



Sapporo Group Business Results Presentation for the Three Months Ended March 31, 2023

*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 11th 2023

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

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Business results: increased revenue and improving core operating profit

(billions of yen)	2022 Q1 Result	2023 Q1 Result	YoY changes (amount)	YoY changes (%)
Revenue	93.2	108.8	15.5	16.6%
Core operating profit	(6.4)	(2.9)	3.5	—
Operating profit	(4.5)	(3.3)	1.2	—
Profit before tax	(4.3)	(3.8)	0.5	—
Profit attributable to owners of parent	(4.0)	(3.6)	0.4	—

- P/L improving across all profit items
- Price revisions are steadily absorbing higher costs such as surging raw material costs, etc.
- Both revenue and core operating profit are higher than pre-COVID-19 levels (2019)
- Progressing largely according to initial plan

Main topics

- Alcoholic Beverages recover in sales volume of commercial-use products, while Restaurants posted steady same-store sales
- Canned Black Label up 2% y-o-y (Market total demand for canned beer down 9%)
Strong sales of new product Nippon no Shin Lemon Sour driving RTD
- Sapporo brand continues to see strong sales overseas
- Structural reforms in the Restaurants and Food & Soft Drinks businesses implemented during the pandemic are contributing steadily to bottom line

Financial Highlights



	(billions of yen)	2022 Q1 Result	2023 Q1 Result	YoY changes (amount)	YoY changes (%)
Revenue		93.2	108.8	15.5	16.6%
Revenue (Excluding liquor tax)		72.0	85.2	13.1	18.2%
Overseas revenue		18.3	25.9	7.6	41.7%
EBITDA		(1.4)	2.0	3.4	—
Core operating profit		(6.4)	(2.9)	3.5	—
Core operating profit margin		(6.9%)	(2.7%)	—	—
Other operating income (expense)		1.9	(0.3)	(2.2)	—
Operating profit		(4.5)	(3.3)	1.2	—
Profit before tax		(4.3)	(3.8)	0.5	—
Profit attributable to owners of parent		(4.0)	(3.6)	0.4	—

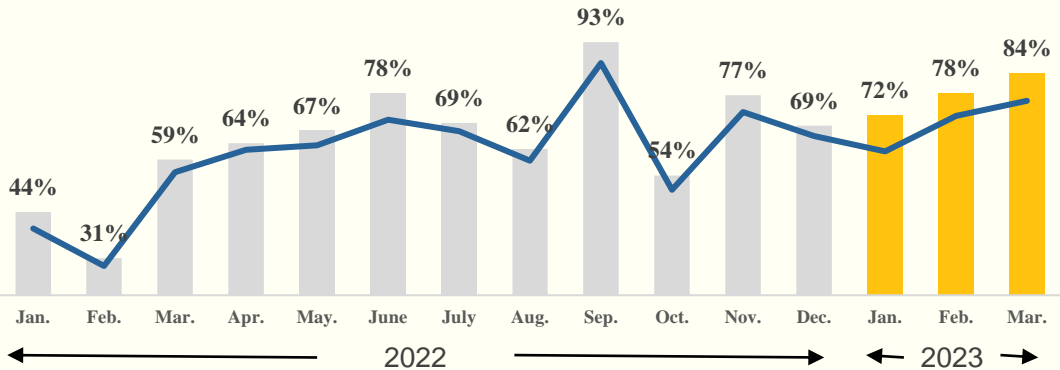
Impacts of the COVID-19 pandemic

- ▶ Sales volume of commercial-use products for Japan alcoholic beverages and nest sales of Restaurants business both in recovery mode

Alcoholic beverages in Japan

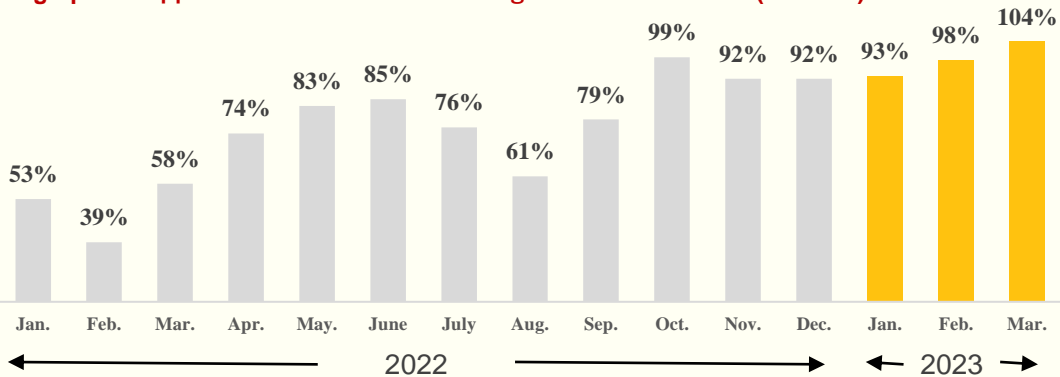
Bar graph: Commercial-use (bottles and kegs) Sales Volume Results(vs. 2019)

Line graph: Total Demand for Commercial-use Products (vs. 2019) (estimated by Sapporo HD)



Alcoholic beverages in resutaurants

Bar graph : Sapporo Lion restaurants existing store Sales Results(vs. 2019)



Higher costs such as surging raw material costs

- ▶ Costs are expected to increased by **¥13.5 billion** vs. 2022, but price revisions will address the situation
Respond to risk of additional cost increases by closely monitoring the situation

Domestic

(6.0)

2022

(2.9)

2023 Q1

(8.6)

2023 Q2~4 Forecast

Overseas

(4.0)

2022

(0.7)

2023 Q1

(1.4)

2023 Q2~4 Forecast

Financial Highlights



(billions of yen)	2022 Q1 Result	2023 Q1 Result	YoY changes (amount)	YoY changes (%)
Revenue by Segment	93.2	108.8	15.5	16.6%
Alcoholic Beverages	60.6	76.6	16.0	26.5%
Japanese	46.1	54.0	7.9	17.2%
Overseas	12.1	18.3	6.2	51.1%
Restaurants	2.3	4.3	1.9	83.4%
Food & Soft Drinks	27.7	26.8	(0.9)	(3.1%)
Japanese	22.3	20.2	(2.1)	(9.4%)
Overseas	5.4	6.6	1.2	22.8%
Real Estate	5.0	5.3	0.4	7.1%
Other	0.0	0.0	0.0	7.0%

(billions of yen)	2022 Q1 Result	2023 Q1 Result	YoY changes (amount)	YoY changes (%)
Core Operating Profit by Segment	(6.4)	(2.9)	3.5	—
Alcoholic Beverages	(3.9)	(0.5)	3.4	—
Japanese	(2.8)	(0.2)	2.6	—
Overseas	(0.1)	(0.4)	(0.3)	—
Restaurants	(1.0)	0.1	1.1	—
Food & Soft Drinks	(1.0)	(0.3)	0.7	—
Japanese	(1.3)	(0.7)	0.6	—
Overseas	0.3	0.4	0.1	26.6%
Real Estate	0.1	(0.0)	(0.1)	—
Other • General corporate and intercompany eliminations	(1.6)	(2.1)	(0.5)	—

Financial Highlights

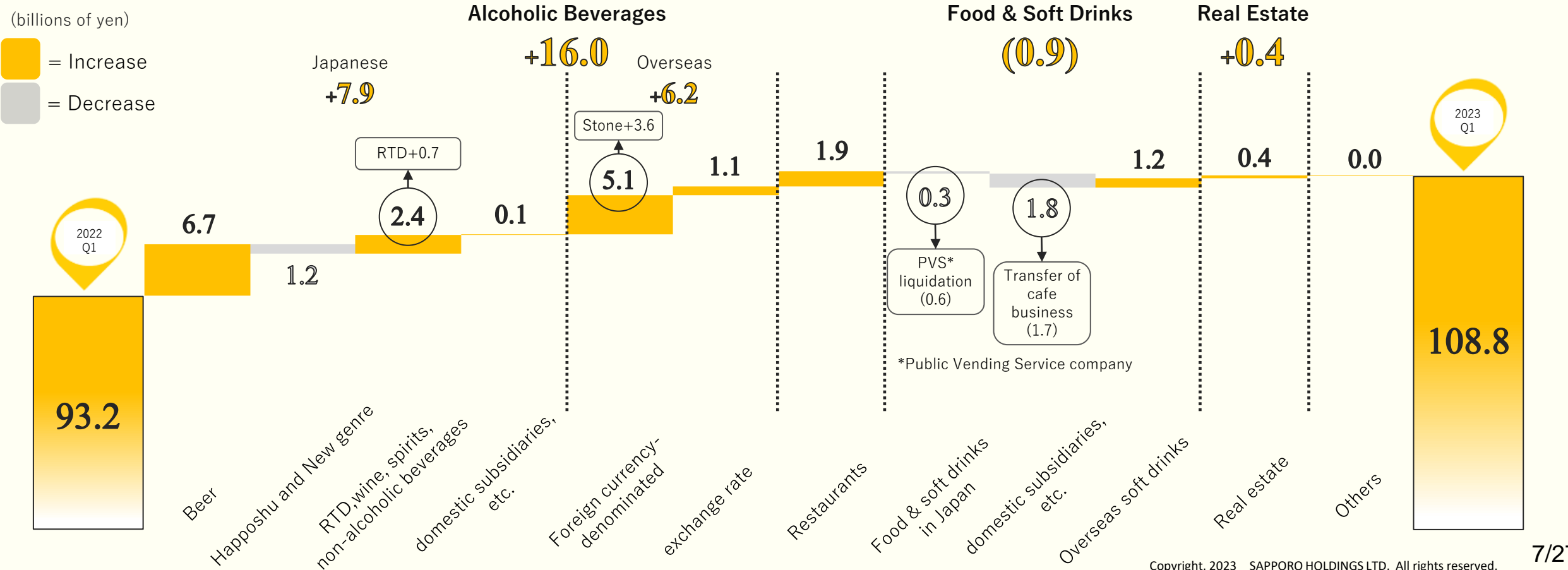


*SPB: SAPPORO PREMIUM BEER

Food & Soft Drinks saw revenue fall following the transfer of the cafe business last year and the liquidation of a vending machine operator subsidiary, but **revenue overall rose** on the effects of price revisions and inclusion of Stone in the scope of consolidation, not to mention higher sales volume of beer and RTD in Japan and strong sales of SPB* overseas

Reasons for changes in sales revenue

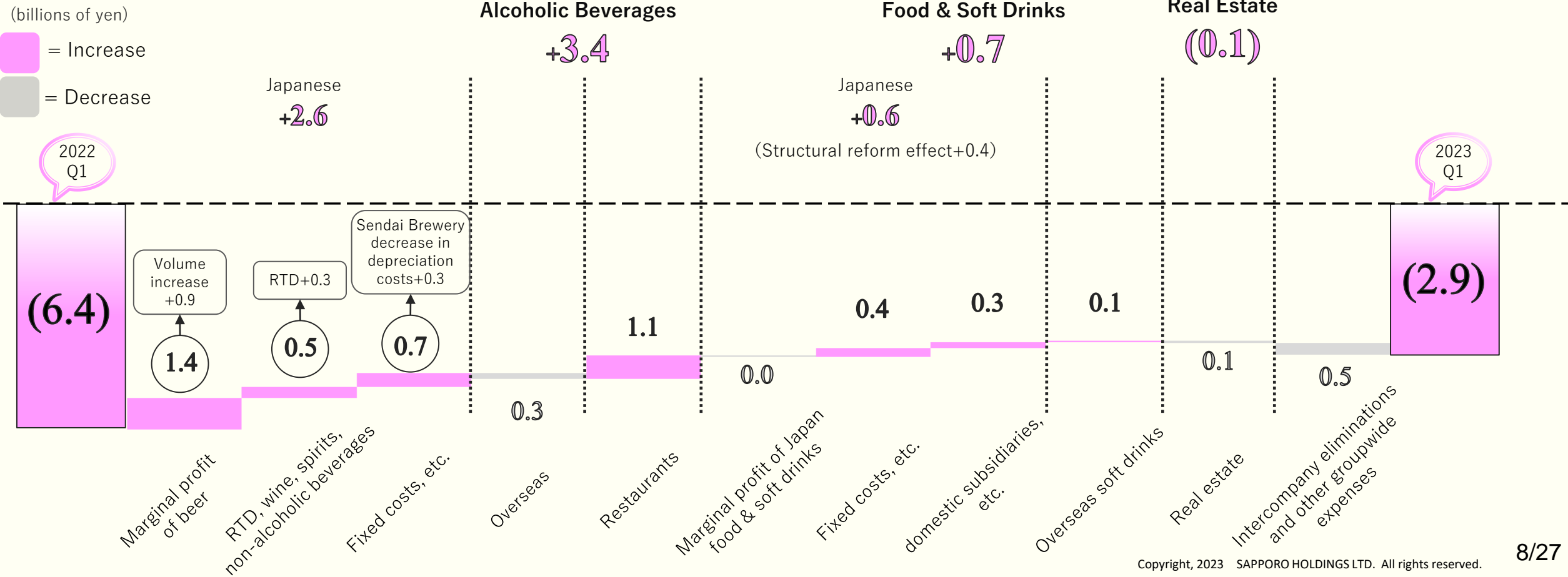
Effect of exchange rates +¥1.9 billion: overseas alcoholic beverages +¥1.1 billion and overseas soft drinks +¥0.8 billion



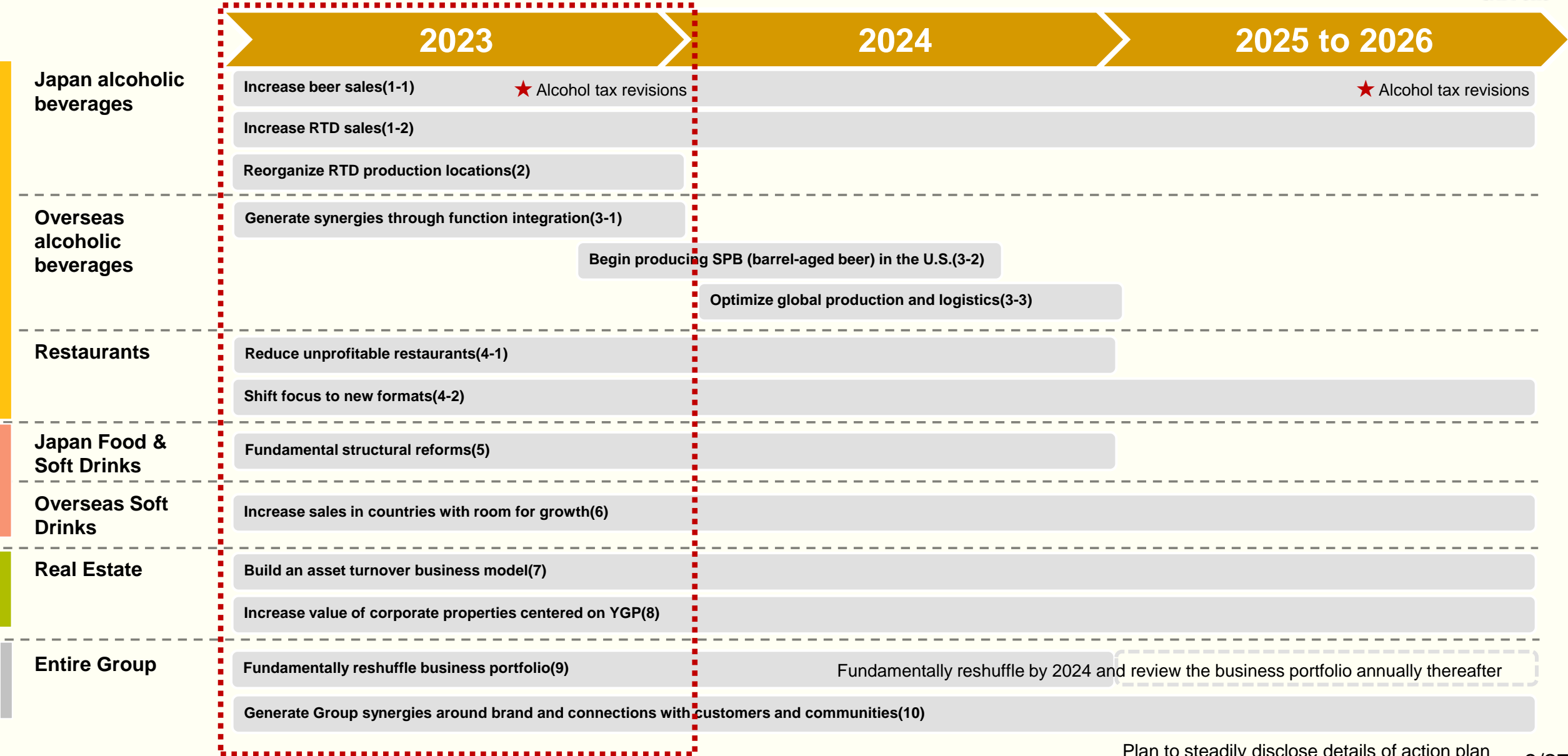
Core operating profit rose amid increased revenue and effects of structural reforms in the Restaurants and Food & Soft Drinks businesses

Reasons for changes in core operating profit

Decrease in revenue caused by surging raw material costs: ¥(3.5) billion



Action Plan



Alcoholic Beverages

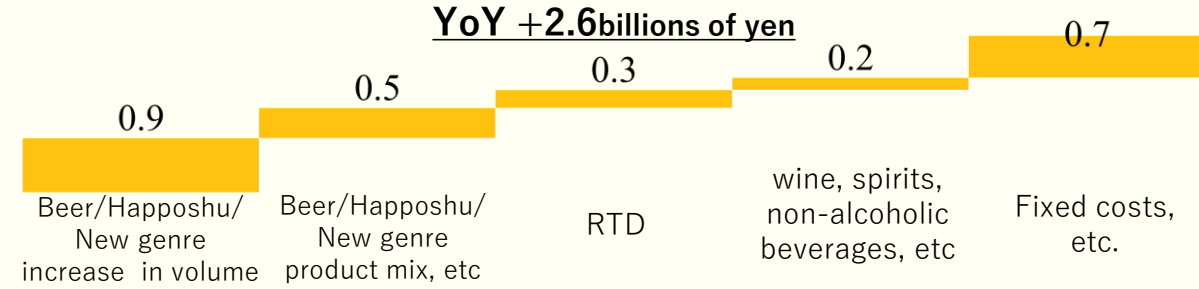


Japanese

Revenue : 54.0 billions of yen (YoY+7.9 billions of yen、 +17.2%)

Core operating profit : (0.2) billions of yen (YoY+2.6 billions of yen)

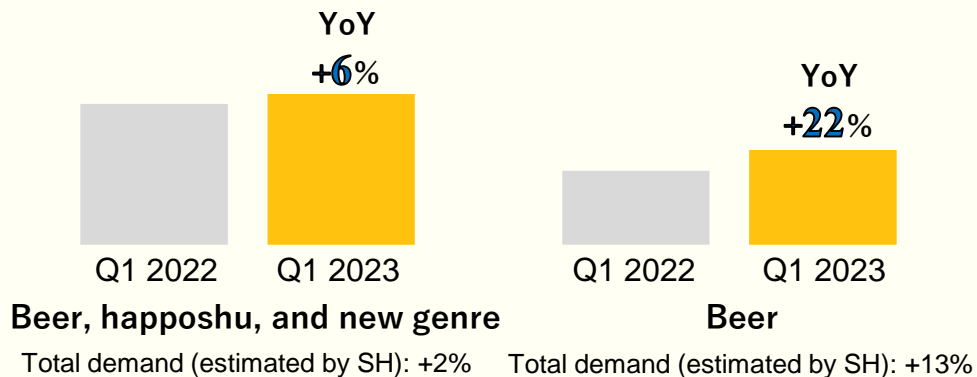
Reasons for changes in core operating profit



Increase beer sales (1-1) Steady progress made with reinforcement of beer

Will continue with initiatives ahead of alcohol tax revisions in October 2023

Situation of beer and beer-type beverage sales volume



share of beer sales 59% (2022 Q1) → 68% (2023 Q1)

selling price excluding alcohol tax +12% y-o-y

Increase RTD sales (1-2)

Koime no Lemon Sour and Shin Lemon Sour are key drivers

Continuing with priority investments in core brands

Total for RTD (cans) +9% y-o-y (Sales amount basis)



Koime no Lemon Sour
Trending strongly in the third year after release



Shin Lemon Sour
Released in March 22
March alone: shipments exceeded plan

Reorganize RTD production locations (2)

Making steady progress toward start of production in October

Alcoholic Beverages



Overseas

*SPB: SAPPORO PREMIUM BEER

Revenue : 18.3billions of yen (YoY+6.2billions of yen、 + 51.1%)

Core operating profit : (0.4)billions of yen (YoY(0.3)billions of yen)

Reasons for changes in core operating profit

YoY (0.3)billions of yen

Including Stone's loss
(Because SPB* is in
preparation for production)

Canada	0.4
The U.S.	(0.6)
Vietnam	(0.1)

Restaurants

Revenue : 4.3billions of yen (YoY+1.9billions of yen、 + 83.4%)

Core operating profit : 0.1billions of yen (YoY+1.1billions of yen)

Reasons for changes in core operating profit

YoY 1.1billions of yen

SLN (non-consolidated settlement)	0.9
Affiliated companies and others	0.1

Situation of each country

Canada: Total demand exceeded last year amid the recovery in the commercial-use products market
Business results trending steadily at +7% (y-o-y)

United States: Total demand declined year on year due to torrential rains and cold snap mainly on the West Coast
Company performance +9% y-o-y amid strong sales of SPB*

Vietnam: Keg sales trended well, while can sales demand and company performance were weak

Achieve synergies with Stone Brewing quickly (3-1~3)

Steady progress made with function integration

Preparations underway to begin manufacturing SPB*

Reduce unprofitable restaurants

Shift focus to new formats (4-1~2)

Remained in black in Q1 2023, too

Shifting to focus formats

Achieved profitability since 2022_Q2

Reduced the number of restaurants by 30%

Bar graph: Trend in restaurant business core operating profit
Line graph: Trend in number of Sapporo Lion Group restaurants (change with 2019 as 1)

Year	Core operating profit (billions of yen)	Number of restaurants (change with 2019 as 1)
2019	0.4	1
2020	(5.0)	
2021	(4.2)	
2022_Q1	(1.0)	
2022_Q2	0.1	
2022_Q3	0.1	
2022_Q4	0.3	
2023_Q1	0.1	0.7

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Japanese

*Public Vending Service company

Revenue : 20.2billions of yen (YoY(2.1)billions of yen、 (9.4%))

Core operating profit : (0.7)billions of yen (YoY+0.6billions of yen)

Reasons for changes in core operating profit

YoY 0.6billions of yen

Category	Value (billions of yen)
decrease in volume	(0.1)
waste reduction	+0.15
Product mix, etc	+0.1
Fixed costs	+0.4
structural reform, etc	+0.3
PVS* liquidation	+0.2

Overseas

Revenue : 6.6billions of yen (YoY+1.2billions of yen、 + 22.8%)

Core operating profit : 0.4billions of yen (YoY+0.1billions of yen)

Reasons for changes in core operating profit

YoY 0.1billions of yen

Category	Value (billions of yen)
increase in volume	+0.1
raw material costs, etc	(0.1)
exchange rate	+0.1

Fundamental structural reforms (5)

Effects of previous structural reforms contributing steadily to bottom line

Take actions outlined in the medium-term management plan

Situation of waste reduction

Steadily lowering disposal costs with initiatives such as SKU reduction, etc.

Quarter	Waste Reduction (million yen)
Q1 2022	~180
Q1 2023	~50

Reduced by ¥150 million y-o-y

Increase sales in countries with room for growth (6)

Sales are trending steadily

Continue with initiatives to expand sales channels

Situation of sales expansion

Region	Growth (y-o-y)	Notes
Singapore	+3%	(Sales amount on a local currency basis)
Malaysia	+14%	(Sales amount on a local currency basis)
Export	+7%	(Sales amount on a local currency basis)

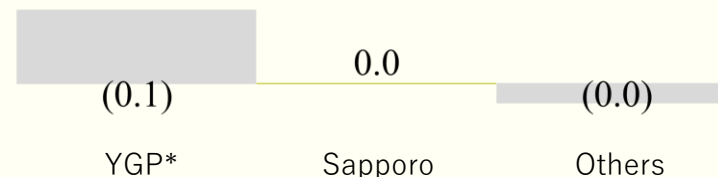
Real Estate

Revenue : 5.3billions of yen (YoY+0.4billions of yen、 + 7.1%)

Core operating profit : (0.0)billions of yen (YoY(0.1)billions of yen)

Reasons for changes in core operating profit

YoY (0.1)billions of yen



*YGP: Yebisu Garden Place

Build an asset turnover business model (7)

- Move ahead with preparations to establish private placement fund and REIT

Situation of diversifying revenue structure

Equity investments 2.3billions of yen
Newly established REIT Preparatory Office in March and efforts are now underway to establish investment advisory company before the end of 2023

Increase value of corporate properties centered on YGP (8)

- Enhancing our competitiveness by increasing asset value and promoting community building over a long-term time horizon

YGP* Center Plaza

Number of visitors increased 1.5 to 2.0x since remodel*
(Period: remodel until Feb. 2023)



*Reopened after remodel in November 2022

YGP office wing

Occupancy rate declined due to HVAC work*
(implemented based on occupancy of each floor)
Seeking to maintain rent levels by increasing property value



*HVAC work scheduled to take place over about 10 years starting in 2022

Action Plan KPI



*Forex assumption: ¥130

*2 Local currency basis (Singapore dollar)

* to be disclosed in Q2 or fiscal year end financial results

		Q1results		Full year		medium-term plan Target
		2022 Q1	2023 Q1	2022	2023Plan	
Japan alcoholic beverages	Reinforcement of Beer / Improving Profitability of Beer-type Bev.					
	Increase beer sales: share of beer sales (1-1)	59%	68%	68%	71%	79%
			+12% (y-o-y)	-	+9% (y-o-y)	+11% (VS 2022)
	Improve profit margin: selling price excluding alcohol tax (1-1)	-				
	RTD Business Growth and Production Streamlining, Etc.					
	RTD growth: RTD sales amount (1-2)	-	+9% (y-o-y)	-	+23% (y-o-y)	+74% (VS 2022)
	Increase production efficiency: ratio of in-house production (2)	-	*	73%	64%	88%
Overseas alcoholic beverages	Stone Acquisition Synergy / SPB Growth	1.45million cases	1.69million cases (y-o-y +17%)	6.61million cases	7.47million cases	10.0million cases
	Sapporo brand volume (3-1~3)					
	Cost synergy (3-1~3) ※1	-	*	-	\$4M	\$23M
Japan food & soft drinks	Cost Structure Reforms (5)	-	¥0.2billion	-	¥1.0billion	¥2.0billion
Overseas soft drinks	Expanding Sales and Increasing Logistics Efficiency					
	Overseas sales amount (6) ※2	-	+7% (y-o-y)	-	+3% (y-o-y)	+30% (VS 2022)
Real Estate	Revenue Structure Diversification					
	Asset share of securitization business (7)	-	*	3.7%	7.2%	19.2%
	Increase value of YGP* *YGP: Yebisu Garden Place	-	*	-	+0.4% (y-o-y)	+2.5% (VS 2022)
	Rate of increase in average rent price (8)					
Entire Group	Drastic Reorganization of Unprofitable Businesses, Etc. (9)	-	*	¥1.0billion (y-o-y)	¥0.5billion (y-o-y)	-

Appendix

Financial Indicator



	Financial Targets				medium-term plan Target
	Q1results		Full year		
	2022 Q1	2023 Q1	2022	2023 plan	2026 Target
ROE	-	-	3.3%	3.3%	8.0%
(Approximation) Core operating profit *	(6.4) billions of yen	(2.9) billions of yen	9.3 billions of yen	13.5 billions of yen	25.0 billions of yen
EBITDA Average growth rate (CAGR)		-		16.2%	About 10%
(Approximation) EBITDA *	(1.4) billions of yen	2.0 billions of yen	29.9 billions of yen	34.7 billions of yen	50.0 billions of yen
Overseas revenue Average growth rate (CAGR)		41.7%		9.4%	About 10%
(Approximation) Overseas revenue *	18.3 billions of yen	25.9 billions of yen	102.2 billions of yen	111.8 billions of yen	140.0 billions of yen

*Approximation for achieving financial targets

Financial Indicator



	Target for core operating profit margin				medium-term plan Target
	Q1results		Full year		
	2022 Q1	2023 Q1	2022	2023 plan	2026 Target
Alcoholic beverages in Japan	(6.2%)	(0.4%)	3.5%	5.0%	5.7%
Alcoholic beverages in Overseas	(1.0%)	(2.3%)	(0.4%)	0.6%	6.2%
Alcoholic beverages in Restaurants	(41.3%)	3.0%	(3.3%)	2.1%	5.0%
Food & Soft Drinks In Japan	(6.0%)	(3.4%)	0.9%	1.3%	3.8%
Food & Soft Drinks In Overseas	5.5%	5.6%	3.6%	4.2%	5.0%
Real Estate ※	0.6%	0.5%	4.9%	4.6%	5.7%

*EBITDA-based ROA

Balance Sheets

(billions of yen)



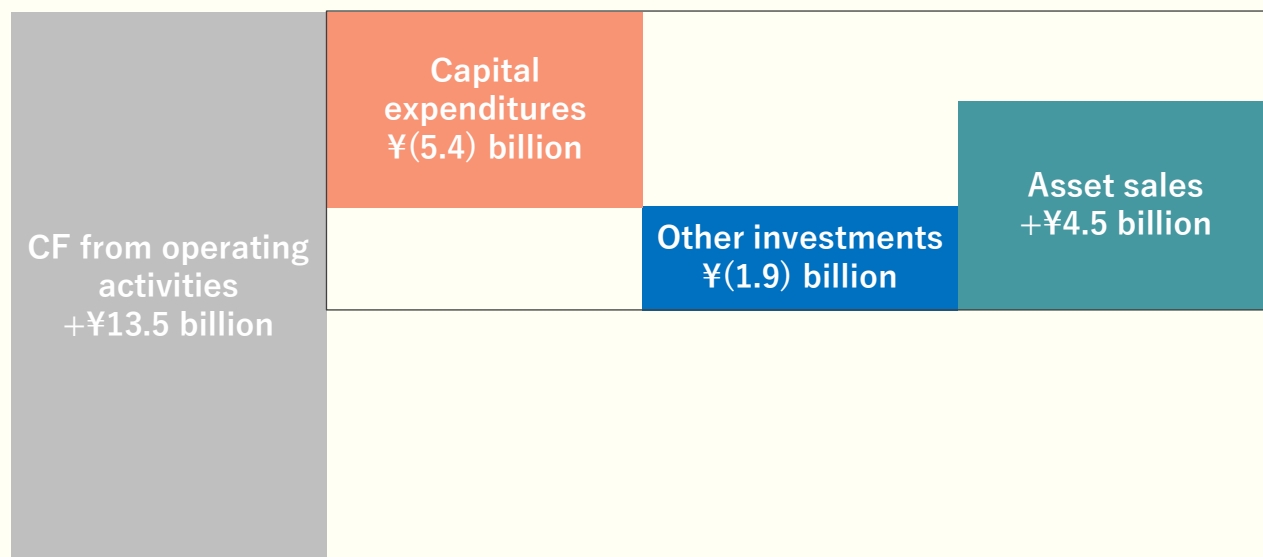
Total assets	End of 2022	2023 Q1	Change
Cash and cash equivalents	15.4	14.1	(1.3)
Trade receivables	96.6	73.6	(23.0)
Inventories	47.5	48.3	0.8
Other current assets	19.9	17.5	(2.4)
Fixed assets and intangible assets	138.4	140.2	1.7
Investment property	209.6	210.6	0.9
Goodwill	33.8	33.9	0.1
Other non-current assets	77.8	82.3	4.4
Total assets	639.1	620.5	(18.6)

Total liabilities and equity	End of 2022	2023 Q1	Change
Trade payables	35.7	32.0	(3.8)
Short-term financial liabilities	86.5	72.2	(14.3)
Other current liabilities	97.3	94.1	(3.2)
Long-term financial liabilities	155.4	160.9	5.5
Net defined benefit liabilities	3.5	3.4	(0.0)
Other non-current liabilities	93.6	95.0	1.4
Total liabilities	471.9	457.5	(14.4)
Equity attributable to owners of parent	166.3	162.1	(4.2)
Non-controlling interests	0.9	0.9	0.0
Total equity	167.2	163.0	(4.2)
Total liabilities and equity	639.1	620.5	(18.6)
Debt-to-equity ratio (times) :Net	1.4	1.3	—
Balance of financial liabilities	241.9	233.0	(8.8)

Status of Each Cash Flow



(billions of yen)	2022 Q1	2023 Q1	Change	Change (%)
CF from operating activities	(0.8)	13.5	14.3	—
CF from investing activities	(3.6)	(2.8)	0.8	—
Free CF	(4.4)	10.7	15.1	—
CF from financing activities	11.6	(13.3)	(24.9)	—



Cash in
¥13.5
billion

Cash out
¥(2.8)
billion

< **Investment total** (① + ② + ③) > **¥(2.8) billion**

① **Capital expenditure** (cash basis) : **¥(5.4) billion**
(Property, plant and equipment, intangible assets, investment property)

< **Major items** >

- Alcoholic Beverages : **¥(1.7)billion**
Japan : ¥(0.9)billion overseas : ¥(0.8)billion
- Food & Soft Drinks : **¥(0.4)billion**
Japan : ¥(0.4)billion
- Real Estate : **¥(2.7)billion**
Acquisition of investment property
- Group-wide : **¥(0.6)billion**

② **Other investments** : **¥(1.9) billion**
(Invest in property's equity etc.)

③ **Asset sales** : **¥4.5 億円billion**
(Redemption and sales of investment securities)

Alcoholic Beverages Data

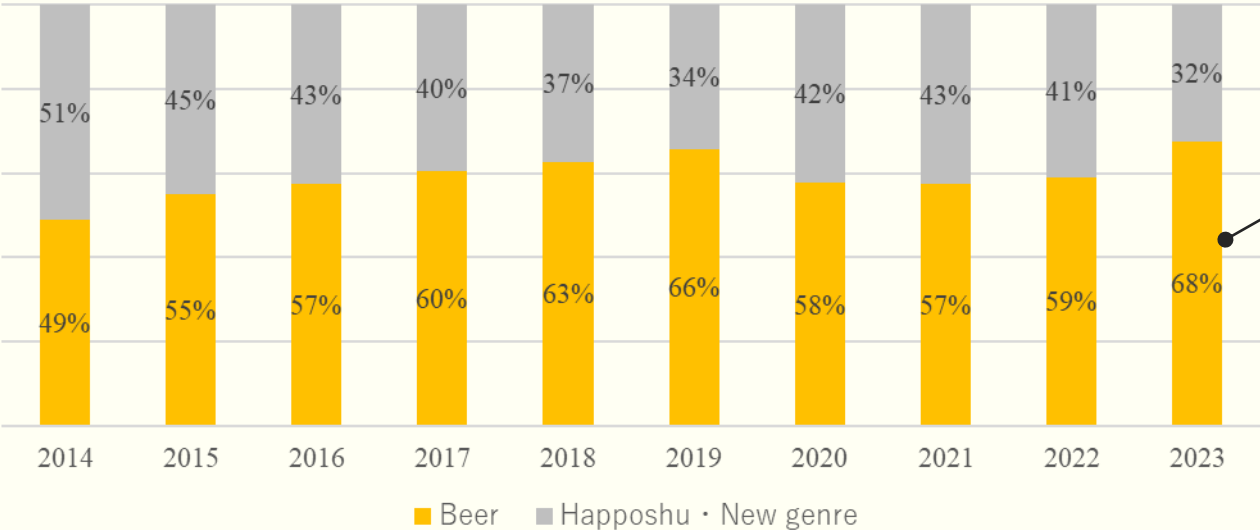


Japanese

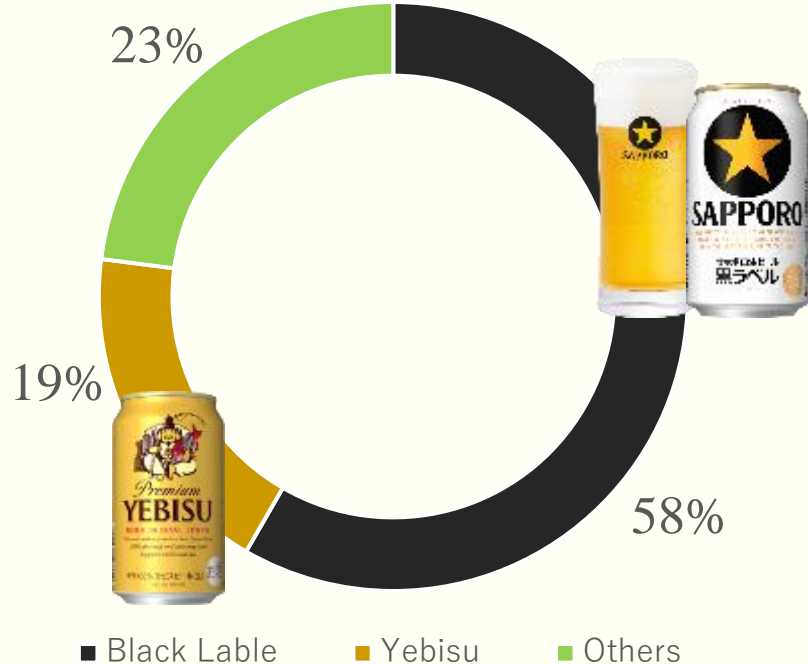
※1 : Following the agreement of the Brewers Association of Japan, there is no disclosure of the sales volume for the first quarter.
The sales volume for the first half and end of the fiscal year shall be disclosed. (10,000 cases)

Sales Volume:Beer (Japan) (※1)	2022Q1	2023Q1	YoY Change(%)
①Beer (total)	—	—	21.7%
Sapporo Draft Beer Black Label (total)	—	—	25.2%
YEBISU (total)	—	—	2.5%
②Happoshu (total)	—	—	(8.4%)
③New genre beer products (total)	—	—	(17.1%)
Beer, happoshu, and new genre (total ①+②+③)	—	—	6.1%

< 10-year change in composition ratio of beer,happoshu, and new genre >



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



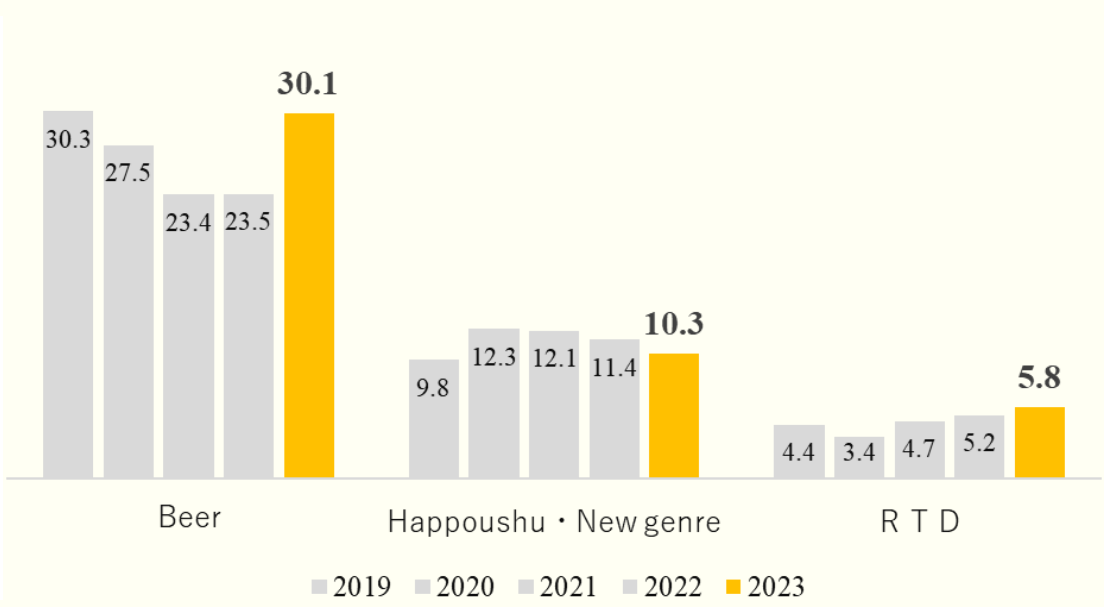
Alcoholic Beverages Data



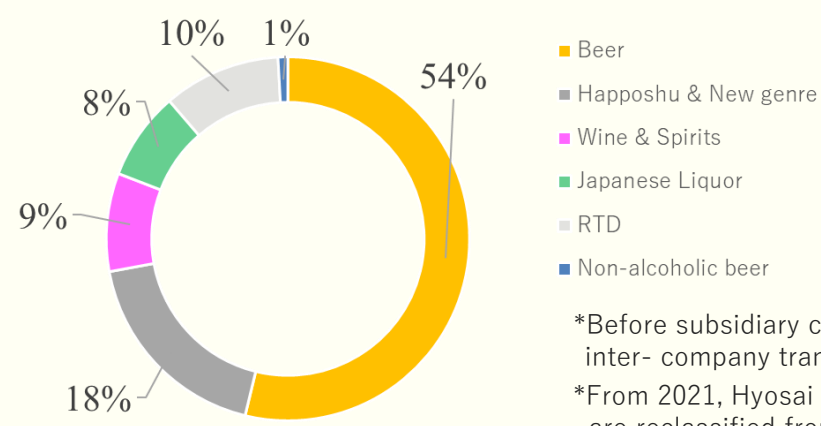
Japanese

	(billions of yen)		
Sales:Beer (Japan)	2022Q1	2023Q1	YoY Change(%)
Beer	23.5	30.1	28.4%
Happoshu	1.3	1.2	(2.1%)
New genre	10.2	9.0	(11.4%)
Beer, happoshu, and new genre	34.9	40.4	15.7%
RTD	5.2	5.8	12.3%
Domestic wines	0.8	0.8	7.5%
Imported wines	1.3	1.4	8.2%
Wine (total)	2.1	2.2	7.9%
Spirits and Shochu (total)	5.5	7.0	26.8%
Total	47.7	55.5	16.3%

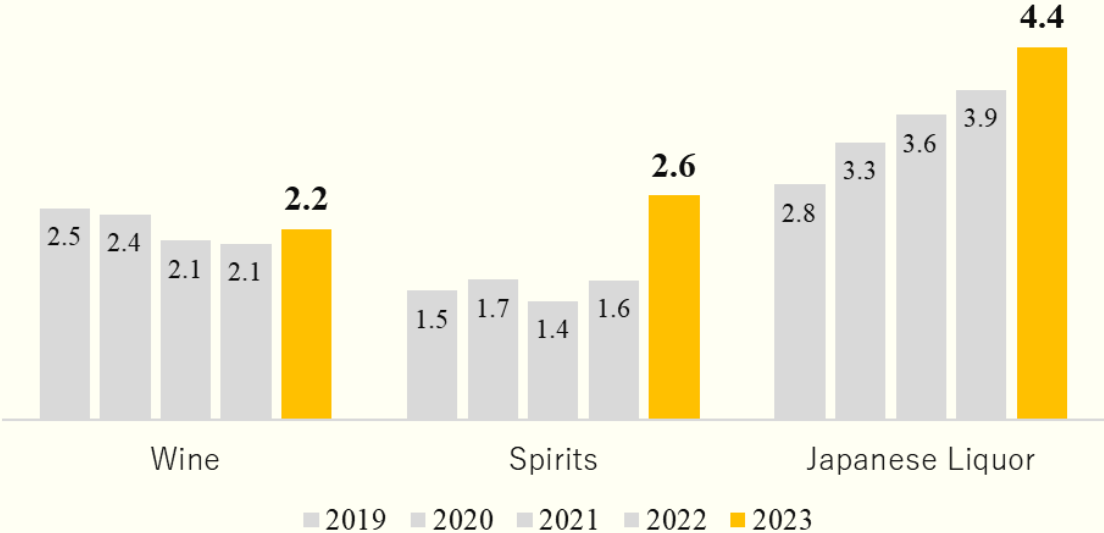
< Jan- Mar sales revenue > (billions of yen)



< Jan- Mar sales breakdown by category >



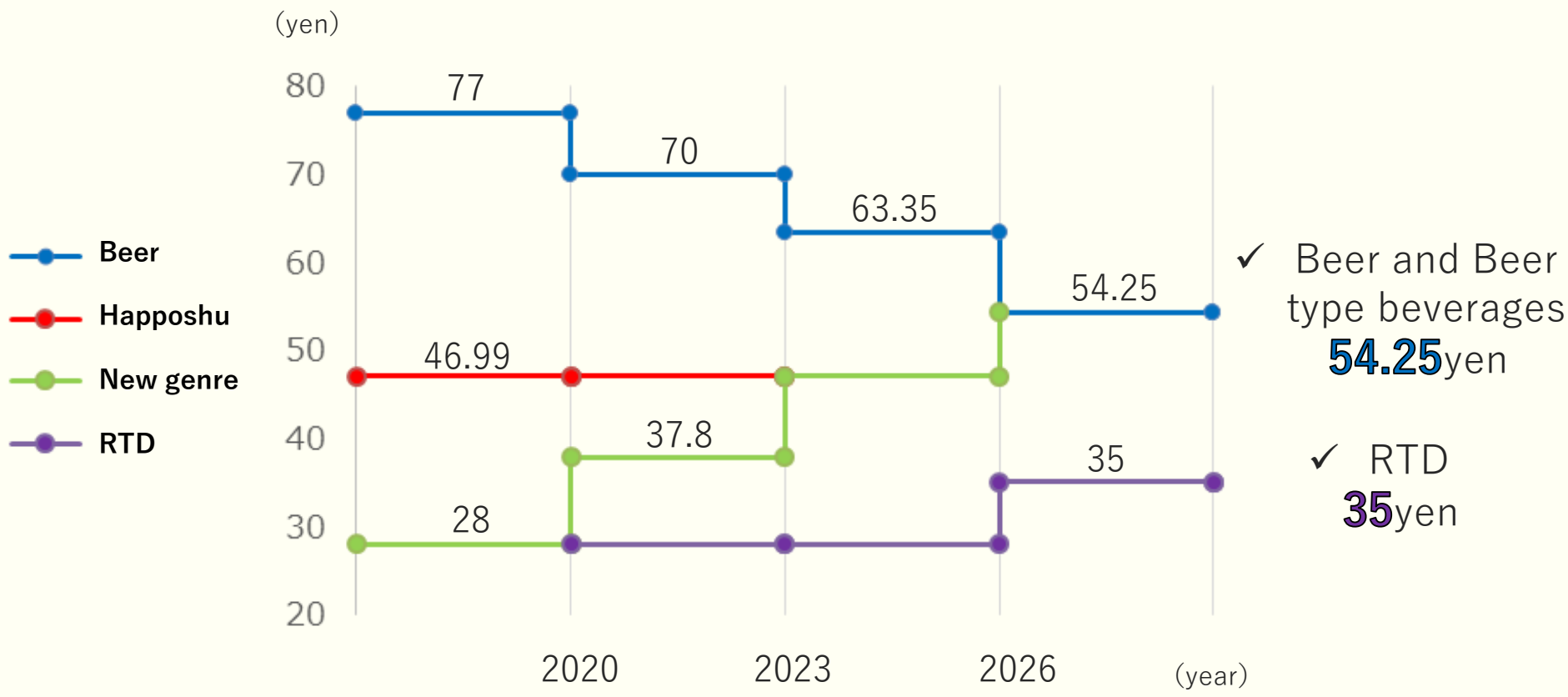
*Before subsidiary companies sales, elimination of inter- company transactions and rebate deduction
*From 2021, Hyosai Sour and 99.99 keg are reclassified from Spirits to RTD.





Japanese

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



Alcoholic Beverages Data



Overseas

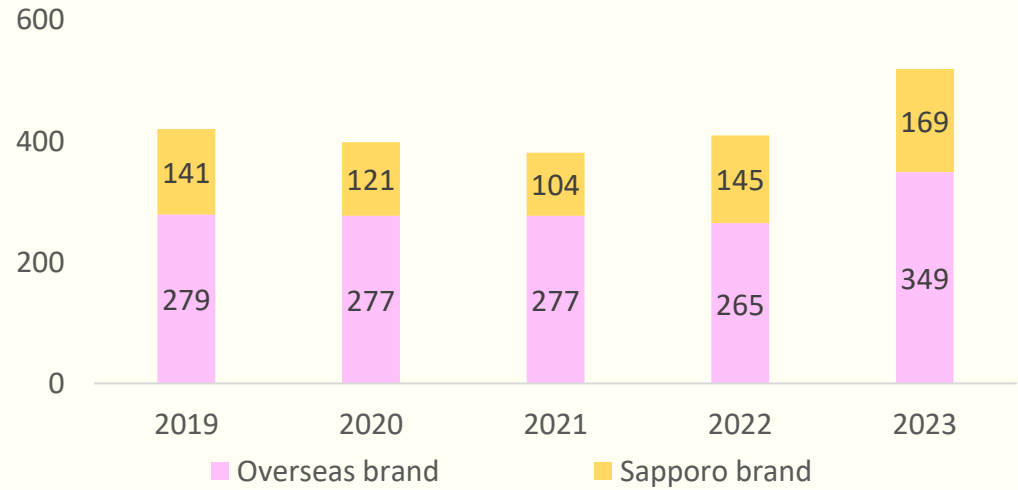
(10,000 cases)

Sales Volume:Beer (International)	2022Q1	2023Q1	YoY Change(%)
Overseas brand (※1)	265	349	31.8%
Sapporo brand	91	100	10.5%
①North America	355	449	26.4%
Sapporo brand	54	69	27.2%
②Other areas	54	69	27.2%
Total (①+②)	410	518	26.5%

※1 : SLEEMAN, Anchor, Stone, etc.

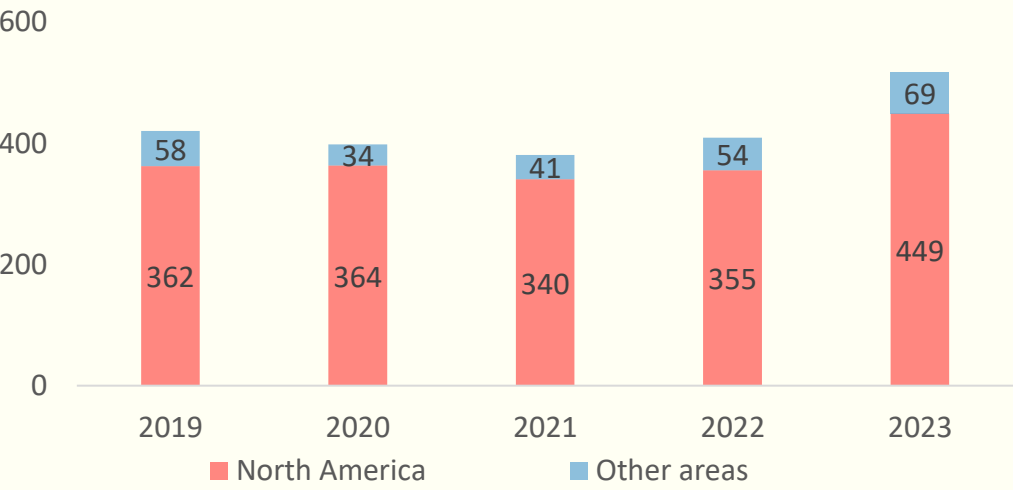
< Overseas sales volume by brand (Jan-Mar) >

(10,000 cases)



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

(10,000 cases)



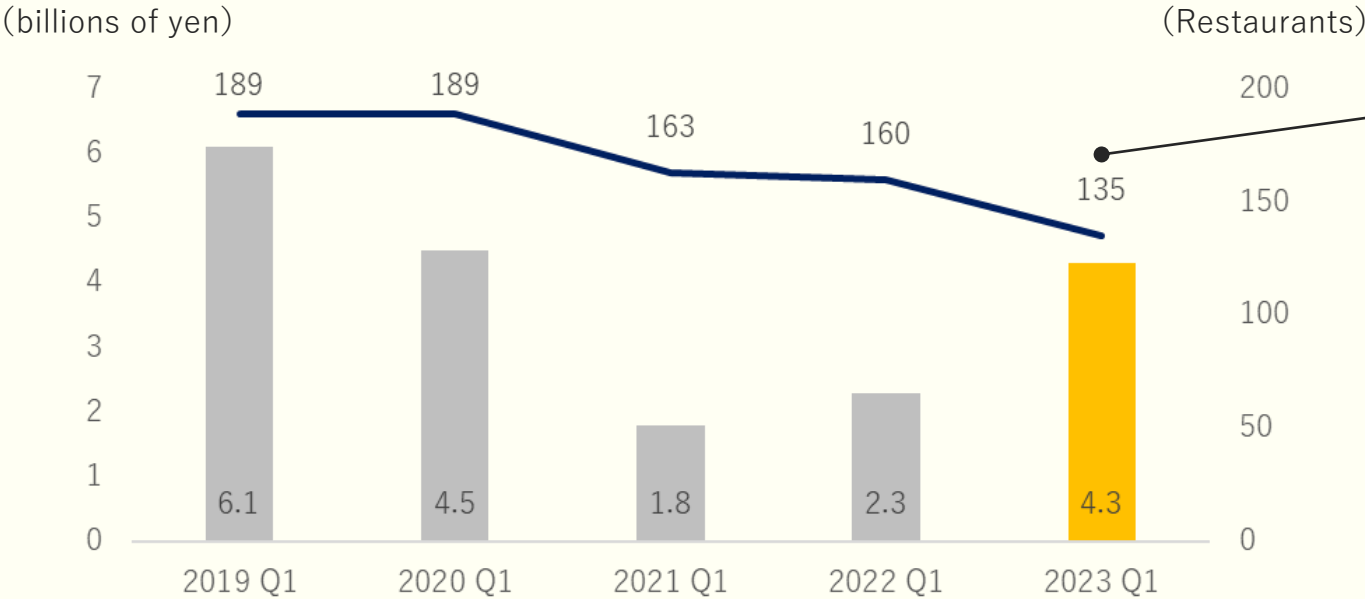
Alcoholic Beverages Data



Restaurants

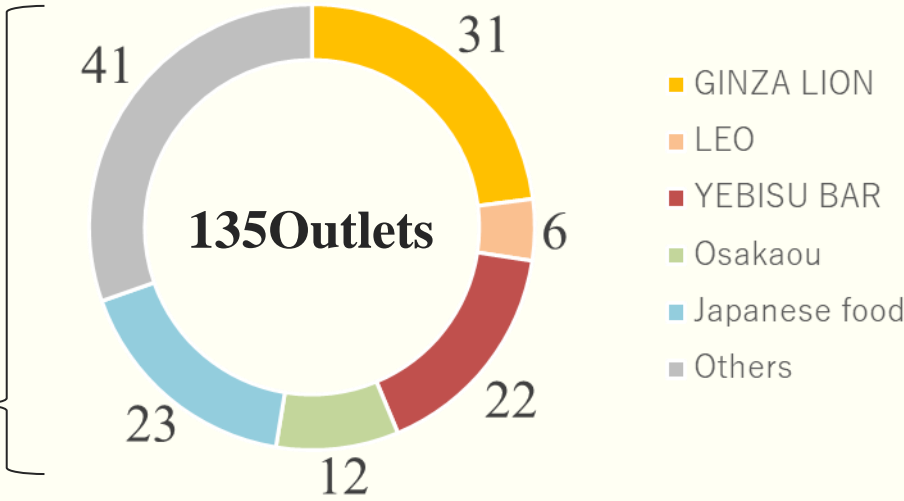
Restaurants	2022Q1	2023Q1	YoY Change(%)
Revenue (billions on yen)	2.3	4.3	83.4%
Number of Restaurants	160	135	(15.6%)

<Trend in Revenue of Restaurants Business and Number of Restaurants> (Jan-Mar)

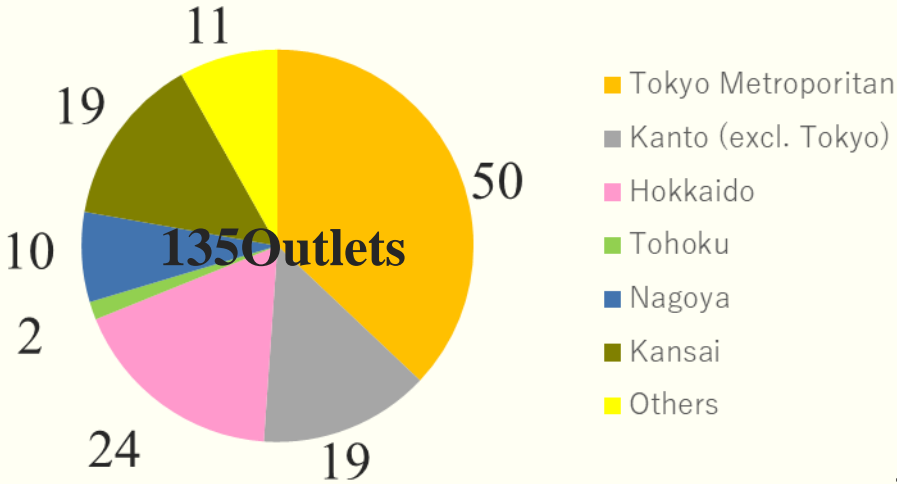


Bar graph: Trend in Restaurant business core operating profit
Line graph: Trend in number of Sapporo Lion Group restaurants

<Composition of Restaurants by Format>



<Composition of Restaurants by Region>



Food & Soft Drinks Data



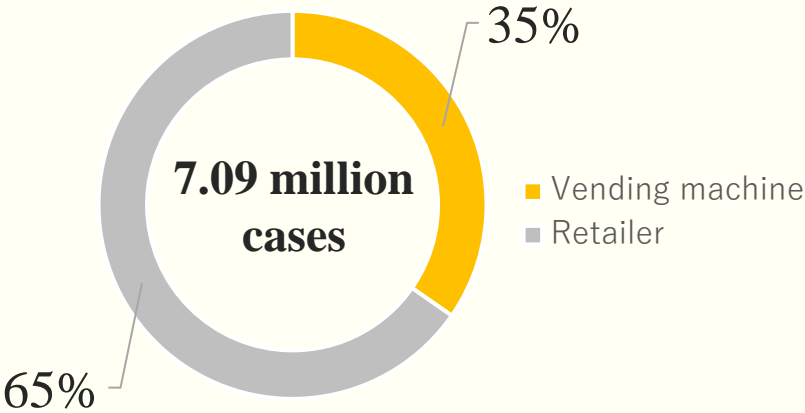
Japanese

(billions of yen)

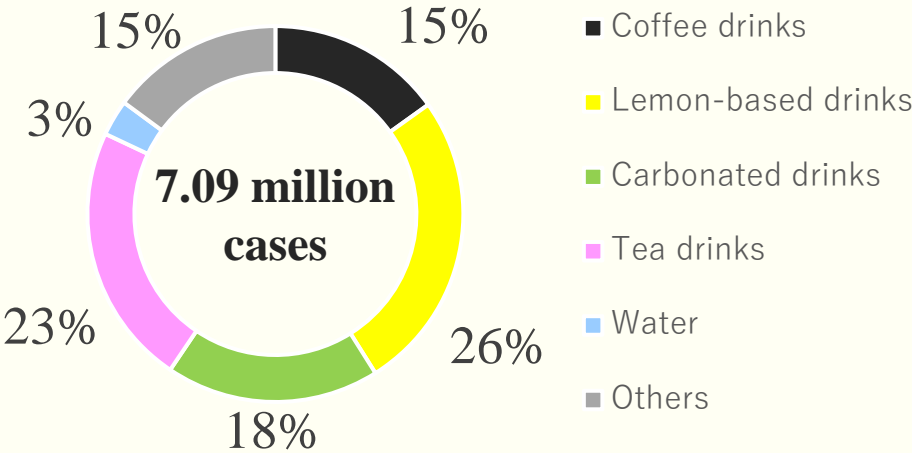
Sales:Food & Soft Drinks (Japan) (※1)	2022Q1	2023Q1	YoY Change(%)
Soft Drinks	12.4	12.1	(2.2%)
Food (Lemon・Soups・Plant milk)	7.4	7.4	(0.6%)

※1 : Only domestic sales(Before Rebate subtracted from sales)

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



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



Overseas

Sales:Food & Soft Drinks (Overseas) (※2)	2022Q1	2023Q1	YoY Change(%)
Singapore(billions of SGD)	3.7	3.8	2.7%
Malaysia(billions of MYR)	1.8	2.0	14.4%
International(billions of SGD)	1.3	1.4	7.0%

※2 : Before sales deduction, exclude OEM sales

Real Estate Data

Real Estate

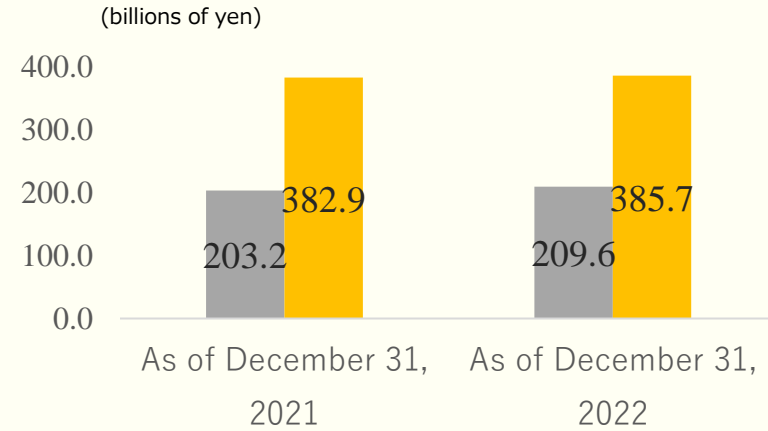
< Major rental properties & occupancy rates : (Averages for 2023 Q1)>

	Site area (㎡)	Floor area (㎡)	Occupancy rate (%)	No. of floors
Yebisu Garden Place ⁽¹⁾	56,943	298,007	77	40 floors above ground, 5 below
Ginza Place	645	7,350	90	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 >



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



(billions of yen)

< Core Operating profit >	2022 Q1	2023 Q1	Change
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Yebisu Garden Place, etc.	0.2	0.1	(0.1)
Other area & other operations	0.3	0.2	(0.0)
Hokkaido	(0.1)	(0.1)	0.0
Equity investment, etc	(0.3)	(0.3)	(0.0)
Total	0.1	(0.0)	(0.1)

(billions of yen)

< EBITDA >	2022 Q1	2023 Q1	Change
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Yebisu Garden Place, etc.	1.0	1.0	0.1
Other area & other operations	0.4	0.4	(0.0)
Hokkaido	0.1	0.1	(0.0)
Equity investment, etc	(0.1)	(0.2)	(0.1)
Total	1.4	1.3	(0.0)

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



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