.7	0.6
Overseas	1.7	1.7	0.0		0.5	1.3
Restaurants	(1.6)	(4.4)	(2.8)	Impact of lower sales	(5.0)	0.6
Food & Soft Drinks	1.0	0.4	(0.6)	Impact of lower sales	(2.6)	3.0
Real Estate	8.6	8.0	(0.6)	Impact of lower sales	10.9	(2.9)
Other	(8.0)	(6.3)	1.7	Risk response costs: 1.6	(6.3)	0.1

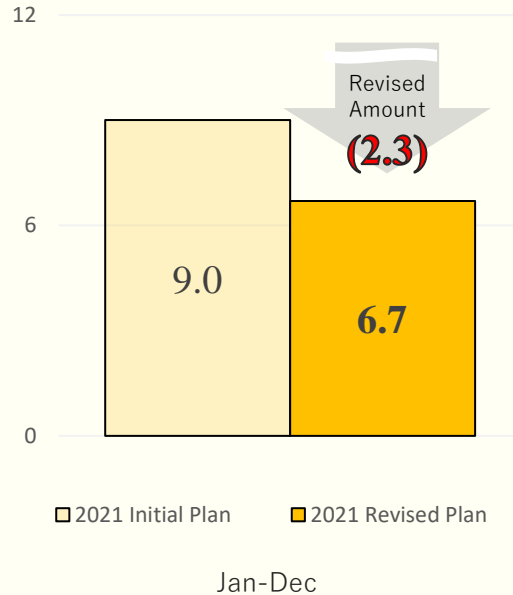
Revisions to Core Operating Profit Forecast: Impact on Restaurant-Related Companies

Breakdown showing core operating profit for restaurants-related business and other businesses

Forecast revised downward, mainly due to **struggling restaurant-related companies**

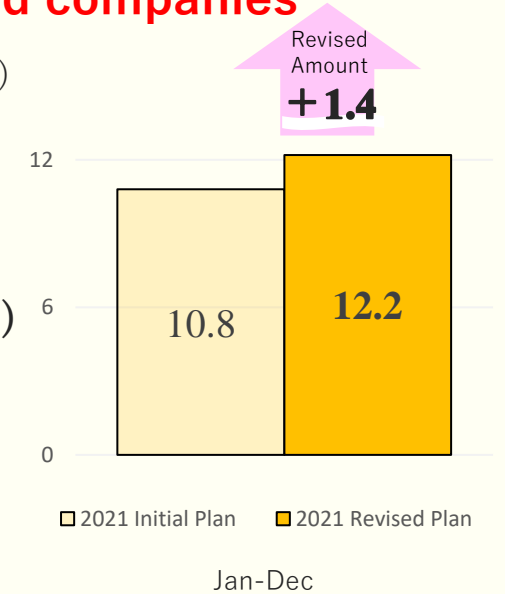
Consolidated: (1) + (2)

(billions of yen)



Excl. restaurant-related companies*: (1)

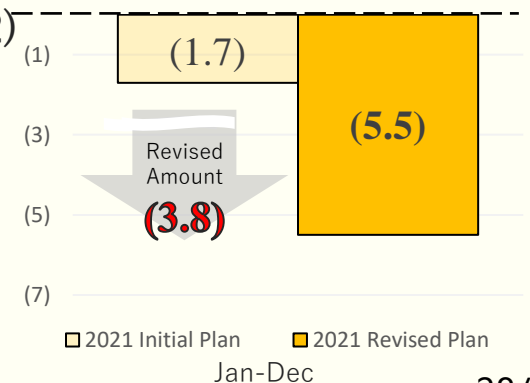
(billions of yen)



(billions of yen)

Restaurant-related companies* only: (2)

Main factor of downward **revision is restaurant-related business**



***Restaurant-related companies**

Restaurant business (Sapporo Lion Group)
Shinseien Pokka Create

Profit attributable to owners of parent target



- Operating profit and the profit categories below it were unchanged from the initial plan.

(billions of yen)	2021	2021	Revised Amount	主な修正内容	2019 Result	Change Amount
	First Plan	Revised Plan				
Core operating Profit	9.0	6.7	(2.3)		4.3	2.4
Other operating income, expenses	9.0	11.3	2.3		(20.2)	31.5
Operating Profit	18.0	18.0	0.0		(15.9)	33.9
Profit before tax	17.0	17.0	0.0		(19.4)	36.4
Income taxes	5.0	5.0	0.0		(2.8)	7.8
Profit	12.0	12.0	0.0		(16.6)	28.6
Profit attributable to owners of parent	12.0	12.0	0.0		(16.1)	28.1

Appendix

Appendix : Major sales volume & sale



Sales Volume:Beer (Japan) ※1 (10,000 cases)

	Jan. 1 - Jun.30, 2020	Jan. 1 - Jun.30, 2021	YoY Change(%)
Sapporo Draft Beer Black Label (total)	600	541	(9.8%)
YEBISU (total)	282	273	(3.2%)
1 Beer (total)	1,043	1,036	(0.7%)
2 Happoshu (total)	85	79	(7.1%)
3 New genre beer products (total)	704	625	(11.2%)
Beer, happoshu, and new genre (total 1+2+3)	1,832	1,740	(5.0%)
RTD(*1)	409	606	48.3%
Non-alcoholic beer taste beverage	28	27	(3.6%)

Sales Volume:Beer (International) (10,000 cases)

	Jan. 1 - Jun.30, 2020	Jan. 1 - Jun.30, 2021	YoY Change(%)
Overseas brand (SLEEMAN, Anchor, etc.)	649	635	(2.1%)
Sapporo brand	137	172	25.6%
North America	786	808	2.7%
Sapporo brand	72	85	18.1%
Other areas	72	85	18.1%
Total	858	893	4.0%

Sales:Beer (Japan) *including liquor tax (billions of yen)

	Jan. 1 - Jun.30, 2020	Jan. 1 - Jun.30, 2021	YoY Change(%)
Beer	58.4	55.7	(4.6%)
Happoshu	3.3	3.0	(7.4%)
New genre	23.3	23.0	(1.5%)
Subtotal	85.0	81.7	(3.9%)
Rebate subtracted from sales	(4.7)	(5.0)	—
Total	80.3	76.7	(4.5%)

Sales:Alcoholic Beverage (Japan) (billions of yen)

	Jan. 1 - Jun.30, 2020	Jan. 1 - Jun.30, 2021	YoY Change(%)
Domestic wines	1.7	1.6	(7.8%)
Imported wines	2.8	2.7	(3.2%)
Wine (total)	4.5	4.3	(5.0%)
Spirits and Shochu (total)	10.4	11.2	7.8%
Subtotal	14.9	15.5	4.0%
Rebate subtracted from sales	(2.9)	(2.9)	—
Total	12.0	12.5	4.4%

Sales:Food & Soft Drinks (Japan) ※2 (billions of yen)

	Jan. 1 - Jun.30, 2020	Jan. 1 - Jun.30, 2021	YoY Change(%)
Soft Drinks	28.9	29.0	0.4%
Food (Lemon・Soups・Plant milk)	13.8	14.5	5.1%

※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 – Jun)

[Beer and beer-type beverages total] down **5%** YoY

- ✓ Beer: down **1%** y-o-y
- ✓ Happoshu: down **7%** y-o-y
- ✓ New genre: down **11%** y-o-y

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

- ✓ Black Label brand
down **10%** y-o-y
(cans: up **13%** y-o-y)

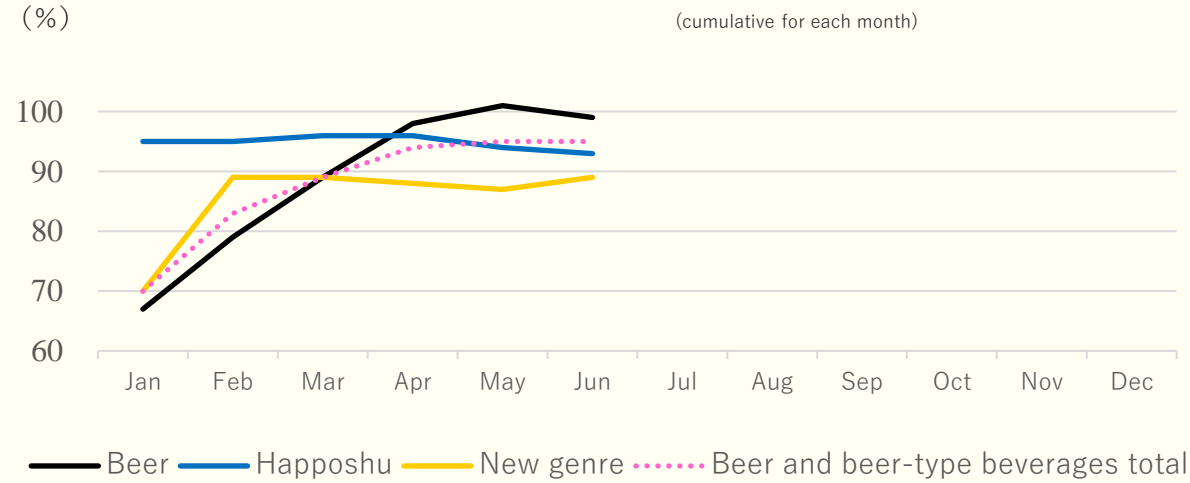

SAPPORO
- ✓ YEBISU brand
down **3%** y-o-y
(cans: up **5%** y-o-y)


- ✓ Mugito Hop brand
down **26%** y-o-y

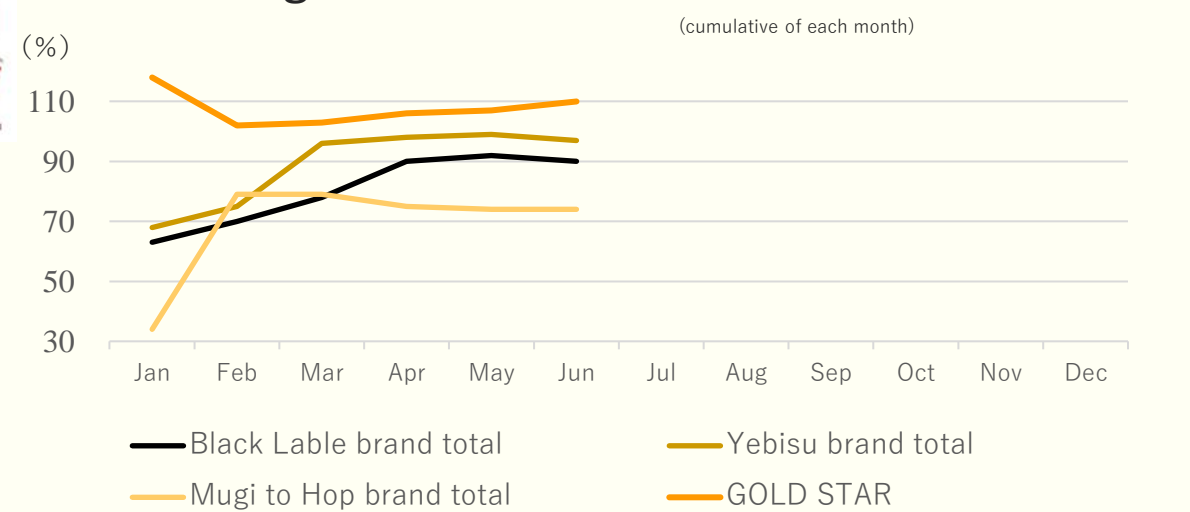

- ✓ GOLD STAR
up **10%** y-o-y



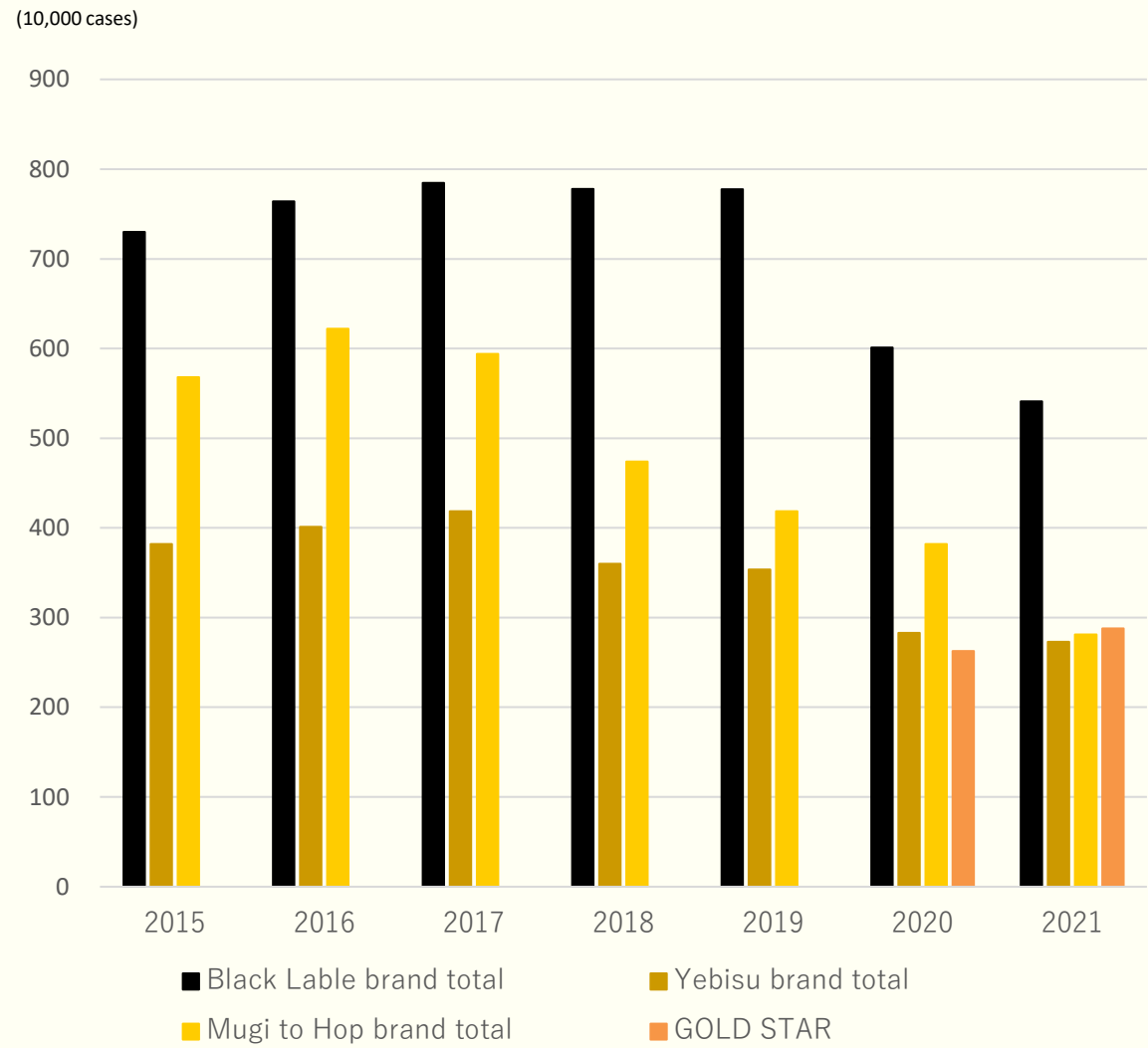
<YoY changes in sales volume of beer and beer-type
beverages by genre>



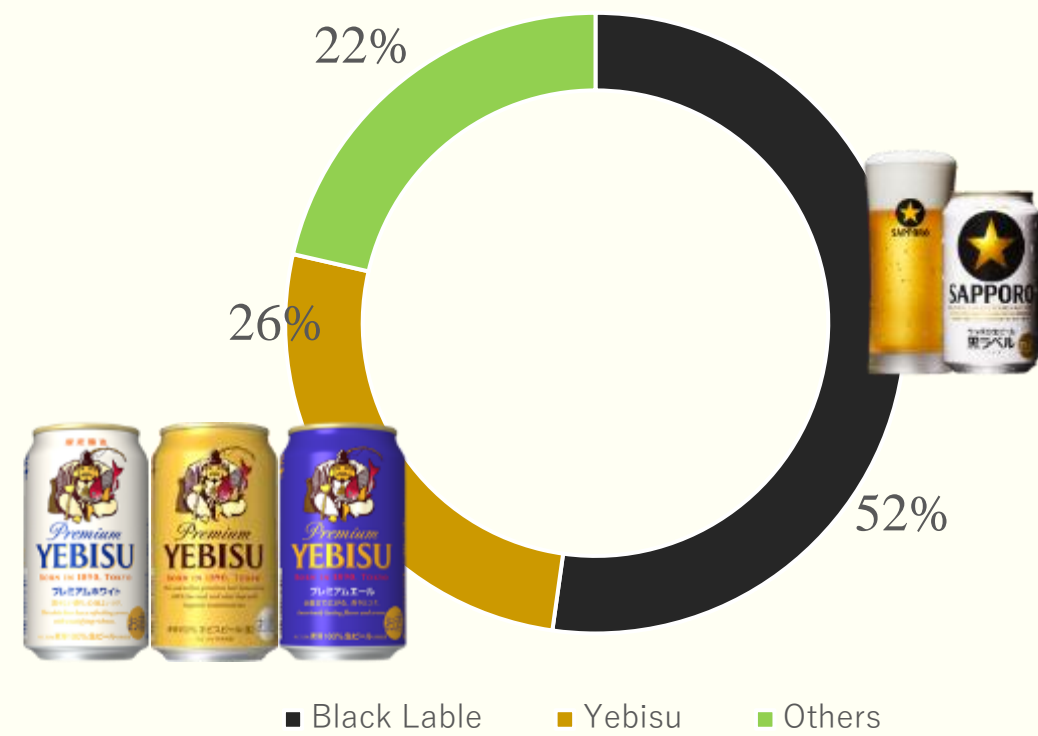
<YoY changes in sales volume of main brands>



< Main brand Jan- Jun Sales volume change >



< Beer lineup (Jan- Jun break down) >



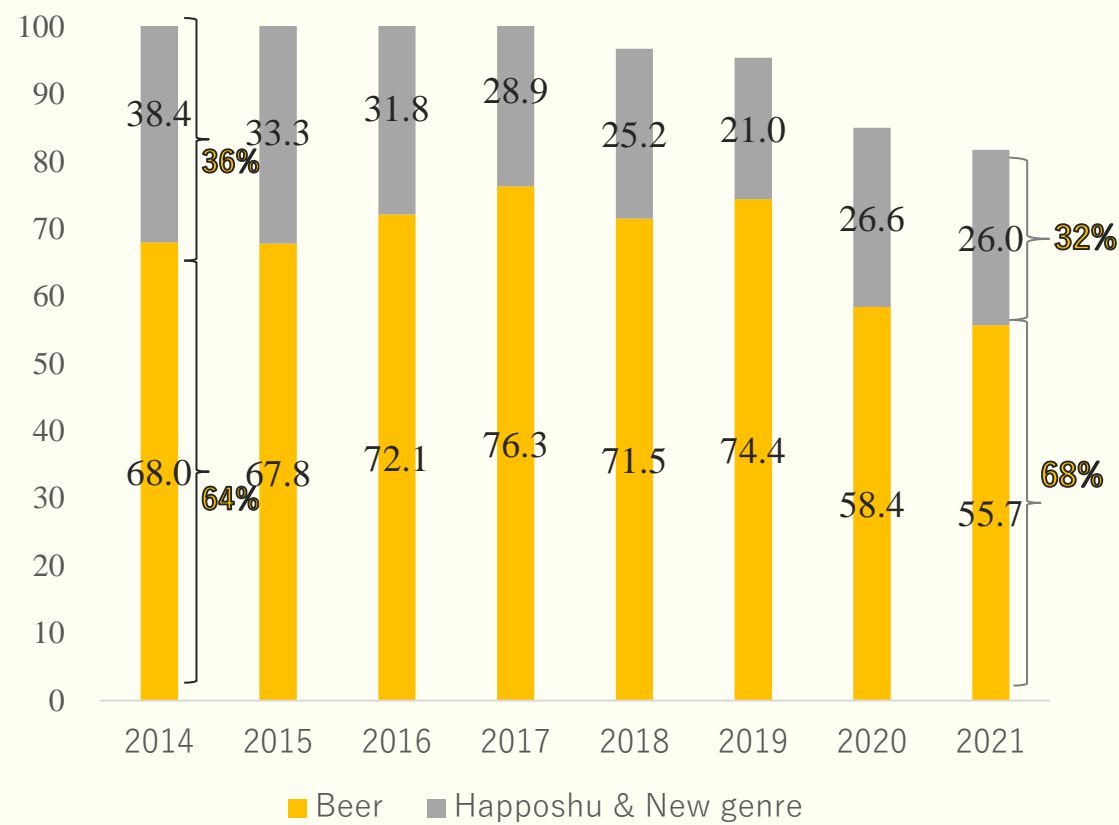
Appendix : Alcoholic Beverages (Japan)



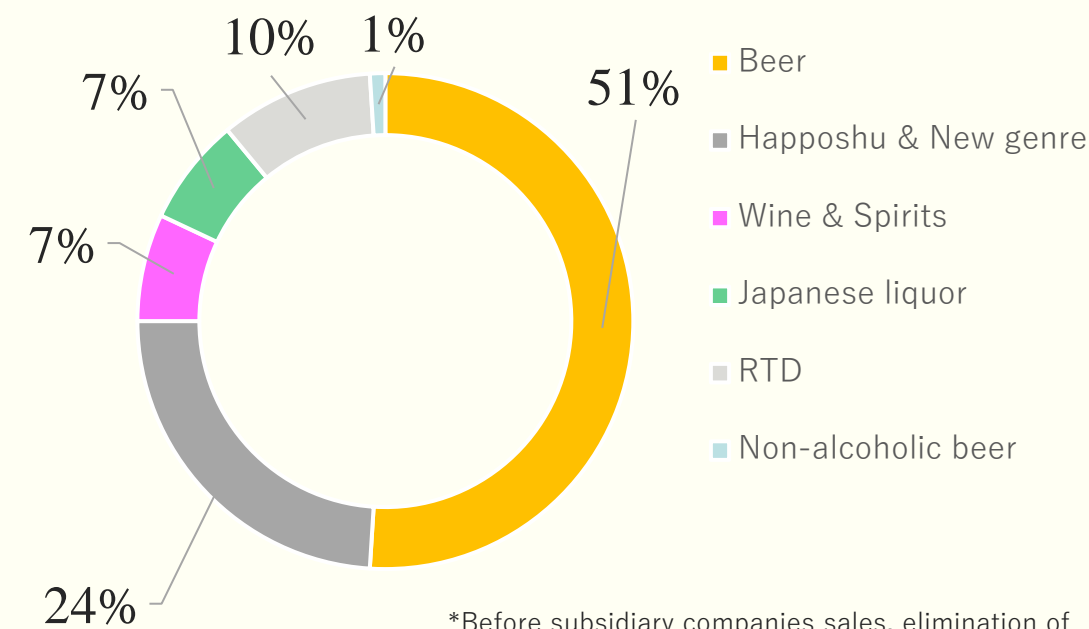
< Jan- Jun sales revenue >

※Incl. liquor tax

(billions of yen)



< Jan- Jun sales breakdown by category >



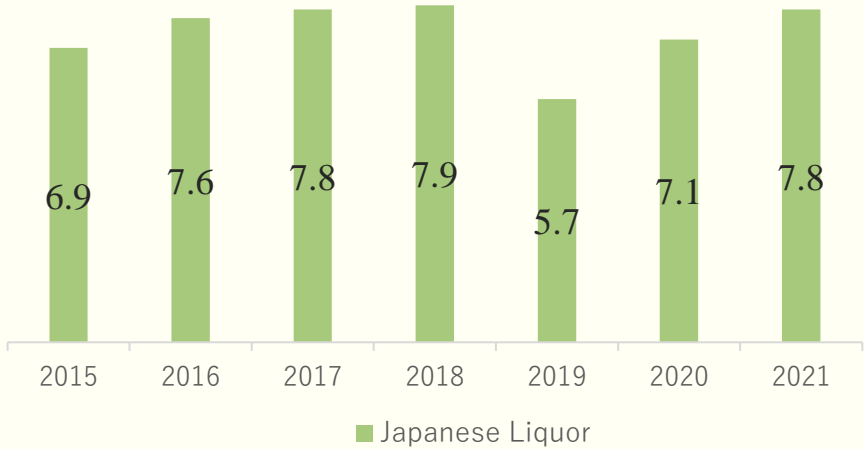
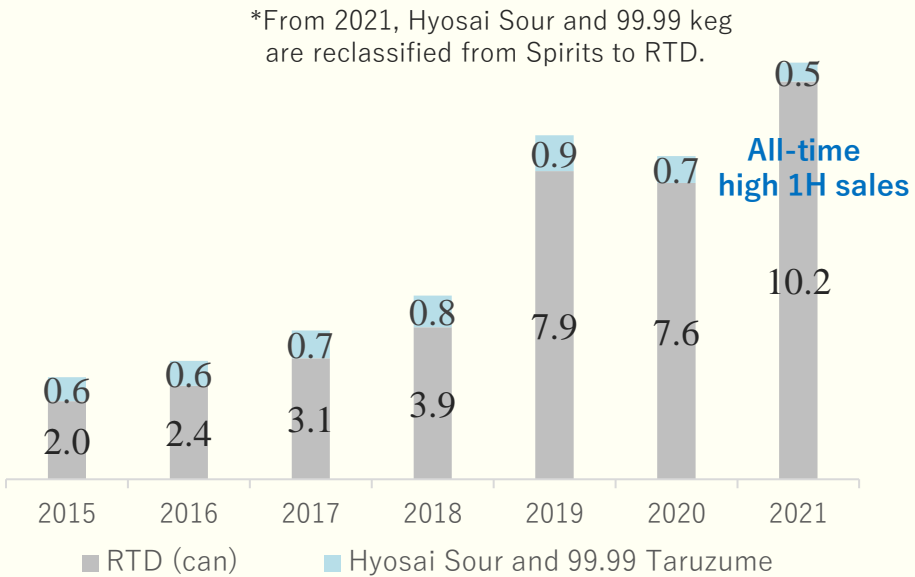
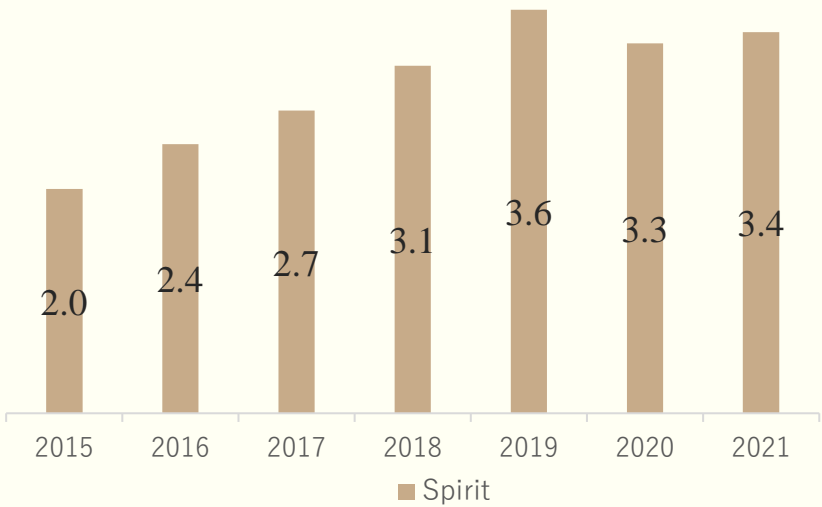
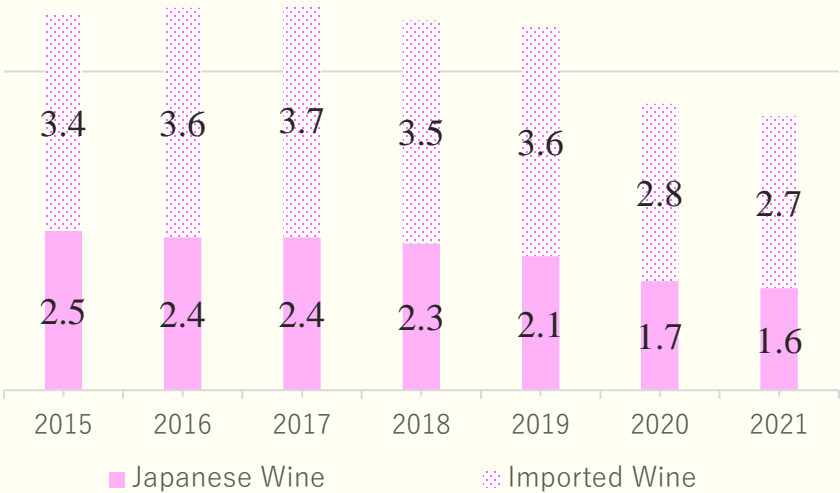
*Before subsidiary companies sales, elimination of inter- company transactions and rebate deduction

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

Appendix : Alcoholic Beverages (Japan)



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



► New Products for New Values

1. A Hard Seltzer from Japan

WATER SOUR

A new-generation RTD unsweetened seltzer with 3% alcohol.

Released on August 24, 2021

Alcohol 3%

Reference retail price: 141 yen (excl. tax)

Flavors: Lemon, orange



Features

A refreshing, tart and low-alcohol sour cocktail with a carbonated feel. Our patent-pending, special manufacturing method creates a clear taste without any bitterness that does not leave any aroma or aftertaste in the mouth. A light sour cocktail, simple in taste and package design.



2. More freedom for beer lovers

The DRAFTY

A low-alcohol, beer-like drink that beer aficionados will love.



Released on September 14, 2021

Alcohol 0.7%

Open price

Carbonated drink

Features

- Uses 100% malt draft beer as an ingredient to create a low-alcohol, beer-inspired drink that beer lovers will enjoy.
- A smooth taste with a natural, beer-like aroma and wheaty flavor.



Watch the “One Week Song” video featuring Sapporo’s employees!
https://www.sapporobeer.jp/the_drafty/

Note: This product is not beer.

Appendix: Alcoholic Beverage (Japan)



▶ New Products for New Values

What Is Hard Seltzer? Carbonated water with alcohol (RTD)



In the US, low-alcohol beverages have been popular among health-minded **young people** since around 2018

Want something healthy

I want to drink but not get drunk.

This is new! Looks great on social media!

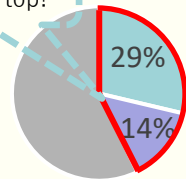
Features of Hard Seltzer

Size of Hard Seltzer Market (US)

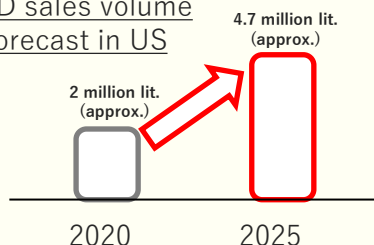
Source: © Euromonitor International 2021

2020 RTD brands by market share in US

Hard seltzers were two of the top!



RTD sales volume forecast in US



● Good timing to create a Japanese hard seltzer!

For the Japanese market, the term for “hard seltzer” translated as “**alcoholic beverage with a carbonated drink feel**”

With **3%** alcohol content (the average level for the Japan’s low-alcohol RTD market)

Made **unsweetened** for the Japan RTD market

In the popular **lemon & orange** flavors enjoyed by Japanese consumers



Will be a new boom following lemon sour cocktails?

A Shift in Thinking about Alcohol Content

A growing need for low-alcohol products



Since I have more time to drink at home, I'd like to do it at a leisurely pace!

Low-alcohol is good so I won't drink too much!



Non-alcohol beer—same as canned beer
Increased YoY (compared to 2020)

★ On the other hand, some consumers could not feel satisfied with non-alcohol beer...

Enjoy Beer × Feel Refreshed in Body and Mind
Further expand the market for beer-like beverages and offer joy with more positive choices

Quality: An authentic, convincing taste achieved by using 100% malt draft beer as an ingredient

Time: Enjoyed at one's own leisure

On days off

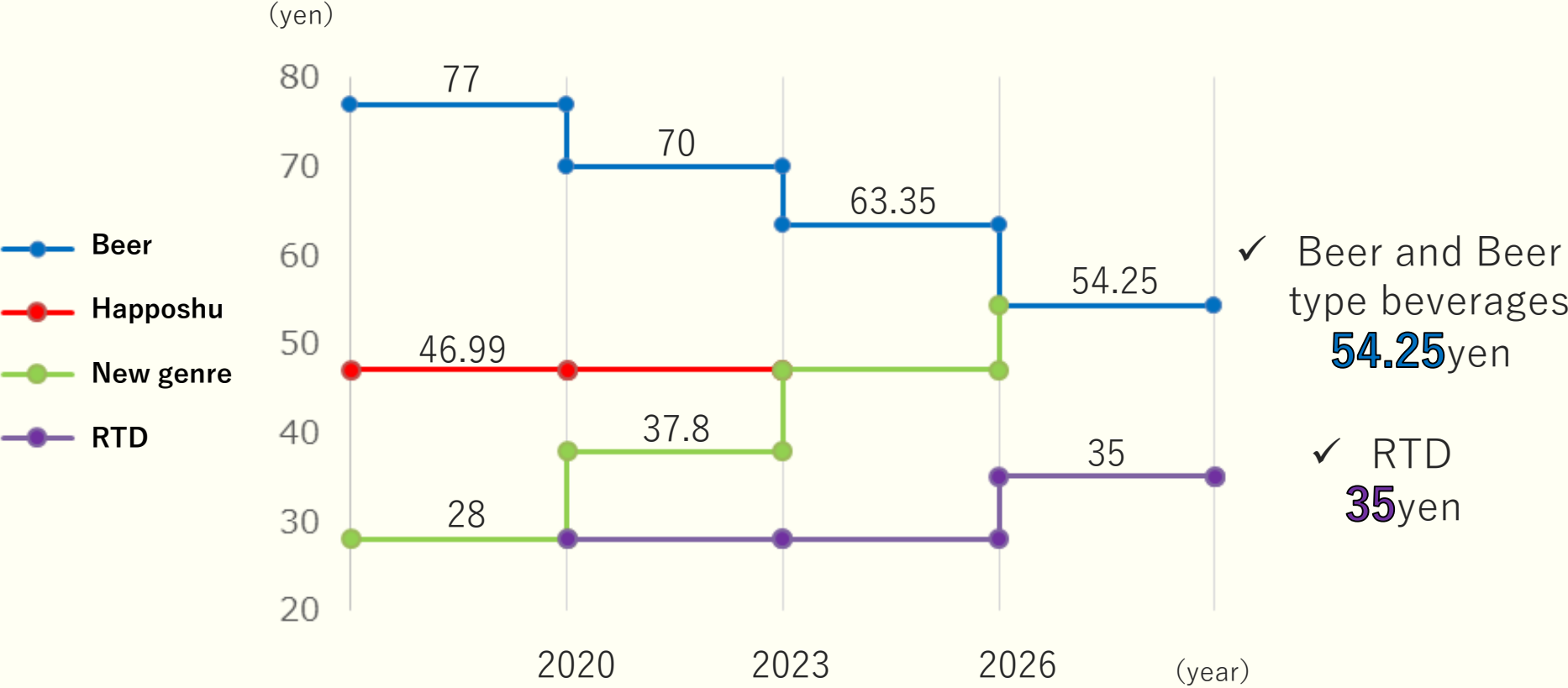


After work



Note: This product is not beer.

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



Appendix : Alcoholic Beverages (Overseas)



< Overseas beer : YoY change in sales volume >

【North America Total **up 3%** y-o-y

(Jan – Jun)

✓ Overseas brand
down **2%** y-o-y



✓ Sapporo brand
up 26% y-o-y



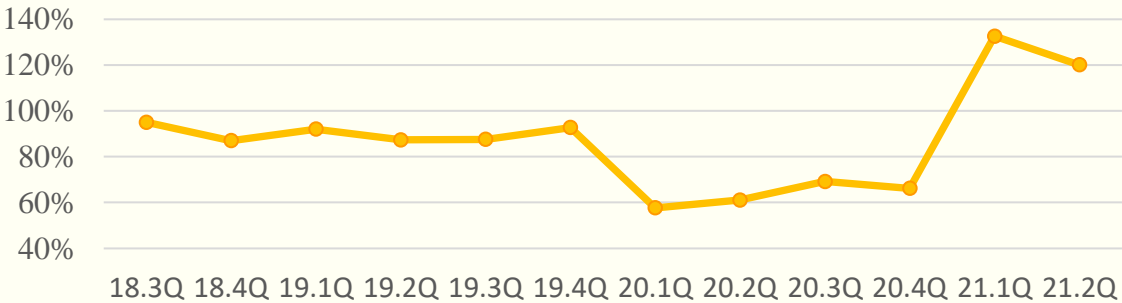
【Other Areas Total】 **up 18%**y-o-y

(Main area : Asia pacific , Europe , Oceania)

(Jan – Jun)

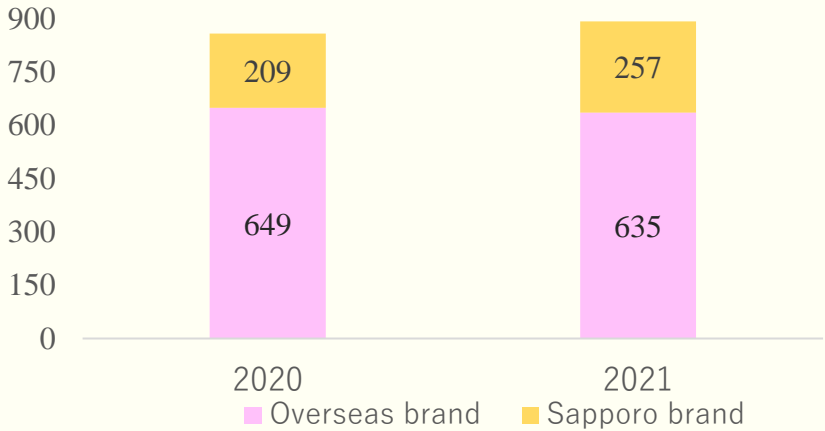
✓ Sapporo brand : **up 18%**y-o-y

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



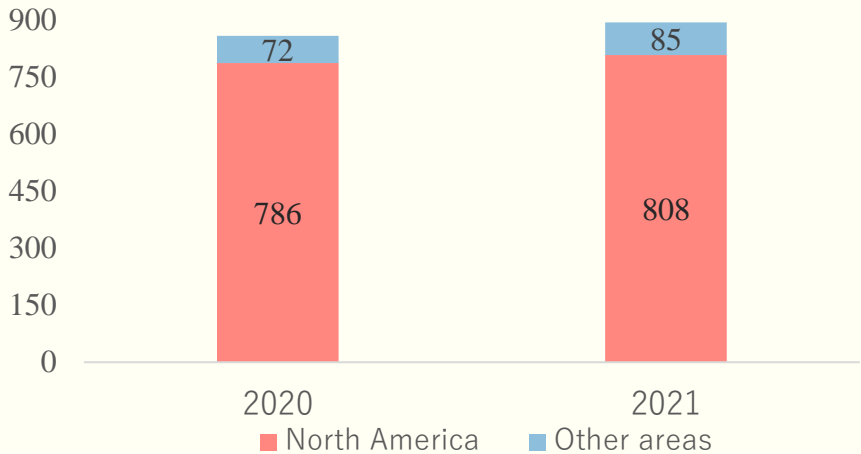
< Overseas sales volume by brand(Jan-Jun) >

(10,000cases)



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

(10,000cases)



Acquired Canada's Award Beverages


Company Overview

- Company name: Aware Beverages Inc.
- Location: Ontario, Canada
- Founded: 2013
- Production capabilities: None (100% consigned production)
- Sales breakdown: 100% spiked water*
- Share by province: 75% Ontario, 25% other
- Net sales: Approx. CDN \$13 million (approx. JPY 1 billion) in 2020

* Spiked water is a mix of carbonated water and vodka, gin, tequila or a malt-based alcohol, with flavor added. The most common iteration is a vodka-based beverage mixed to a 5% alcohol content.

Common to all: 100 or less calories, natural flavoring, no carbohydrates, no sugar and no artificial sweeteners.

In 2020, this product had the highest proportion of the market (26%) for RTDs in the Canadian domestic market. (Sapporo Beer's own research)

 URL: <https://www.sociallitevodka.com/>

Background to Acquisition

- The beer category is shrinking for the Canadian market (total demand is expected to decrease 2% annually), while the **RTD category should increase by 50% between 2020 and 2025**. In particular, **spiked water is expected to increase by 100%**.
- For Sleeman Breweries, we aim to grow the business as a whole by increasing the proportion of its RTD business to 10% by 2026.

Product: SoCIAL LITE

→ No artificial sweeteners, only natural flavoring. A refreshing low-calorie, gluten-free drink.

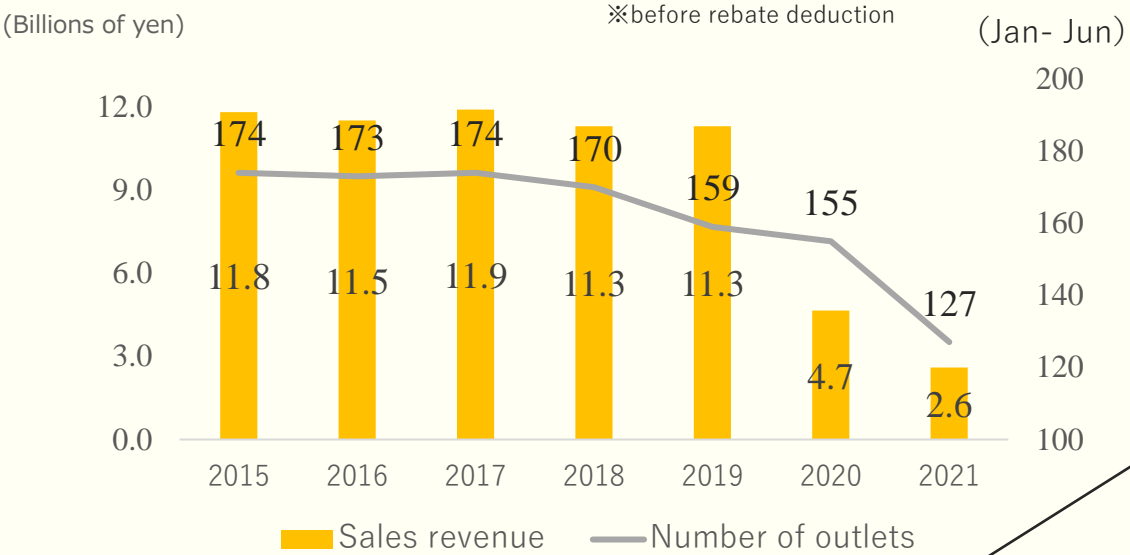


★ By sales volume, SoCIAL LITE is ranked 5th in the Canadian spiked water market.

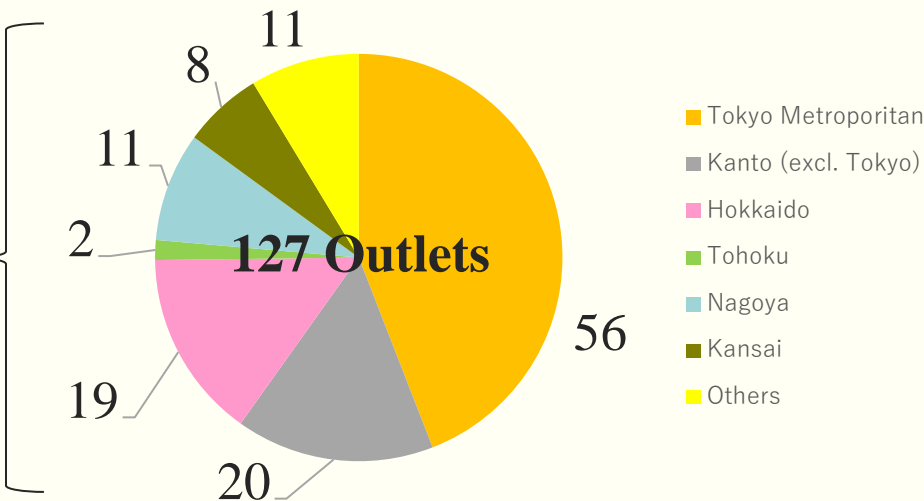
Appendix : Alcoholic Beverages (Restaurants)



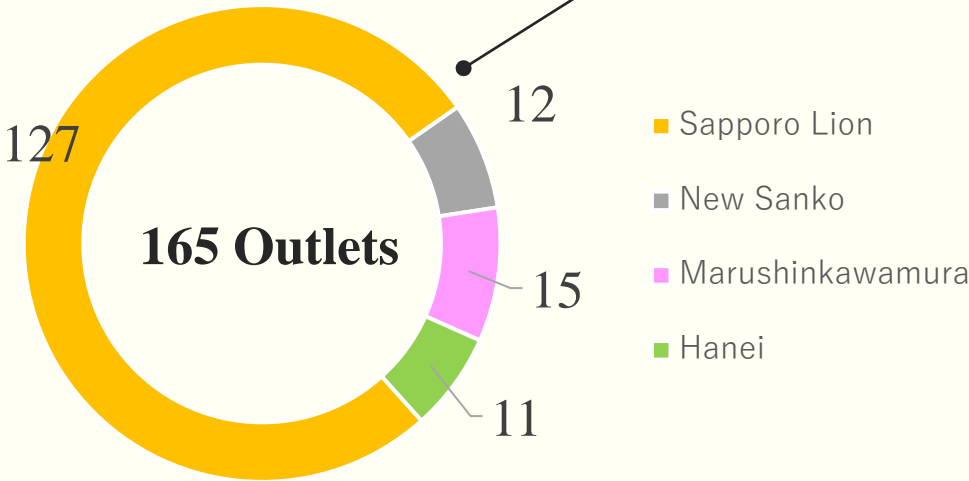
< Sales revenue and number of Sapporo Lion Outlets >



< Sapporo Lion outlets As of Jun 30, 2021 >



< Total number of outlets >



< Brands >



Appendix : Food & Soft Drinks

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

【Lemon based-drinks】

✓ **up 11%** y-o-y
(Sales)



【Lemon-based food products】

✓ **up 8%** y-o-y
(Sales)



【Unsweetened tea drinks】

✓ **down 3%** y-o-y
(Sales volume)



【Soups】

✓ **down 4%** y-o-y
(Sales)



【Coffee drinks】

✓ **down 7%** y-o-y
(Sales volume)

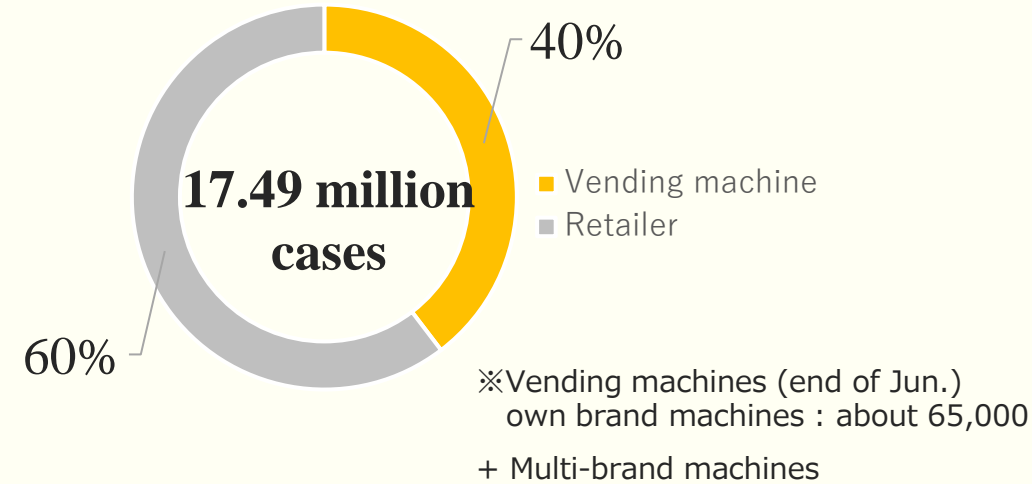


【Soy milk, chilled products】

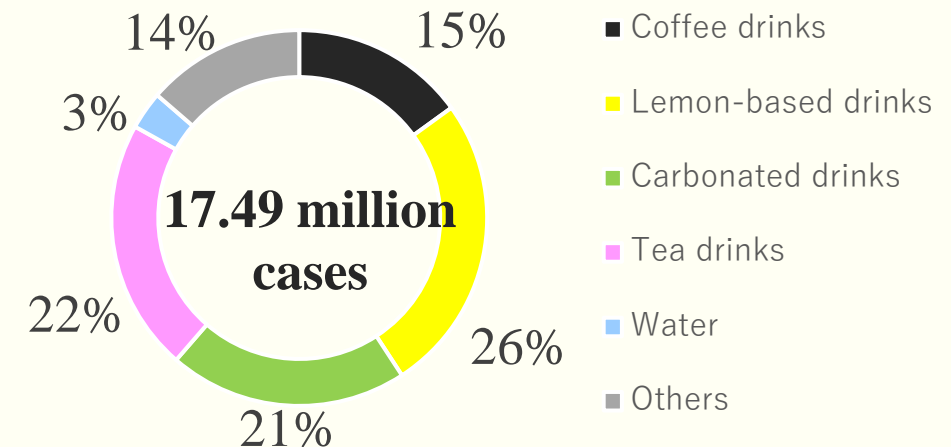
✓ **up 13%** y-o-y
(Sales)



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



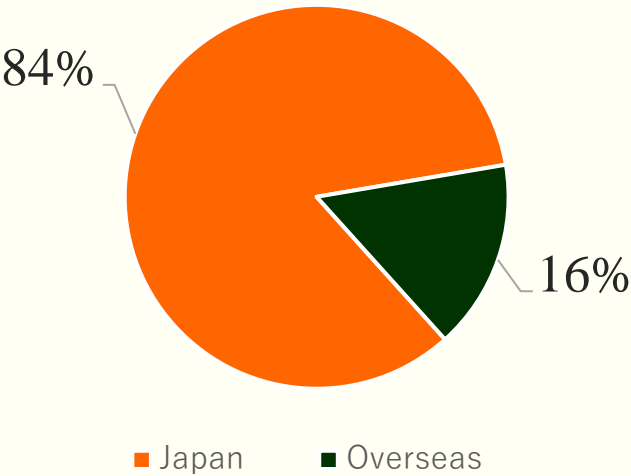
< Japanese soft drinks
Sales composition by genre (Jan- Jun)>



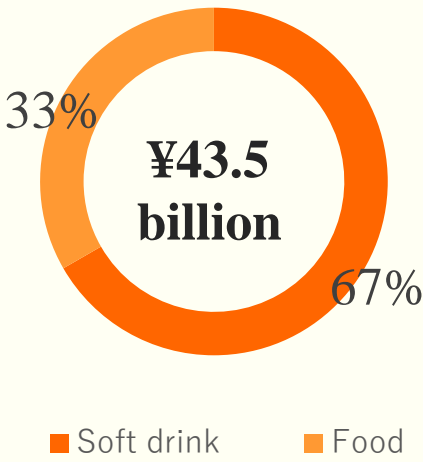
Appendix : Food & Soft Drinks



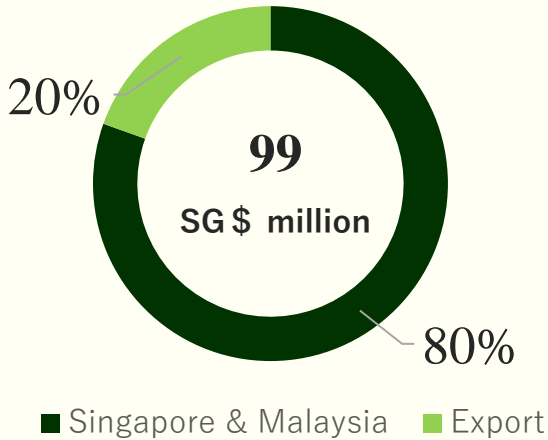
< Food & Soft Drinks segment
Revenue break down by geographic area >



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



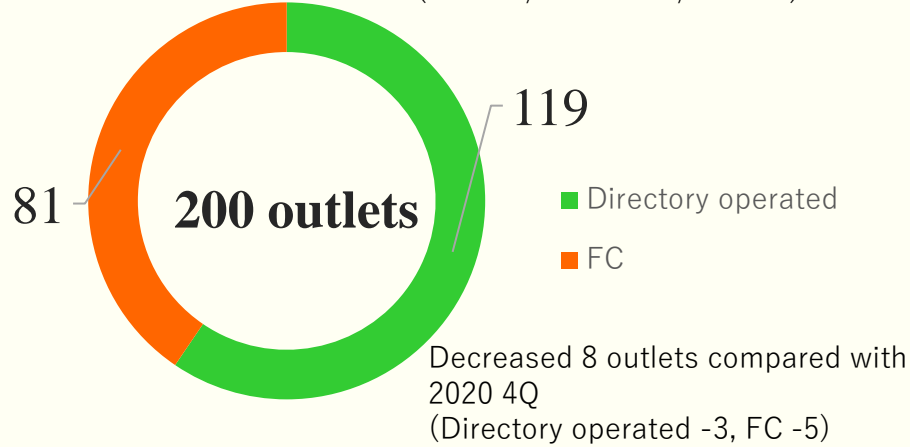
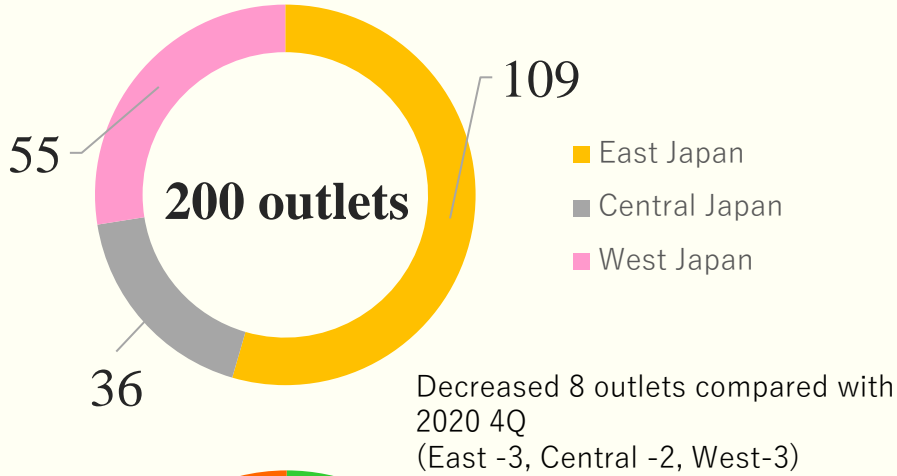
< Overseas soft drinks
POKKA Corporation (Singapore) >
Sales composition (Jan- Jun)



【 Pokka Create Co., Ltd .】

✓ Jan- Jun Sales revenue **¥ 3.1 billion**
up **0%** y-o-y

< Number of outlets as of June 30, 2021 >



Appendix : Real Estate

(3): Already transferred as of June 30, 2021



< Major rental properties & occupancy rates : (Averages for 2021 2Q)>

	Site area (㎡)	Floor area (㎡)	Occupancy rate (%)	No. of floors
Yebisu Garden Place ⁽¹⁾	56,943	298,007	91	40 floors above ground, 5 below
Ebisu First Square ⁽³⁾	2,617	15,438	95	12 floors above ground, 1 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)

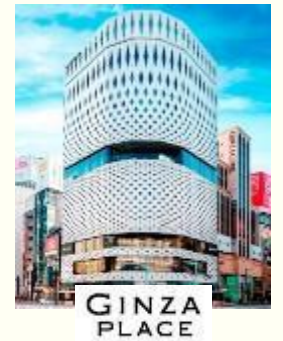
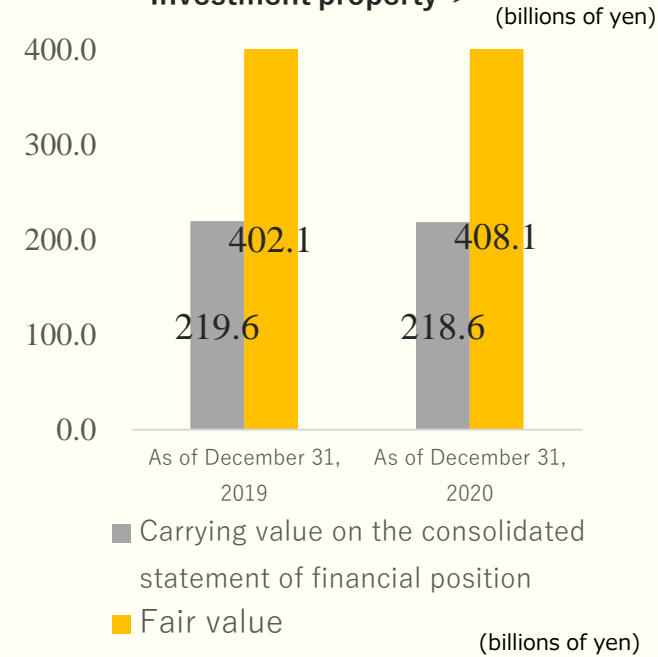
*3: Already transferred as of June 30, 2021

	(billions of yen)		
< Core Operating profit >	2020 2Q	2021 2Q	Change
Yebisu Garden Place, etc.	3.6	2.9	(0.6)
Other area & other operations	1.2	1.3	0.0
Hokkaido	0.4	0.3	(0.1)
General corporate	(0.6)	(0.7)	(0.1)
Total	4.6	3.8	(0.8)

< EBITDA >

	(billions of yen)		
	2020 2Q	2021 2Q	Change
Yebisu Garden Place, etc.	5.0	4.5	(0.5)
Other area & other operations	1.9	1.9	0.0
Hokkaido	0.6	0.6	(0.0)
General corporate	(0.4)	(0.4)	(0.0)
Total	7.1	6.6	(0.6)

< Information about Investment property >



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



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