

Financial Results
for the six months ended June 30, 2021 — Consolidated
(Based on IFRS)

August 6, 2021

Company name **Sapporo Holdings Limited**

Security code 2501

Listed on Tokyo Stock Exchange (First Section); Sapporo Securities Exchange

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

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Scheduled dates:

Filing of quarterly financial report August 13, 2021

Commencement of dividend payments -

Supplementary information to the quarterly earnings results Available

Quarterly earnings results briefing held Yes
(mainly targeted at institutional investors and analysts)

1. Consolidated Financial Results for the six months ended June 30, 2021
(January 1 – June 30, 2021)

(Amounts in million yen rounded to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-over-year changes)

	Revenue		Core operating profit		Operating profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended June 30, 2021	199,706	(0.1)	(3,461)	–	19,102	–	12,279	–
Six months ended June 30, 2020	199,983	(12.4)	(5,082)	–	(9,398)	–	(6,564)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	million yen	%	million yen	%	Yen	yen
Six months ended June 30, 2021	12,341	–	15,600	–	158.42	153.49
Six months ended June 30, 2020	(6,429)	–	(14,627)	–	(82.53)	(82.53)

Note: Profit before tax

Six months ended June 30, 2021: 19,052 million yen

Six months ended June 30, 2020: (9,929) million yen

Note: Core Operating Profit is a proprietary profit indicator that measures the performance consistency of our business. Core operating profit is calculated as Revenue – Cost of sales – SG&A expenses.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity ratio attributable to owners of parent
	million yen	million yen	million yen	%
Six months ended June 30, 2021	580,907	161,853	161,127	27.7
December 31, 2020	616,349	149,551	149,781	24.3

2. Dividends

Record date or period	Dividend per share				
	End Q1	End Q2	End Q3	Year-end	Full year
	Yen	yen	yen	yen	yen
Year ended December 31, 2020	—	0.00	—	42.00	42.00
Year ending December 31, 2021	—	0.00			
Year ending December 31, 2021 (forecast)			—	42.00	42.00

Note: Changes were made to dividends forecasts in the six months ended June 30, 2021: None

3. Forecast of Consolidated Earnings for the Year Ending December 31, 2021 (January 1 – December 31, 2021)

(Percentage figures represent year-over-year changes)

	Revenue		Core operating profit		Operating profit		Profit		Profit attribute to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Year ending December 31, 2021	447,200	2.9	6,700	57.2	18,000	—	12,000	—	12,000	—	154.05

Note: Changes were made to earnings forecasts in the Six months ended June 30, 2021: Yes

4. Other

(1) Changes to scope of consolidation: None

*Changes affecting the status of significant subsidiaries (scope of consolidation)

Newly consolidated: - Newly excluded: -

(2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies required by IFRS: None

2) Changes other than 1) above: None

3) Changes in accounting estimates: None

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued at end of period (treasury stock included):

June 30, 2021: 78,794,298 shares

December 31, 2020: 78,794,298 shares

2) Number of shares held in treasury at end of period:

June 30, 2021: 895,574 shares

December 31, 2020: 896,951 shares

3) Average number of outstanding share during the period:

Six months ended June 30, 2021: 77,897,957 shares

Six months ended June 30, 2020: 77,897,171 shares

*Quarterly review status

The quarterly financial results are not subject to quarterly reviews pursuant to the Financial Instruments and Exchange Act.

Appropriate Use of Earnings Forecasts and Other Important Information

This document contains projections and other forward-looking statements based on information available to the Company as of the date of this document. Actual results may differ from those expressed or implied by forward-looking statements due to various factors. For the assumptions underlying the forecasts herein and other information on the use of earnings forecasts, refer to "1. Analysis of Operating Results and Financial Condition (4) Consolidated Earnings Forecast" on page 7.

Seasonal Factors

The Group's operating results are affected by substantial seasonal variation in demand in the Alcoholic Beverages and Food & Soft Drinks businesses. As a result, revenue in the first quarter, which falls within the first half of the fiscal year, tends to be lower than revenue in the other quarters.

1. Analysis of Operating Results and Financial Condition

(1) Operating Results

In the first half of 2021 (January 1 to June 30, 2021), the Group was impacted by Japan's repeated issuances of state of emergency due to the COVID-19 pandemic and restrictions on the service of alcoholic beverages due to semi-state of emergency measures, which caused sales of commercial-use beer and sales to restaurants such as beer halls to decline compared to the same period of the previous year.

However, the core operating loss decreased year on year due to a curtailment in expenses from cost structure reforms. Additionally, core operating profit and net profit attributable to owners of the parent were up year on year due to the sale of investment properties.

1) Summary in key figures

Millions of yen, except percentages

	Revenue	Core operating profit	Operating profit	Profit attributable to owners of parent
Six months ended June 30, 2021	199,706	(3,461)	19,102	12,341
Six months ended June 30, 2020	199,983	(5,082)	(9,398)	(6,429)
Change (%)	(0.1)	—	—	—

*Core operating profit is the Sapporo Group's unique profit benchmark for measuring the performance of its regular business and is calculated by deducting cost of sales, and selling, general and administrative expenses, from revenue.

Results by segment are outlined below.

2) Results by reportable segment

Millions of yen, except percentages

	Revenue			Core operating profit			Operating profit		
	Six months ended Jun. 30, 2020	Six months ended Jun. 30, 2021	Change (%)	Six months ended Jun. 30, 2020	Six months ended Jun. 30, 2021	Change (%)	Six months ended Jun. 30, 2020	Six months ended Jun. 30, 2021	Change (%)
Alcoholic Beverages	130,375	130,548	0.1	(3,794)	(2,940)	—	(7,771)	(2,777)	—
Food & Soft Drinks	58,059	57,957	(0.2)	(2,621)	(1,122)	—	(2,896)	(964)	—
Real Estate	11,469	11,116	(3.1)	4,618	3,791	(17.9)	4,262	26,027	510.7

Seasonal Factors

The Group's operating results are affected by substantial seasonal variation in demand in the Alcoholic Beverages and Food & Soft Drinks businesses. As a result, revenue in the first quarter, which falls within the first half of the fiscal year, tends to be lower than revenue in the other quarters.

Alcoholic Beverages

Japan

The commercial-use market in the country has been significantly impacted by the COVID-19 pandemic. Total demand in Japan for beer and beer-type beverages is estimated to have only reached around 94% of the year-earlier level.

Amidst this situation, in the beer category, commercial-use beer sales volume declined, but sales of canned Sapporo Draft Beer Black Label and Yebisu brand beers were strong, with sales volumes at 113% and 105% of the previous year's level, respectively. In the new genre category,

Sapporo Gold Star, which marked its first anniversary, continued its success, with an increase of 10% year on year in sales volume. As a result of the above, total sales of beer and beer-type beverages stood at 95% of the year-earlier level.

In the RTD*1 category, sales of Sapporo Koime no Lemon Sour, a new product launched in March 2021, were strong, while sales of core collaborative RTD product Otoko Ume Sour were also steady, driving category revenue significantly higher year on year.

Our Japanese liquor business also posted a year-on-year increase in revenue with sustained solid sales of Kokuimo brand, Japan's best-selling*2 blended imo shochu, as well as Koime no Lemon Sour no Moto.

Overseas

The overseas commercial-use market has been impacted by the COVID-19 pandemic. Total demand in North America for beer and beer-type beverages is estimated to have fallen year on year in Canada, but is recovering in the United States.

Under this trend, the sales volume of overseas brand beers was on a par year on year, buoyed by Sleeman Breweries, which shows a strong performance in sales of home-use products.

Sales of Sapporo brand beer were up year on year, since the commercial-use market recovered thanks to removed operating restrictions placed on restaurants in the United States.

Restaurants

The entire restaurant industry, including pub restaurants and izakaya, has been suffering substantial impacts from the COVID-19 pandemic since 2020. In the Company's restaurant business, many restaurants were closed or had shortened operating hours during the period of restricted sales of alcoholic beverages.

Amidst these challenges, the business experienced a decline in both revenue and profits year on year, despite efforts to bolster menus along with take-out and delivery products, close unprofitable restaurants, and shift to a low-cost, low-operation business format, among other initiatives.

As a result of the above factors, revenue in the Alcoholic Beverages segment in the first half of 2021 came to ¥130.5 billion (up ¥0.2 billion or 0% year on year), while the segment posted a core operating loss of ¥2.9 billion (compared with a loss of ¥3.8 billion in the first half of 2020) and an operating loss of ¥2.8 billion (compared with a loss of ¥7.8 billion a year earlier).

*1: RTD, or ready-to-drink beverages, are pre-mixed, low-alcohol cocktail-like beverages that can be consumed as is immediately after opening.

*2: Based on Intage SRI market research on combined blended imo shochu sales in the supermarket, convenience store, and direct sales channels from October 2019 through June 2021.

Food & Soft Drinks

Total demand in Japan for soft drinks is estimated to have reached 101% of the previous year due to the reduced impact of COVID-19 this year and the launch of new products.

Against this backdrop, in the domestic soft drink business, sales of lemon-based soft drinks such as Kireto Lemon were strong on rising health consciousness, and the total sales volume of soft drinks remained on a par year on year.

In the domestic food business, while the sales volume of soup dropped from the past year following a reactionary decline from the demand for stay-at-home consumption seen in the previous year, sales of cold canned soups, which we are focusing on, grew by 24% year on year.

Lemon-based food products grew substantially in sales by 11% year on year, as Pokka Lemon, which had record shipping volume last year, marked increased sales in both small and large sizes amid widening uses. Plant-based milk products also saw a year-on-year increase in its sales volume, with our soymilk yogurt products contributing to this increase thanks to rising health consciousness.

Pokka Create Co., Ltd., which operates the Café de Crié coffee shop chain, saw revenue increase year on year despite the ongoing impacts the cafe industry has experienced under the COVID-19 pandemic.

As a result of the above factors, revenue in the Food & Soft Drinks segment in the first half of

2021 came to ¥58.0 billion (down ¥0.1 billion, or 0% year on year), while the segment posted a core operating loss of ¥1.1 billion (compared with a core operating loss of ¥2.6 billion in the first half of 2020) and an operating loss of ¥1.0 billion (compared with a loss of ¥2.9 billion a year earlier).

Real Estate

The office leasing market in the Greater Tokyo area is experiencing a downtrend in occupancy rate and average rents.

In this market climate, the Real Estate business saw a temporary drop in occupancy rates due to the departure of some tenants at properties owned mainly in the Greater Tokyo Area, including the Yebisu Garden Place Tower, the business' core source of earnings, but we are beginning to see new tenants move in. While commercial facilities experienced a decline in revenue due to the impact of COVID-19, preparations are progressing smoothly for the reopening of the Yebisu Garden Place commercial building. In addition, we sold properties including Ebisu First Square, and started the construction of the new Sreed Ebisu +t.

As a result of the above, revenue in the Real Estate segment in the first half of 2021 totaled ¥11.1 billion (down ¥0.4 billion, or 3% year on year), while the segment posted a core operating profit of ¥3.8 billion (down ¥0.8 billion, or 18% year on year) and an operating profit of ¥26.0 billion (up ¥21.8 billion, or 511% year on year).

(2) Consolidated Financial Condition

Consolidated assets as of June 30, 2021, totaled ¥580.9 billion, ¥35.4 billion less than at the end of the previous fiscal year (December 31, 2020), mainly due to the decrease in trade and other receivables, income taxes receivable, and investment property, despite the increase in inventories, and property, plant and equipment.

Consolidated total liabilities came to ¥419.1 billion, which was a decrease of ¥47.7 billion as compared to the end of the previous fiscal year, because of the decrease in bonds and borrowings (current), other current liabilities, and bonds and borrowings (non-current), notwithstanding an increase in income taxes payable.

Consolidated total equity stood at ¥161.9 billion, up ¥12.3 billion compared to the end of the previous fiscal year, due to the posting of a net profit attributable to owners of parent and an increase in other components of equity, notwithstanding the payment of year-end dividends.

(3) Consolidated Cash Flows

Cash and cash equivalents (collectively “cash”) totaled ¥12.6 billion as of June 30, 2021, ¥7.1 billion or 36% less than at the end of the previous fiscal year (December 31, 2020).

Consolidated cash flows for the six months ended June 30, 2021, and the main factors affecting those flows were as follows.

Cash flows from operating activities

Operating activities provided net cash amounting to ¥12.8 billion, an increase of ¥8.5 billion or 197% from the same period last fiscal year. The main positive contributors to inflows were a ¥19.1 billion in profit before tax, a ¥15.6 billion decrease in trade and other receivables, and depreciation and amortization of ¥11.4 billion, which offset the ¥23.0 billion loss on sales and retirement of property, plant and equipment, and intangible assets, and an ¥11.1 billion decrease in accrued alcohol tax.

Cash flows from investing activities

Investing activities used net cash of ¥22.6 billion, compared to ¥11.8 billion used in the same period last fiscal year. The main outflows were purchases of property, plant and equipment of ¥5.3 billion, and purchases of investment property of ¥4.1 billion, while there was an inflow of ¥33.9 billion in proceeds from the sale of investment properties.

Cash flows from financing activities

Financial activities provided net cash totaling ¥43.8 billion, compared to ¥15.5 billion net cash provided in the same period last fiscal year. The main outflows were a redemption of bonds of ¥30.0 billion, decrease in commercial papers of ¥6.0 billion, repayments of long-term borrowings of ¥4.5 billion, dividends paid of ¥3.3 billion, and ¥3.1 billion for the repayments of lease liabilities, which outweighed inflow of ¥4.0 billion in proceeds from long-term borrowings.

(4) Consolidated Earnings Forecast

The consolidated earnings forecast for the full fiscal year to December 31, 2021 has been revised as follows, taking into consideration the impact of COVID-19 on the Group’s major business revenues and the performance progress of each business.

These forecasts are based on the assumption that the impact on the economy and consumption will continue until the end of the current fiscal year, although the market environment will move towards a gradual recovery as COVID-19 vaccinations roll out. The forecasts presented below are based on information available when the materials were released and are inherently subject to risks and uncertainties. The Company’s actual business results may differ from the forecasts for various factors.

Revision of consolidated full-year earnings forecast for the fiscal year ending December 31, 2021

(January 1 to December 31, 2021)

(millions of yen, except percentages and per-share data)

	Revenue	Core operating profit	Operating profit	Profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	468,200	9,000	18,000	12,000	12,000	154.05
Current forecast (B)	447,200	6,700	18,000	12,000	12,000	154.05
Change (B-A)	(21,000)	(2,300)	—	—	—	—
Percent change	(4.5)	(25.6)	—	—	—	—
For reference: Results for the fiscal year ended December 31, 2020	434,723	4,261	(15,938)	(16,605)	(16,071)	(206.31)

2. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2020	June 30, 2021
<hr/>		
Assets		
Current assets		
Cash and cash equivalents	19,734	12,636
Trade and other receivables	84,475	69,749
Inventories	36,001	41,249
Other financial assets	5,459	3,253
Income taxes receivable	8,755	1,428
Other current assets	6,128	5,499
Subtotal	<hr/> 160,551	<hr/> 133,814
Assets held for sale	278	—
Total current assets	<hr/> 160,829	<hr/> 133,814
Non-current assets		
Property, plant and equipment	126,650	129,984
Investment property	218,574	207,513
Goodwill	17,920	19,528
Intangible assets	9,023	9,356
Investments accounted for using equity method	446	1,350
Other financial assets	69,969	67,676
Other non-current assets	6,108	5,465
Deferred tax assets	6,831	6,220
Total non-current assets	<hr/> 455,520	<hr/> 447,093
Total assets	<hr/> <hr/> 616,349	<hr/> <hr/> 580,907

(Millions of yen)

	December 31, 2020	June 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	31,927	32,935
Bonds and borrowings	83,177	63,017
Lease liabilities	5,836	5,889
Income taxes payable	727	7,675
Other financial liabilities	38,120	36,500
Other current liabilities	56,456	43,999
Total current liabilities	216,243	190,015
Non-current liabilities		
Bonds and borrowings	158,091	141,116
Lease liabilities	21,046	21,268
Other financial liabilities	45,344	44,681
Retirement benefit liability	3,965	1,534
Other non-current liabilities	2,832	2,554
Deferred tax liabilities	19,277	17,885
Total non-current liabilities	250,555	229,039
Total liabilities	466,798	419,054
Equity		
Share capital	53,887	53,887
Capital surplus	40,853	40,647
Treasury shares	(1,787)	(1,782)
Retained earnings	33,459	43,607
Other components of equity	23,370	24,769
Total equity attributable to owners of parent	149,781	161,127
Non-controlling interests	(231)	726
Total equity	149,551	161,853
Total liabilities and equity	616,349	580,907

(2) Consolidated Statement of Profit or Loss and Comprehensive Income

Consolidated Statement of Profit or Loss

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Revenue	199,983	199,706
Cost of sales	140,340	140,589
Gross profit	59,643	59,118
Selling, general and administrative expenses	64,725	62,578
Other operating income	647	24,468
Other operating expenses	4,963	1,905
Operating profit (loss)	(9,398)	19,102
Finance income	630	788
Finance costs	1,169	850
Share of profit of investments accounted for using equity method	8	11
Profit (loss) before tax	(9,929)	19,052
Income tax expense	(3,365)	6,773
Profit (loss)	(6,564)	12,279
Profit (loss) attributable to		
Owners of parent	(6,429)	12,341
Non-controlling interests	(134)	(62)
Profit (loss)	(6,564)	12,279
Basic earnings (loss) per share	(82.53)	158.42
Diluted earnings (loss) per share	(82.53)	153.49

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit (loss)	(6,564)	12,279
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(5,615)	(966)
Remeasurements of defined benefit plans	(1,029)	1,345
Total of items that will not be reclassified to profit or loss	(6,644)	379
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,367)	2,917
Effective portion of cash flow hedges	(52)	25
Total of items that may be reclassified to profit or loss	(1,419)	2,942
Total other comprehensive income, net of tax	(8,063)	3,321
Comprehensive income	(14,627)	15,600
Comprehensive income attributable to		
Owners of parent	(14,451)	15,633
Non-controlling interests	(176)	(33)
Comprehensive income	(14,627)	15,600

(4) Consolidated Statement of Changes in Equity

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Exchange differences on translation of foreign operations	Effective portion of cash flow hedges
Balance as of January 1, 2020	53,887	40,958	(1,792)	51,521	(863)	(68)
Profit (loss)				(6,429)		
Other comprehensive income					(1,325)	(52)
Comprehensive income	-	-	-	(6,429)	(1,325)	(52)
Purchase of treasury shares			(1)			
Disposal of treasury shares		0	8			
Dividends				(3,277)		
Changes in ownership interest in subsidiaries		(2)				
Share-based remuneration transactions		(12)				
Transfer from other components of equity to retained earnings				(1,378)		
Total transactions with owners	-	(14)	7	(4,655)	-	-
Balance as of June 30, 2020	53,887	40,944	(1,785)	40,437	(2,188)	(120)

	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity			
Balance as of January 1, 2020	30,428	-	29,497	174,071	454	174,524
Profit (loss)			-	(6,429)	(134)	(6,564)
Other comprehensive income	(5,615)	(1,029)	(8,021)	(8,021)	(42)	(8,063)
Comprehensive income	(5,615)	(1,029)	(8,021)	(14,451)	(176)	(14,627)
Purchase of treasury shares			-	(1)	-	(1)
Disposal of treasury shares			-	8	-	8
Dividends			-	(3,277)	-	(3,277)
Changes in ownership interest in subsidiaries			-	(2)	(1)	(3)
Share-based remuneration transactions			-	(12)	-	(12)
Transfer from other components of equity to retained earnings	348	1,029	1,378	-	-	-
Total transactions with owners	348	1,029	1,378	(3,285)	(1)	(3,286)
Balance as of June 30, 2020	25,162	-	22,854	156,336	276	156,612

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Exchange differences on translation of foreign operations	Effective portion of cash flow hedges
Balance as of January 1, 2021	53,887	40,853	(1,787)	33,459	(1,806)	(40)
Profit (loss)				12,341		
Other comprehensive income					2,888	25
Comprehensive income	-	-	-	12,341	2,888	25
Purchase of treasury shares			(3)			
Disposal of treasury shares		0	8			
Dividends				(3,277)		
Share-based remuneration transactions		(24)				
Transfer from other components of equity to retained earnings				903		
Other		(182)		182		
Total transactions with owners	-	(207)	5	(2,192)	-	-
Balance as of June 30, 2021	53,887	40,647	(1,782)	43,607	1,082	(15)

	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity			
Balance as of January 1, 2021	25,215	-	23,370	149,781	(231)	149,551
Profit (loss)			-	12,341	(62)	12,279
Other comprehensive income	(966)	1,345	3,292	3,292	29	3,321
Comprehensive income	(966)	1,345	3,292	15,633	(33)	15,600
Purchase of treasury shares			-	(3)	-	(3)
Disposal of treasury shares			-	8	-	8
Dividends			-	(3,277)	(1)	(3,278)
Share-based remuneration transactions			-	(24)	-	(24)
Transfer from other components of equity to retained earnings	(548)	(1,345)	(1,893)	(990)	990	-
Other			-	-	-	-
Total transactions with owners	(548)	(1,345)	(1,893)	(4,286)	989	(3,298)
Balance as of June 30, 2021	23,701	-	24,769	161,127	726	161,853

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit (loss) before tax	(9,929)	19,052
Depreciation and amortization	13,315	11,447
Impairment losses	97	378
Interest and dividend income	(622)	(482)
Interest expenses	909	847
Share of loss (profit) of investments accounted for using equity method	(8)	(11)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	129	(23,027)
Decrease (increase) in trade and other receivables	24,840	15,637
Decrease (increase) in inventories	(3,798)	(4,096)
Increase (decrease) in trade and other payables	(1,784)	543
Increase (decrease) in accrued alcohol tax	(13,645)	(11,098)
Other	(552)	3,333
Subtotal	8,952	12,522
Interest and dividends received	647	503
Interest paid	(852)	(783)
Income taxes refund (paid)	(4,424)	591
Net cash provided by (used in) operating activities	4,323	12,834
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,334)	(5,339)
Proceeds from sale of property, plant and equipment	106	1,366
Purchase of investment property	(3,191)	(4,142)
Proceeds from sale of investment property	—	33,908
Purchase of intangible assets	(1,077)	(694)
Purchase of investment securities	(532)	(6)
Proceeds from sale of investment securities	133	2,074
Payments for acquisition of subsidiaries	—	(2,652)
Payments for investments in capital	(297)	(1,300)
Purchase of investments in associates	—	(900)
Payments for loans receivable	(61)	(30)
Collection of loans receivable	14	48
Other	(605)	304
Net cash provided by (used in) investing activities	(11,843)	22,637

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(634)	(958)
Net increase (decrease) in commercial papers	18,000	(6,000)
Proceeds from long-term borrowings	18,500	4,000
Repayments of long-term borrowings	(13,782)	(4,483)
Redemption of bonds	(7)	(30,007)
Dividends paid	(3,268)	(3,271)
Repayments of lease liabilities	(3,283)	(3,136)
Other	7	5
Net cash provided by (used in) financing activities	15,532	(43,850)
Effect of exchange rate changes on cash and cash equivalents	574	1,282
Net increase (decrease) in cash and cash equivalents	8,586	(7,098)
Cash and cash equivalents at beginning of period	15,215	19,734
Cash and cash equivalents	23,801	12,636

(6) Notes on the Going-concern Assumption

Not applicable

(7) Segment Information

1. Overview of reportable segments

The Company's reportable segments are components of the Sapporo Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.

Under the Company, which is a pure holding company, Group companies carry out business activities and formulate strategies for the products and services they offer and for the sales markets they cover. The Group's businesses are segmented mainly based on the products, services and sales markets of Group companies and their affiliate companies. The Company's three reportable segments are Alcoholic Beverages, Food & Soft Drinks, and Real Estate.

The Alcoholic Beverages segment produces and sells alcoholic beverages and operates restaurants of various styles.

The Food & Soft Drinks segment produces and sells foods and soft drinks.

The Real Estate segment's activities include leasing and development of real estate.

2. Revenue, profit (or loss)

(millions of yen)

	Six months ended June 30, 2020 (January 1, 2020 – June 30, 2020)						
	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other *1	Total	Adjustment	Consolidated total
Revenue							
To outside customers	130,375	58,059	11,469	80	199,983	–	199,983
Inter-segment revenue	5,457	252	1,275	0	6,984	(6,984)	–
Total	135,832	58,310	12,744	81	206,967	(6,984)	199,983
Operating profit (loss)	(7,771)	(2,896)	4,262	(4)	(6,409)	(2,989)	(9,398)

(millions of yen)

	Six months ended June 30, 2021 (January 1, 2021 – June 30, 2021)						
	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other *1	Total	Adjustment	Consolidated total
Revenue							
To outside customers	130,548	57,957	11,116	85	199,706	–	199,706
Inter-segment revenue	6,121	489	1,203	0	7,813	(7,813)	–
Total	136,669	58,446	12,319	85	207,519	(7,813)	199,706
Operating profit (loss)	(2,777)	(964)	26,027	11	22,297	(3,194)	19,102

*1: "Other" comprises businesses, such as health food business, etc., that are not included in reportable segments.

Adjustment included General corporate and intercompany eliminations. General corporation are general administrative expenses that do not belong to the reporting segment.