



## **Year ended December 31, 2018**

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**February 13, 2019**

**SAPPORO HOLDINGS LTD.**

**Securities Code: 2501**

**URL <http://www.sapporoholdings.jp/english/>**

**Financial Highlights (2011-2019)**

**Consolidated Financial Highlights**

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

|   |   | 2011   | 2012   | 2013   | 2014   | 2015   |
|---|---|--------|--------|--------|--------|--------|
|   |   | J GAAP | J GAAP | J GAAP | J GAAP | J GAAP |
| Revenue   | Including liquor tax                                | 449.5  | 492.5  | 509.8  | 518.7  | 533.7  |
|   | Excluding liquor tax                                | 336.8  | 379.8  | 395.4  | 401.8  | 418.3  |
| Overseas revenue to total   | Excluding liquor tax                                | 11.0%  | 14.1%  | 18.3%  | 19.2%  | 22.6%  |
| Operating profit  | Before goodwill amortization                        | 22.0   | 18.3   | 19.3   | 18.5   | 18.1   |
|   | After goodwill amortization                         | 18.9   | 14.4   | 15.3   | 14.7   | 14.0   |
| Operating margin  | Including liquor tax / after goodwill amortization  | 4.2%   | 2.9%   | 3.0%   | 2.8%   | 2.6%   |
|   | Excluding liquor tax / before goodwill amortization | 6.5%   | 4.8%   | 4.9%   | 4.6%   | 4.3%   |
|   | Excluding liquor tax / after goodwill amortization  | 5.6%   | 3.8%   | 3.9%   | 3.7%   | 3.3%   |
| Ordinary income   |   | 16.8   | 13.7   | 15.1   | 14.6   | 13.2   |
| Profit attributable to owners of parent                                   |   | 3.2    | 5.4    | 9.5    | 0.3    | 6.1    |
| Total assets  |   | 550.8  | 597.6  | 616.8  | 625.4  | 620.4  |
| Total equity  |   | 124.8  | 134.9  | 155.4  | 160.0  | 163.8  |
| Balance of debt (*2)  | Gross   | 219.2  | 257.6  | 247.8  | 247.6  | 234.7  |
|   | Net   | 210.0  | 247.9  | 236.3  | 237.8  | 224.3  |
| Debt-to-equity ratio (times)  | Gross   | 1.8    | 1.9    | 1.6    | 1.5    | 1.4    |
|   | Net   | 1.7    | 1.8    | 1.5    | 1.5    | 1.4    |
| <For reference><br>Profit from operations before non-recurring items (*3) |   | 18.9   | 14.4   | 15.3   | 14.7   | 14.0   |
| Depreciation and amortization   |   | 24.5   | 25.8   | 25.1   | 24.5   | 24.2   |
| Amortization of goodwill  |   | 3.1    | 3.9    | 4.0    | 3.8    | 4.2    |
| EBITDA(*5)  |   | 46.5   | 44.1   | 44.4   | 43.0   | 42.3   |
| Capital expenditure   | Cash basis  | 13.4   | 53.9   | 13.8   | 19.1   | 20.3   |
| ROE (%)   | Before goodwill amortization                        | 10.2%  | 7.3%   | 9.5%   | 2.7%   | 6.5%   |
|   | After goodwill amortization                         | 5.1%   | 4.2%   | 6.7%   | 0.2%   | 3.9%   |
| EPS ( yen sen ) ( *4 )  | Before goodwill amortization                        | 16.03  | 23.68  | 34.40  | 10.53  | 131.71 |
|   | After goodwill amortization                         | 8.08   | 13.77  | 24.20  | 0.87   | 78.40  |
| Exchange rates (Yen) (*6)   | US\$  | 79.79  | 79.81  | 97.73  | 105.79 | 121.11 |
|   | CAN\$   | 80.74  | 79.83  | 94.81  | 95.74  | 94.82  |

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

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

All figures in this supplementary information are rounded to the nearest applicable unit.

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

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

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

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

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

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

## Major Sales and Sales Volume

### Alcoholic Beverage (Japan)

(10,000 cases)

|   | Fiscal 2017 | Fiscal 2018 | YoY  | Full-year estimate for fiscal 2019 | YoY  |
|---|-------------|-------------|------|------------------------------------|------|
| Sapporo Draft Beer Black Label (total)      | 1,701       | 1,687       | 99%  | 1,760                              | 104% |
| YEBISU (total)                              | 961         | 857         | 89%  | 870                                | 102% |
| 1 Beer (total)                              | 3,102       | 2,991       | 96%  | 3,100                              | 104% |
| 2 Happoshu (total)                          | 335         | 257         | 77%  | 200                                | 78%  |
| 3 New genre beer products (total)           | 1,422       | 1,217       | 86%  | 1,150                              | 95%  |
| Beer, happoshu, and new genre (total 1+2+3) | 4,859       | 4,466       | 92%  | 4,450                              | 100% |
| Non-alcoholic beer taste beverage           | 70          | 93          | 132% | 85                                 | 92%  |

(billions of yen)

|                                 | Fiscal 2017 | Fiscal 2018 | YoY  | Full-year estimate for fiscal 2019 | YoY  |
|---------------------------------|-------------|-------------|------|------------------------------------|------|
| Domestic wines                  | 5.1         | 4.7         | 92%  | 5.3                                | 115% |
| Imported wines                  | 8.5         | 8.2         | 97%  | 9.3                                | 113% |
| Wine (total)                    | 13.6        | 12.9        | 95%  | 14.7                               | 114% |
| RTD, Spirits and Shochu (total) | 31.2        | 35.3        | 113% | 41.2                               | 117% |
| Subtotal                        | 44.9        | 48.3        | 108% | 55.9                               | 116% |
| Rebate subtracted from sales    | (7.2)       | (8.5)       | -    | -                                  | -    |
| Total                           | 37.7        | 39.8        | 105% | -                                  | -    |

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

### Beer (International)

(10,000 cases)

|  | Fiscal 2017 | Fiscal 2018 | YoY  | Full-year estimate for fiscal 2019 | YoY  |
|--|-------------|-------------|------|------------------------------------|------|
| Overseas brand (SLEEMAN, Anchor, etc.) | 1,300       | 1,368       | 105% | 1,398                              | 102% |
| Sapporo brand                          | 643         | 628         | 98%  | 711                                | 113% |

### Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(10,000 cases)

|                 | Fiscal 2017 | Fiscal 2018 | YoY | Full-year estimate for fiscal 2019 | YoY  |
|-----------------|-------------|-------------|-----|------------------------------------|------|
| Soft Drinks(*1) | 4,551       | 4,370       | 96% | 4,450                              | 102% |

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

## Consolidated Results (Year ended December 31, 2018)

### Condensed Consolidated Statements of Income

(billions of yen)

|  | Year ended<br>December 31,<br>2017<br>IFRS | Year ended<br>December 31,<br>2018<br>IFRS | Change        | Change (%)     |
|--|--|--|---------------|----------------|
| Japanese Alcoholic Beverages (*2)  | 261.5                                      | 250.9                                      | (10.6)        | (4.1)%         |
| International Business (*2)  | 78.6                                       | 79.5                                       | 0.9           | 1.1%           |
| Food & Soft Drinks   | 132.1                                      | 127.2                                      | (4.9)         | (3.7)%         |
| Restaurants  | 28.6                                       | 27.6                                       | (1.1)         | (3.7)%         |
| Real Estate  | 23.9                                       | 24.5                                       | 0.6           | 2.5%           |
| Other  | 11.8                                       | 12.2                                       | 0.4           | 3.0%           |
| <b>Revenue</b>   | <b>536.6</b>                               | <b>521.9</b>                               | <b>(14.7)</b> | <b>(2.7)%</b>  |
| Japanese Alcoholic Beverages (*2)  | 10.0                                       | 6.7  | (3.3)         | (33.1)%        |
| International Business (*2)  | (2.7)                                      | (3.4)                                      | (0.7)         | -              |
| Food & Soft Drinks   | 2.4  | 2.0  | (0.4)         | (16.6)%        |
| Restaurants  | (0.5)                                      | (0.2)                                      | 0.3           | -              |
| Real Estate  | 10.3                                       | 12.0                                       | 1.8           | 17.3%          |
| Other  | (0.1)                                      | 0.1  | 0.2           | -              |
| General corporate and<br>intercompany eliminations                       | (6.6)                                      | (6.5)                                      | 0.1           | -              |
| <b>Operating profit</b>  | <b>12.8</b>                                | <b>10.8</b>                                | <b>(2.0)</b>  | <b>(15.4)%</b> |
| Financial income (expense) /<br>Foreign exchange gains (losses)          | (1.3)                                      | (1.4)                                      | (0.1)         | -              |
| Equity in net income (loss) of affiliates                                | 0.0  | 0.0  | (0.0)         | (1.3)%         |
| <b>Profit before tax</b>   | <b>11.5</b>                                | <b>9.5</b>                                 | <b>(2.0)</b>  | <b>(17.7)%</b> |
| Income taxes   | 5.2  | 1.8  | (3.4)         | (65.7)%        |
| Profit (loss) attributable to non-controlling interest                   | (0.8)                                      | (0.8)                                      | (0.0)         | -              |
| <b>Profit attributable to owners of parent</b>                           | <b>7.2</b>                                 | <b>8.5</b>                                 | <b>1.3</b>    | <b>18.6%</b>   |
| <For reference><br>Profit from operations before non-recurring items(*3) | 17.4                                       | 14.4                                       | (3.0)         | (17.4)%        |
| EBITDA (*4)  | 44.5                                       | 40.4                                       | (4.1)         | (9.2)%         |

### Condensed Consolidated Statements of Cash Flows

|                                      | Year ended<br>December 31, 2017 | Year ended<br>December 31, 2018 | Change | Change (%) |
|--------------------------------------|---------------------------------|---------------------------------|--------|------------|
| Cash flows from operating activities | 33.8                            | 30.8                            | (3.0)  | (8.8)%     |
| Cash flows from investing activities | (17.9)                          | (18.7)                          | (0.9)  | -          |
| Free Cash flows                      | 15.9                            | 12.1                            | (3.8)  | (24.0)%    |
| Cash flows from financial activities | (13.9)                          | (14.5)                          | (0.6)  | -          |

\*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018. The data of the fiscal 2017 is also presented based on IFRS for comparison.  
All figures in this supplementary information are rounded to the nearest applicable unit.

\*2: The export business of Sapporo International Inc. has been transferred to Sapporo Breweries Ltd. effective January 1, 2018. Accordingly, the business was previously included in the International Business segment, but has been included in the Japanese Alcoholic Beverages segment.  
The consolidated financial statements for fiscal 2017 have been adjusted retroactively to reflect these changes.  
(Revenue: 2.6 billion yen, Operating profit: 0.4 billion yen)

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

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

### Sales Breakdown for Japanese Alcoholic Beverages

#### Sales (including liquor tax)

(billions of yen)

|                              | Year ended<br>December 31, 2017 | Year ended<br>December 31, 2018 | Change        | Change (%)    |
|------------------------------|---------------------------------|---------------------------------|---------------|---------------|
| Beer                         | 171.0                           | 165.8                           | (5.2)         | (3.0)%        |
| Happoshu                     | 12.8                            | 9.9                             | (2.9)         | (22.7)%       |
| New genre                    | 46.7                            | 40.2                            | (6.6)         | (14.0)%       |
| Subtotal                     | 230.5                           | 215.9                           | (14.6)        | (6.3)%        |
| Rebate subtracted from sales | (12.7)                          | (12.3)                          | 0.4           | -             |
| <b>Total</b>                 | <b>217.8</b>                    | <b>203.6</b>                    | <b>(14.3)</b> | <b>(6.5)%</b> |

#### Sales (excluding liquor tax)

(billions of yen)

|                              | Year ended<br>December 31, 2017 | Year ended<br>December 31, 2018 | Change       | Change (%)    |
|------------------------------|---------------------------------|---------------------------------|--------------|---------------|
| Beer                         | 84.6                            | 82.5                            | (2.1)        | (2.5)%        |
| Happoshu                     | 7.1                             | 5.5                             | (1.6)        | (22.4)%       |
| New genre                    | 32.3                            | 27.8                            | (4.5)        | (13.9)%       |
| Subtotal                     | 124.1                           | 115.9                           | (8.2)        | (6.6)%        |
| Rebate subtracted from sales | (12.7)                          | (12.3)                          | 0.4          | -             |
| <b>Total</b>                 | <b>111.3</b>                    | <b>103.6</b>                    | <b>(7.8)</b> | <b>(7.0)%</b> |

**Consolidated Results (Year ended December 31, 2018)**

**Breakdown of key income Changes**

(billions of yen)

|  | Change factor   | Year ended        | Year ended        | Change       | Details   |
|--|---|-------------------|-------------------|--------------|---|
|  |   | December 31, 2017 | December 31, 2018 |              |   |
|  |   | IFRS              | IFRS              |              |   |
| Beer and related products  |   | 5.5               | 3.1               | (2.4)        |   |
| Marginal profit  | Subtotal  |                   |                   | (2.4)        |   |
|  | Increase (decrease) in volume / Product mix                     |                   |                   | (3.7)        | Beer -1.9<br>Happoshu -1.0<br>New genre -2.4<br>Product mix +1.5                        |
|  | Other   |                   |                   | 1.3          | Non-Alcoholic Beer, RTD, Production costs, other factors                                |
| Fixed costs and other  | Subtotal  |                   |                   | 0.1          |   |
|  | Sales promotion costs   |                   |                   | (0.1)        | Sales commissions   |
|  | Facility cost   |                   |                   | 0.0          | Depreciation and amortization, other factors  |
|  | Other   |                   |                   | 0.2          | Personnel expenses,<br>General and administrative expenses                              |
| Wine and spirits   |   | 3.6               | 2.9               | (0.7)        |   |
| Other  |   | 1.3               | 1.0               | (0.3)        |   |
| Adjustment of difference between J GAAP and IFRS                                     |   | (0.3)             | (0.3)             | 0.0          | Non-recurring items   |
| <b>Japanese Alcoholic Beverages (*2)</b>   |   | <b>10.0</b>       | <b>6.7</b>        | <b>(3.3)</b> |   |
| North America and other  |   | 1.2               | 0.8               | (0.4)        |   |
|  | Increase (decrease) in volume / Product mix                     |                   |                   | (0.3)        | Decrease in volume, Production costs  |
|  | Marketing costs   |                   |                   | 0.2          | SLEEMAN BREWERIES LTD., SAPPORO USA, INC.   |
|  | Other   |                   |                   | (0.3)        | Personnel expenses, General and administrative expenses,<br>ANCHOR BREWING COMPANY, LLC |
| Vietnam  |   | (1.3)             | 0.1               | 1.4          |   |
|  | Increase (decrease) in volume / Product mix                     |                   |                   | 0.9          |   |
|  | Marketing costs   |                   |                   | 0.5          |   |
|  | Other   |                   |                   | (0.0)        |   |
| Adjustment of difference between J GAAP and IFRS                                     |   | (2.6)             | (4.3)             | (1.7)        | Non-recurring items   |
| <b>International (*2)</b>  |   | <b>(2.7)</b>      | <b>(3.4)</b>      | <b>(0.7)</b> |   |
| Japanese Food & Soft Drinks  |   | 2.4               | 1.3               | (1.2)        |   |
|  | Increase (decrease) in volume / Product mix                     |                   |                   | (2.1)        | Decrease in volume  |
|  | Production costs  |                   |                   | 0.4          |   |
|  | Marketing costs   |                   |                   | 0.5          | Sales commissions   |
|  | Fixed costs and other   |                   |                   | 0.5          | Logistics costs, Personnel expenses, General and administrative expenses<br>etc.        |
|  | Other   | 0.3               | 0.2               | (0.1)        | Vending machine operators, and other  |
| Adjustment of difference between J GAAP and IFRS                                     |   | (0.4)             | 0.5               | 1.0          | Overseas Soft Drinks/ Domestic coffee shop chain  |
| <b>Food &amp; Soft Drinks</b>  |   | <b>2.4</b>        | <b>2.0</b>        | <b>(0.4)</b> |   |
|  | Existing stores   |                   |                   | (0.3)        |   |
|  | New stores / Refurbished stores                                 |                   |                   | 0.1          |   |
|  | Other   |                   |                   | 0.4          |   |
| Adjustment of difference between J GAAP and IFRS                                     |   | (0.7)             | (0.6)             | 0.1          | Non-recurring items   |
| <b>Restaurants</b>   |   | <b>(0.5)</b>      | <b>(0.2)</b>      | <b>0.3</b>   |   |
|  | Rent  |                   |                   | 0.5          |   |
|  | Sales/ Other factors  |                   |                   | (0.1)        |   |
| Adjustment of difference between J GAAP and IFRS                                     |   | (0.4)             | 0.9               | 1.3          | Non-recurring items   |
| <b>Real Estate</b>   |   | <b>10.3</b>       | <b>12.0</b>       | <b>1.8</b>   |   |
|  | Logistics business  |                   |                   | 0.0          |   |
|  | Other   |                   |                   | 0.0          |   |
| Adjustment of difference between J GAAP and IFRS                                     |   | (0.2)             | (0.0)             | 0.1          | Non-recurring items   |
| <b>Other</b>   |   | <b>(0.1)</b>      | <b>0.1</b>        | <b>0.2</b>   |   |
|  | General corporate   |                   |                   | (0.1)        |   |
| Adjustment of difference between J GAAP and IFRS                                     |   | (0.1)             | 0.1               | 0.2          | Non-recurring items   |
| <b>General corporate and intercompany eliminations</b>                               |   | <b>(6.6)</b>      | <b>(6.5)</b>      | <b>0.1</b>   |   |
| <b>Operating profit</b>  |   | <b>12.8</b>       | <b>10.8</b>       | <b>(2.0)</b> |   |
|  | Financial income (expense) /<br>Foreign exchange gains (losses) | (1.3)             | (1.4)             | (0.1)        |   |
|  | Equity in income (losses) of affiliates                         | 0.0               | 0.0               | (0.0)        |   |
| <b>Profit before tax</b>   |   | <b>11.5</b>       | <b>9.5</b>        | <b>(2.0)</b> |   |
| <b>Corporate tax, etc. / Profit (loss) attributable to non-controlling interests</b> |   | <b>(4.4)</b>      | <b>(1.0)</b>      | <b>3.4</b>   |   |
| <b>Profit attributable to owners of parent</b>                                       |   | <b>7.2</b>        | <b>8.5</b>        | <b>1.3</b>   |   |

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\*2: The export business of Sapporo International Inc. has been transferred to Sapporo Breweries Ltd. effective January 1, 2018. Accordingly, the business was previously included in the International Business segment, but has been included in the Japanese Alcoholic Beverages segment. The consolidated financial statements for fiscal 2017 have been adjusted retroactively to reflect these changes. (Revenue: 2.6 billion yen, Operating profit: 0.4 billion yen)

|           | Year ended        | Year ended        |
|-----------|-------------------|-------------------|
|           | December 31, 2017 | December 31, 2018 |
| Yen/US\$  | 112.17            | 110.45            |
| Yen/CAN\$ | 86.47             | 85.23             |
| Yen/EUR   | 126.70            | 130.35            |

## Consolidated Results (Year ended December 31, 2018)

### Segment Information

(billions of yen)

| Year ended December 31, 2017<br>IFRS                                      | Japanese<br>Alcoholic<br>Beverages | International | Food & Soft<br>Drinks | Restaurants | Real Estate | Other | Corporate<br>and<br>eliminations | Consolidated<br>total |
|---|------------------------------------|---------------|-----------------------|-------------|-------------|-------|----------------------------------|-----------------------|
| Revenue   | 261.5                              | 78.6          | 132.1                 | 28.6        | 23.9        | 11.8  | -                                | 536.6                 |
| Operating profit  | 10.0                               | (2.7)         | 2.4                   | (0.5)       | 10.3        | (0.1) | (6.6)                            | 12.8                  |
| Sales promotion costs   |                                    |               |                       |             |             |       |                                  |                       |
| Sales incentives and commissions  | 4.9                                | 0.1           | 10.4                  | 0.0         | 0.0         | 0.1   | (0.0)                            | 15.5                  |
| Advertising and promotion expenses  | 13.7                               | 0.9           | 3.3                   | 0.6         | 0.6         | 0.0   | (0.0)                            | 19.2                  |
| Promotion items   | 4.4                                | 3.3           | 0.1                   | 0.0         | 0.0         | 0.0   | (0.1)                            | 7.6                   |
| <For reference><br>Profit from operations before non-recurring items (*3) | 10.3                               | (0.1)         | 2.9                   | 0.2         | 10.7        | 0.0   | (6.5)                            | 17.4                  |
| Depreciation and amortization   | 9.3                                | 3.9           | 6.0                   | 0.8         | 5.1         | 0.1   | 2.0                              | 27.0                  |
| EBITDA (*4)   | 19.6                               | 3.8           | 8.8                   | 0.9         | 15.7        | 0.1   | (4.5)                            | 44.5                  |
| Capital expenditures (cash basis)   | 2.7                                | 3.7           | 2.7                   | 1.0         | 2.7         | 0.2   | 2.2                              | 15.3                  |
| Payment of lease obligations  | 0.4                                | 0.4           | 4.0                   | 1.9         | 0.2         | 0.0   | (0.2)                            | 6.7                   |

| Year ended December 31, 2018<br>IFRS                                      | Japanese<br>Alcoholic<br>Beverages | International | Food & Soft<br>Drinks | Restaurants | Real Estate | Other | Corporate<br>and<br>eliminations | Consolidated<br>total |
|---|------------------------------------|---------------|-----------------------|-------------|-------------|-------|----------------------------------|-----------------------|
| Revenue   | 250.9                              | 79.5          | 127.2                 | 27.6        | 24.5        | 12.2  | -                                | 521.9                 |
| Operating profit  | 6.7                                | (3.4)         | 2.0                   | (0.2)       | 12.0        | 0.1   | (6.5)                            | 10.8                  |
| Sales promotion costs   |                                    |               |                       |             |             |       |                                  |                       |
| Sales incentives and commissions  | 4.5                                | 0.1           | 10.2                  | 0.0         | 0.0         | 0.1   | (0.1)                            | 14.9                  |
| Advertising and promotion expenses  | 13.2                               | 0.9           | 3.1                   | 0.8         | 0.5         | 0.0   | 0.0                              | 18.6                  |
| Promotion items   | 4.1                                | 2.9           | 0.1                   | 0.0         | 0.0         | 0.0   | (0.1)                            | 7.1                   |
| <For reference><br>Profit from operations before non-recurring items (*3) | 7.0                                | 0.9           | 1.5                   | 0.4         | 11.1        | 0.1   | (6.6)                            | 14.4                  |
| Depreciation and amortization   | 8.8                                | 3.8           | 5.7                   | 0.7         | 5.2         | 0.1   | 1.7                              | 26.0                  |
| EBITDA (*4)   | 15.8                               | 4.7           | 7.2                   | 1.0         | 16.3        | 0.2   | (4.9)                            | 40.4                  |
| Capital expenditures (cash basis)   | 5.0                                | 3.6           | 4.0                   | 0.7         | 7.3         | 0.2   | 2.2                              | 23.0                  |
| Payment of lease obligations  | 0.5                                | 0.6           | 4.0                   | 2.0         | 0.2         | 0.0   | (0.3)                            | 7.0                   |

| Change  | Japanese<br>Alcoholic<br>Beverages | International | Food & Soft<br>Drinks | Restaurants | Real Estate | Other | Corporate<br>and<br>eliminations | Consolidated<br>total |
|---|------------------------------------|---------------|-----------------------|-------------|-------------|-------|----------------------------------|-----------------------|
| Revenue   | (10.6)                             | 0.9           | (4.9)                 | (1.1)       | 0.6         | 0.4   | -                                | (14.7)                |
| Operating profit  | (3.3)                              | (0.7)         | (0.4)                 | 0.3         | 1.8         | 0.2   | 0.1                              | (2.0)                 |
| Sales promotion costs   |                                    |               |                       |             |             |       |                                  |                       |
| Sales incentives and commissions  | (0.4)                              | 0.0           | (0.2)                 | 0.0         | 0.0         | 0.0   | 0.0                              | (0.5)                 |
| Advertising and promotion expenses  | (0.5)                              | 0.0           | (0.2)                 | 0.2         | (0.1)       | 0.0   | 0.0                              | (0.6)                 |
| Promotion items   | (0.2)                              | (0.3)         | 0.0                   | 0.0         | 0.0         | 0.0   | 0.0                              | (0.5)                 |
| <For reference><br>Profit from operations before non-recurring items (*3) | (3.4)                              | 1.0           | (1.4)                 | 0.2         | 0.5         | 0.1   | (0.1)                            | (3.0)                 |
| Depreciation and amortization   | (0.4)                              | (0.1)         | (0.3)                 | (0.1)       | 0.1         | (0.0) | (0.3)                            | (1.1)                 |
| EBITDA (*4)   | (3.8)                              | 1.0           | (1.6)                 | 0.1         | 0.6         | 0.1   | (0.4)                            | (4.1)                 |
| Capital expenditures (cash basis)   | 2.2                                | (0.1)         | 1.3                   | (0.3)       | 4.7         | 0.0   | (0.0)                            | 7.8                   |
| Payment of lease obligations  | 0.0                                | 0.2           | (0.0)                 | 0.1         | 0.0         | (0.0) | (0.0)                            | 0.4                   |

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

\*2: The export business of Sapporo International Inc. has been transferred to Sapporo Breweries Ltd. effective January 1, 2018. Accordingly, the business was previously included in the International Business segment, but has been included in the Japanese Alcoholic Beverages segment. The consolidated financial statements for fiscal 2017 have been adjusted retroactively to reflect these changes. (Revenue: 2.6 billion yen, Operating profit: 0.4 billion yen)

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

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

## Consolidated Results (Year ended December 31, 2018)

### Condensed Consolidated Balance Sheets

(billions of yen)

|  | December 31, 2017<br>IFRS | December 31, 2018<br>IFRS | Change | Primary Reasons  |
|--|---------------------------|---------------------------|--------|--|
| <b>Current assets</b>                            | 164.8                     | 153.5                     | (11.2) |  |
| Cash and cash equivalents                        | 12.5                      | 10.0                      | (2.5)  |  |
| Trade and other receivables                      | 98.3                      | 93.3                      | (5.0)  |  |
| Inventories                                      | 37.9                      | 37.1                      | (0.8)  |  |
| Other  | 16.0                      | 13.1                      | (2.9)  |  |
| <b>Non-current assets</b>                        | 500.0                     | 486.1                     | (13.8) |  |
| Fixed assets                                     | 164.7                     | 164.7                     | 0.1    |  |
| Investment property                              | 219.7                     | 215.5                     | (4.1)  |  |
| Goodwill   | 24.9                      | 21.2                      | (3.7)  | Impairment loss of Anchor Brewing Company, LLC                 |
| Other  | 90.7                      | 84.7                      | (6.0)  | Decrease in Investment securities                              |
| <b>Total assets</b>                              | 664.7                     | 639.7                     | (25.0) |  |
| <b>Current liabilities</b>                       | 228.8                     | 214.6                     | (14.2) |  |
| Trade and other payables                         | 36.5                      | 35.3                      | (1.2)  |  |
| Short-term financial liabilities                 | 80.7                      | 73.9                      | (6.9)  | Decrease in current portion of long-term borrowings            |
| Other  | 111.6                     | 105.4                     | (6.2)  | Decrease in liquor taxes payable and decrease in corporate tax |
| <b>Non-current liabilities</b>                   | 260.2                     | 260.4                     | 0.2    |  |
| Long-term financial liabilities                  | 153.2                     | 154.5                     | 1.3    |  |
| Net defined benefit liability                    | 6.3                       | 11.7                      | 5.4    |  |
| Other  | 100.7                     | 94.2                      | (6.6)  |  |
| <b>Total liabilities</b>                         | 489.0                     | 475.0                     | (14.1) |  |
| Equity attributable to owners of parent          | 172.1                     | 161.5                     | (10.6) | Decrease in valuation difference on marketable securities      |
| Equity attributable to non-controlling interests | 3.7                       | 3.2                       | (0.4)  |  |
| <b>Total equity</b>                              | 175.7                     | 164.7                     | (11.0) |  |
| <b>Total liabilities and equity</b>              | 664.7                     | 639.7                     | (25.0) |  |

### Financial Liabilities by segment

(billions of yen)

|                              | December 31, 2017<br>IFRS | December 31, 2018<br>IFRS | Change | Primary Reasons |
|------------------------------|---------------------------|---------------------------|--------|-----------------|
| Japanese Alcoholic Beverages | 30.2                      | 33.9                      | 3.8    |                 |
| International                | 29.3                      | 27.9                      | (1.4)  |                 |
| Food & Soft Drinks           | 5.9                       | 8.3                       | 2.4    |                 |
| Restaurants                  | 0.3                       | 0.2                       | (0.1)  |                 |
| Real Estate                  | 130.0                     | 130.0                     | 0.0    |                 |
| Other                        | 3.0                       | 3.5                       | 0.5    |                 |
| Corporate and eliminations   | 35.1                      | 24.5                      | (10.7) |                 |
| <b>Total</b>                 | 233.9                     | 228.3                     | (5.6)  |                 |

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

## Overview of Segmentation Changes 2018

No change has been made to segmentation in the fiscal year ended December 31, 2018.  
Reportable segment income refers to operating income. Equity-method affiliates are therefore omitted below.

| 2017 Segmentation            |   | 2018 Segmentation            |   |
|------------------------------|---|------------------------------|---|
| Segment                      | Consolidated subsidiaries               | Segment                      | Consolidated subsidiaries               |
| Japanese Alcoholic Beverages | SAPPORO BREWERIES LTD.                  | Japanese Alcoholic Beverages | SAPPORO BREWERIES LTD.                  |
|                              | YEBISU WINEMART CO., LTD.               |                              | YEBISU WINEMART CO., LTD.               |
|                              | TANOSHIMARU SHUZO CO., LTD.             |                              | TANOSHIMARU SHUZO CO., LTD.             |
|                              | STARNET CO., LTD.                       |                              | STARNET CO., LTD.                       |
|                              | SHINSEIEN CO.,LTD.                      |                              | SHINSEIEN CO.,LTD.                      |
| International                | SAPPORO INTERNATIONAL INC.(*1)          | International                | SAPPORO INTERNATIONAL INC.              |
|                              | SAPPORO U.S.A., INC.                    |                              | SAPPORO U.S.A., INC.                    |
|                              | SAPPORO CANADA INC.                     |                              | SAPPORO CANADA INC.                     |
|                              | SLEEMAN BREWERIES LTD.                  |                              | SLEEMAN BREWERIES LTD.                  |
|                              | SAPPORO ASIA PRIVATE LIMITED            |                              | SAPPORO ASIA PRIVATE LIMITED            |
|                              | SAPPORO VIETNAM LIMITED                 |                              | SAPPORO VIETNAM LIMITED                 |
|                              | SILVER SPRINGS CITRUS, INC.             |                              | COUNTRY PURE FOODS, INC.                |
|                              | COUNTRY PURE FOODS, INC.                |                              | SILVER SPRINGS CITRUS, INC.             |
|                              | SAPPORO NORTH AMERICA INC.              |                              | SAPPORO NORTH AMERICA INC.              |
|                              | ANCHOR BREWING COMPANY, LLC             |                              | ANCHOR BREWING COMPANY, LLC             |
|                              | And another 12 companies                |                              | And another 12 companies                |
| Food & Soft Drinks           | POKKA SAPPORO FOOD & BEVERAGE LTD.      | Food & Soft Drinks           | POKKA SAPPORO FOOD & BEVERAGE LTD.      |
|                              | POKKA CREATE CO., LTD.                  |                              | POKKA CREATE CO., LTD.                  |
|                              | PS BEVERAGE LTD                         |                              | PS BEVERAGE LTD                         |
|                              | STAR BEVERAGE SERVICE CO., LTD.         |                              | STAR BEVERAGE SERVICE CO., LTD.         |
|                              | POKKA SAPPORO HOKKAIDO LTD.             |                              | POKKA SAPPORO HOKKAIDO LTD.             |
|                              | NH BEANS CO.,LTD.                       |                              | NH BEANS CO.,LTD.                       |
|                              | POKKA CORPORATION (SINGAPORE) PTE. LTD. |                              | POKKA CORPORATION (SINGAPORE) PTE. LTD. |
|                              | POKKA INTERNATIONAL PTE. LTD.           |                              | POKKA INTERNATIONAL PTE. LTD.           |
|                              | PT. POKKKA DIMA INTERNATIONAL           |                              | PT. POKKKA DIMA INTERNATIONAL           |
| And another 8 companies      | And another 8 companies                 |                              |   |
| Restaurants                  | SAPPORO LION LIMITED                    | Restaurants                  | SAPPORO LION LIMITED                    |
|                              | NEW SANKO INC.                          |                              | NEW SANKO INC.                          |
|                              | MARUSHINKAWAMURA INC.                   |                              | MARUSHINKAWAMURA INC.                   |
|                              | GINRINSUISAN INC.                       |                              | GINRINSUISAN INC.                       |
| Real Estate                  | SAPPORO REAL ESTATE CO.,LTD.            | Real Estate                  | SAPPORO REAL ESTATE CO.,LTD.            |
|                              | YGP REAL ESTATE CO., LTD.               |                              | YGP REAL ESTATE CO., LTD.               |
|                              | TOKYO ENERGY SERVICE CO., LTD.          |                              | TOKYO ENERGY SERVICE CO., LTD.          |
|                              | YOKOHAMA KEIWA BUILDING CO., LTD.       |                              | YOKOHAMA KEIWA BUILDING CO., LTD.       |
| Other                        | SAPPORO GROUP MANAGEMENT LTD.           | Other                        | SAPPORO GROUP MANAGEMENT LTD.           |
|                              | SAPPORO GROUP LOGISTICS CO., LTD.       |                              | SAPPORO GROUP LOGISTICS CO., LTD.       |
|                              | SAPPORO LOGISTICS SYSTEMS CO., LTD.     |                              | SAPPORO LOGISTICS SYSTEMS CO., LTD.     |
|                              | SHINSYU-ICHI MISO CO., LTD.             |                              | SHINSYU-ICHI MISO CO., LTD.             |
| Corporate and eliminations   | SAPPORO HOLDINGS LTD.                   | Corporate and eliminations   | SAPPORO HOLDINGS LTD.                   |
|                              | SAPPORO GROUP MANAGEMENT LTD.           |                              | SAPPORO GROUP MANAGEMENT LTD.           |



## Consolidated Forecasts (Year ending December 31, 2019)

### Condensed Consolidated Statements of Income

(billions of yen)

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

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

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

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

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

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

### Condensed Consolidated Statements of Cash Flows

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

### Sales Breakdown for Japanese Alcoholic Beverages

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

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

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

## Consolidated Forecasts ( Year ending December 31, 2019 )

### Breakdown of key income Changes

(billions of yen)

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

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

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

|           | Year ended<br>December 31, 2018 | Year ending<br>December 31, 2019<br>(Forecast) |
|-----------|---------------------------------|--|
| Yen/US\$  | 110.45                          | 110.00   |
| Yen/CAN\$ | 85.23                           | 88.00  |
| Yen/EUR   | 130.35                          | 128.00   |

## Consolidated Forecasts ( Year ending December 31, 2019 )

### Segment Information

(billions of yen)

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

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

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

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

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

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

## Overview of Segmentation Changes 2019

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

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

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

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

| 2018 Segmentation            |   | 2019 Segmentation            |   |
|------------------------------|---|------------------------------|---|
| Segment                      | Consolidated subsidiaries               | Segment                      | Consolidated subsidiaries               |
| Japanese Alcoholic Beverages | SAPPORO BREWERIES LTD.                  | Alcoholic Beverages          | SAPPORO BREWERIES LTD.                  |
|                              | YEBISU WINEMART CO., LTD.               |                              | YEBISU WINEMART CO., LTD.               |
|                              | TANOSHIMARU SHUZO CO., LTD.             |                              | TANOSHIMARU SHUZO CO., LTD.             |
|                              | STARNET CO., LTD.                       |                              | STARNET CO., LTD.                       |
|                              | SHINSEIEN CO.,LTD.                      |                              | SHINSEIEN CO.,LTD.                      |
| International                | SAPPORO INTERNATIONAL INC. (*1)         |                              | SAPPORO U.S.A., INC.                    |
|                              | SAPPORO U.S.A., INC.                    |                              | SAPPORO CANADA INC.                     |
|                              | SAPPORO CANADA INC.                     |                              | SLEEMAN BREWERIES LTD.                  |
|                              | SLEEMAN BREWERIES LTD.                  |                              | SAPPORO NORTH AMERICA INC.              |
|                              | SAPPORO ASIA PRIVATE LIMITED            |                              | ANCHOR BREWING COMPANY, LLC             |
|                              | SAPPORO VIETNAM LIMITED                 | SAPPORO ASIA PRIVATE LIMITED |   |
|                              | SAPPORO NORTH AMERICA INC.              | SAPPORO VIETNAM LIMITED      |   |
|                              | ANCHOR BREWING COMPANY, LLC             | SAPPORO LION LIMITED         |   |
|                              | SILVER SPRINGS CITRUS, INC.             | NEW SANKO INC.               |   |
|                              | COUNTRY PURE FOODS, INC.                | MARUSHINKAWAMURA INC.        |   |
| And another 12 companies     | GINRINSUISAN INC.                       |                              |   |
| Food & Soft Drinks           | POKKA SAPPORO FOOD & BEVERAGE LTD.      | Food & Soft Drinks           | SAPPORO LION (SINGAPORE) PTE.LTD.       |
|                              | POKKA CREATE CO., LTD.                  |                              | And another 3 companies                 |
|                              | PS BEVERAGE LTD                         |                              | POKKA SAPPORO FOOD & BEVERAGE LTD.      |
|                              | STAR BEVERAGE SERVICE CO., LTD.         |                              | POKKA CREATE CO., LTD.                  |
|                              | POKKA SAPPORO HOKKAIDO LTD.             |                              | PS BEVERAGE LTD                         |
|                              | NH BEANS CO.,LTD.                       |                              | STAR BEVERAGE SERVICE CO., LTD.         |
|                              | POKKA CORPORATION (SINGAPORE) PTE. LTD. |                              | POKKA SAPPORO HOKKAIDO LTD.             |
|                              | POKKA INTERNATIONAL PTE. LTD.           |                              | NH BEANS CO.,LTD.                       |
|                              | PT. POKKKA DIMA INTERNATIONAL           |                              | POKKA CORPORATION (SINGAPORE) PTE. LTD. |
|                              | And another 8 companies                 |                              | POKKA INTERNATIONAL PTE. LTD.           |
| Restaurants                  | SAPPORO LION LIMITED                    | Other                        | PT. POKKKA DIMA INTERNATIONAL           |
|                              | NEW SANKO INC.                          |                              | SILVER SPRINGS CITRUS, INC.             |
|                              | MARUSHINKAWAMURA INC.                   |                              | COUNTRY PURE FOODS, INC.                |
|                              | GINRINSUISAN INC.                       |                              | COUNTRY PURE FOODS, INC.                |
| Real Estate                  | SAPPORO LION (SINGAPORE) PTE.LTD.       | Real Estate                  | SHINSYU-ICHI MISO CO., LTD.             |
|                              | SAPPORO REAL ESTATE CO.,LTD.            |                              | And another 17 companies                |
|                              | YGP REAL ESTATE CO., LTD.               |                              | SAPPORO REAL ESTATE CO.,LTD.            |
|                              | TOKYO ENERGY SERVICE CO., LTD.          |                              | YGP REAL ESTATE CO., LTD.               |
| Other                        | YOKOHAMA KEIWA BUILDING CO., LTD.       | Corporate and eliminations   | SAPPORO REAL ESTATE CO., LTD.           |
|                              | SAPPORO GROUP MANAGEMENT LTD.           |                              | SAPPORO HOLDINGS LTD.                   |
|                              | SAPPORO GROUP LOGISTICS CO., LTD.       |                              | SAPPORO GROUP MANAGEMENT LTD.           |
|                              | SAPPORO LOGISTICS SYSTEMS CO., LTD.     |                              | SAPPORO HOLDINGS LTD.                   |
| Corporate and eliminations   | SAPPORO HOLDINGS LTD.                   |                              |   |
|                              | SAPPORO GROUP MANAGEMENT LTD.           |                              |   |

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