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① Sapporo Group International Expansion
## Sapporo Group Companies by Geographic Area

<table>
<thead>
<tr>
<th>Geographic Area</th>
<th>Country</th>
<th>Company name</th>
<th>Business</th>
<th>Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>Canada</td>
<td>SLEEMAN BREWERIES LTD.</td>
<td>Manufacture and sales of beer</td>
<td>International</td>
</tr>
<tr>
<td></td>
<td>U.S.</td>
<td>SAPPORO U.S.A., Inc.</td>
<td>Sales of beer</td>
<td>International</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SILVER SPRINGS CITRUS, INC.</td>
<td>Manufacture and sales of soft drinks</td>
<td>International</td>
</tr>
<tr>
<td></td>
<td></td>
<td>COUNTRY PURE FOODS, INC.</td>
<td>Manufacture and sales of soft drinks</td>
<td>International</td>
</tr>
<tr>
<td>Asia</td>
<td>Vietnam</td>
<td>SAPPORO VIETNAM LTD.</td>
<td>Manufacture and sales of beer</td>
<td>International</td>
</tr>
<tr>
<td></td>
<td>Singapore</td>
<td>POKKA CORPORATION (SINGAPORE) PTE. LTD.</td>
<td>Manufacture and sales of soft drinks</td>
<td>Food &amp; Soft Drinks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SAPPORO LION (SINGAPORE) PTE. LTD.</td>
<td>Operation of restaurants</td>
<td>Restaurants</td>
</tr>
<tr>
<td></td>
<td>Malaysia</td>
<td>POKKA (MALAYSIA) SDN.BHD.</td>
<td>Manufacture and sales of soft drinks</td>
<td>Food &amp; Soft Drinks</td>
</tr>
<tr>
<td></td>
<td>Indonesia</td>
<td>PT.POKKA DIMA INTERNATIONAL</td>
<td>Manufacture and sales of soft drinks</td>
<td>Food &amp; Soft Drinks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SAPPORO BREWERIES LTD.</td>
<td>Manufacture and sales of alcoholic beverages</td>
<td>Japanese Alcoholic Beverages</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SAPPORO INTERNATIONAL INC.</td>
<td>Sales of beer</td>
<td>International</td>
</tr>
<tr>
<td></td>
<td></td>
<td>POKKA SAPPORO FOOD &amp; BEVERAGE LTD.</td>
<td>Manufacture and sales of food &amp; soft drinks</td>
<td>Food &amp; Soft Drinks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>POKKA CREATE CO., LTD.</td>
<td>Operation of coffee shops</td>
<td>Food &amp; Soft Drinks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SAPPORO LION LTD.</td>
<td>Operation of restaurants</td>
<td>Restaurants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SAPPORO REAL ESTATE CO., LTD.</td>
<td>Leasing and rental of real estate</td>
<td>Real Estate</td>
</tr>
</tbody>
</table>

(billions of yen)  

<Overseas net sales (excluding liquor tax) ratio>

![Bar chart showing trend of overseas net sales]

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Sales Breakdown by Geographic Area, Sales Breakdown by category

2010 Overseas net sales ￥25.4 billion (Beer)

2016 Overseas net sales ￥86.8 billion

North America: Canada, U.S.
Asia: Southeast Asia, South Korea, Hong Kong, Taiwan, etc.
Other: Oceania, Europe, Middle east, etc.

Sales Breakdown by Geographic Area

Sales Breakdown by category
International Expansion of Sapporo Group

**<Soft drinks business>**
- 1977: entered into Singapore
- FY2016: Pokka Singapore group net sales SG$ 256 millions (before elimination of intra-company transactions)

**<Enhancement of soft drinks production structure>**
- Singapore: 1977 Start operation
  - Start operation
  - Start operation
- Indonesia: 2017 Joint venture PT. POKKA DIMA INTERNATIONAL
  - To start operation
- Myanmar: License-based production agreement
  - 2017 To start operation

**<Beer business>**
- Sales alliance with Mael Dairies
- 2011: established a brewery in Vietnam
- Promoting expansion in Southeast Asia

**<Beer business>**
- Production outsourced to Coopers
- Made into subsidiary (a 51% stake)
  - 2012: Silver Spring Citrus
  - 2015: Country Pure Foods

**<Canadian beer business>**
- FY2016 SLEEMAN Net sales
  - CA$ 359 millions (before elimination of intra-company transactions)

**<U.S. beer business>**
- FY2016 Sapporo USA
  - Net sales US$ 59 millions (before elimination of intra-company transactions)

**<U.S. soft drinks business>**
- FY2016
  - Net sales of SSC+CPF approx. US$ 262 millions (before elimination of intra-company transactions)

**<Restaurants business>**
- 2 Ginza Lion restaurants
- 14 restaurants in total

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② Market Data by Country & Sapporo Group Activities
### Canada: Beer Market Data and Sapporo Group Activities

#### (1) Basic Data*
- Population: Approx. 35.90mn (2015)
- Population growth rate: +0.8%
- Average age: 39.7
- GDP: 1,785 billion$ (2014)
- GDP per capita: 50,169$ (2014)
- GDP growth rate: +2.4% (2014)

#### (2-1) Beer Market (2015)
- Beer Production volume: Approx. 1.9mn KL
- Beer consumption per person: Approx. 56L
- Beer market growth rate: 0.0%
- Breakdown by sales channel: On Premise 25%, Off Premise 75%

#### (2-2) Sapporo Group Activities
- Entry into business: Oct. 2006
  - Acquired 95.83% share of SLEEMAN BREWERIES LTD. by TOB
  - Nov. 2006 Acquired 100% Share of SLEEMAN BREWERIES LTD.
  - Acquisition price 293.6mn CA$ (approx. 30.3 bn yen at the rate of 1 CA$ = 103.27 yen)

#### Competitors Share
- A company 48%
- B company 36%

**SLEEMAN**
**Market Share:** 8%
**No.3 Canadian beer manufacturer**

#### Beer brand by price category in Canada

<table>
<thead>
<tr>
<th>Price</th>
<th>Category</th>
<th>Brand</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIGH</td>
<td>Import</td>
<td>Heineken, Corona</td>
<td>+15~25%</td>
</tr>
<tr>
<td></td>
<td>Premium</td>
<td>Sapporo Premium, Unibroue, SLEEMAN, Okanagan Spring</td>
<td>+10~20%</td>
</tr>
<tr>
<td></td>
<td>Mainstream</td>
<td>Labatt, Molson</td>
<td>± 0</td>
</tr>
<tr>
<td>LOW</td>
<td>Value</td>
<td>Bush, Key stone, Pabst blue ribbon, Old milwaukee</td>
<td>-20%</td>
</tr>
</tbody>
</table>

*Source: Statistics Bureau, Ministry of Internal Affairs and Communications「The statistics of the world 2016」*
(2-3) Corporate profile

★ SLEEMAN BREWERIES LTD.

- **Paid in Capital**: 50,634 thousand CA$
- **Location**: Guelph, Ontario
- **Established**: 1834
- **Production base**: 3 (Guelph, Vernon and Chambly)
- **Annual production capacity**: 200,000KL (Guelph 120,000KL, Vernon 60,000KL, Chambly 20,000KL)
- **Business field**: Production and sales of beer

SLEEMAN BREWERIES LTD.
Guelph Brewery

Production base

SLEEMAN BREWERIES LTD.
Products

Canada: Beer Market Data and Sapporo Group Activities

SLEEMAN Net Sales
(before elimination of inter-company transactions)
in local currency
2007-2016
CAGR 4.9%

Grew for the 10th consecutive years

SLEEMAN(millions CA$)

Vernon, British Columbia

Guelph, Ontario

Chambly, Quebec

Canadian map with production bases marked.
United States of America: Beer Market Data and Sapporo Group Activities

(1) Basic Data*
- Population growth rate: +0.8%
- Average age: 37.1
- GDP: 17,348.1 billion$ (2014)
- GDP growth rate: +2.4% (2014)

(2-1) Beer Market (2015)
- Beer Production volume: Approx. 22.30 mn kL
- Beer consumption per person: Approx. 76L
- Beer market growth: -1.0%
- Breakdown by sales channel: On premise 30%, Off premise 70%

(2-2) Sapporo Group Activities
- Local subsidiary: Sapporo U.S.A., Inc.
- Paid in capital: 7.2 million$
- Entry into business: July 1984
- Business field: Sales of beer
- 1964 Sapporo Breweries began exporting beer to the U.S.
- 1984 Sapporo U.S.A. started sales of Sapporo Draft Beer which was imported from Japan
- 2002 Started OEM to SLEEMAN BREWRIES (SLEEMAN became part of Sapporo group in 2006)
- Top Asian beer seller for 30 consecutive years

【Beer brand by price category in U.S】

<table>
<thead>
<tr>
<th>Price</th>
<th>Category</th>
<th>Brand</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIGH</td>
<td>Non-U.S.</td>
<td>Sapporo Premium, Corona, Heineken</td>
<td>+20~50%</td>
</tr>
<tr>
<td></td>
<td>Craft</td>
<td>Samuel Adams, Sierra Nevada</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Super</td>
<td>Michelob, Blue moon, Shock top</td>
<td>+10~40%</td>
</tr>
<tr>
<td></td>
<td>Premium</td>
<td>Budweiser, Coors, Miller</td>
<td>±0</td>
</tr>
<tr>
<td>LOW</td>
<td>Popular</td>
<td>Busch, Pabst, Highlife, Keystone</td>
<td>-10~40%</td>
</tr>
</tbody>
</table>

Distinctive 650ml can product
Nickname “Silver Cup”

Sapporo USA Inc.
Products

Sapporo USA Inc. Net Sales
(before elimination of inter-company transactions) in local currency

Grew for the 7th consecutive years

*Source: Statistics Bureau, Ministry of Internal Affairs and Communications
[The statistics of the world 2016]
(3-1) Fruit juice market

Source: Sapporo estimate

- Fruit juice market size: Approx. 16.8 bn$
  - Non-blended 100% fruit juice market size: Approx. 9.8 bn$
    (Chilled 3.2 bn$, PB chilled 0.6 bn$)

- Non-commercial use fruit juice market size:
  Approx. 1.1 bn$
  (For education sectors 0.5 bn$, for health care sectors 0.4 bn$)

(3-2) Sapporo Group Activities

- Entry into business: Jan 2012
  Acquired Silver Springs Citrus, Inc. 51% share
  (Joint Venture with Toyota Tsusho America Inc.)
  - Acquisition price: 18.35 mn yen
  - Cost incurred directly in the acquisition: 0 mn yen
  - Acquisition cost: 18.35 mn yen
  *Goodwill: 4.21 mn yen 5 years with the straight-line method
  
  Market Share 20%  Top U.S. PB Chilled fruit juice manufacturer

  Feb 2015
  Acquired Country Pure Foods, Inc. 51% share
  (Joint Venture with Toyota Tsusho America Inc.)
  - Acquisition price: 43.70 mn yen
  - Cost incurred directly in the acquisition: 4.91 mn yen
  - Acquisition cost: 48.61 mn yen
  *Goodwill: 44.26 mn yen 9 years with the straight-line method

  For educational and health care sectors
  
  Non-commercial chilled fruit juice market share 10%

  May 2016
  Acquired the frozen fruit juice business of
  The Ridgefield’s Brand Corporation, Inc. through
  Country Pure Foods, Inc. for the equivalent of approx. 1.5 bn yen
  Frozen fruit juice business for U.S school meals
United States of America: Fruit Juice Market Data and Sapporo Group Activities

(3-3) Company Profile

★ Silver Springs Citrus, Inc.
- Paid in Capital: 62.5mn$ (including additional Paid in Capital)
- Location: Orlando, Florida
- Established: 1921
- Production base: 1 (Florida)
- Business field: Manufacturing and sales of PB beverages for major food supermarkets and commissioned manufacturing of chilled beverages for major beverage manufactures

★ Country Pure Foods, Inc.
- Paid in Capital: 37.1mn$ (including additional Paid in Capital)
- Location: Akron, Ohio
- Established: 1948
- Production base: 4 (Ohio, Florida, Connecticut, Texas)
- Business field: Manufacture and sales of food service juice in the healthcare and education sectors, Manufacture and sale of retail chain PB label juice, Manufacturing services and sales for leading juice companies
(1) Basic Data*
- Population: Approx. 93.40mn (2015)  [Japan: 126.90mn]
- Population growth rate: +1.1%  [Japan: -0.2%]
- Average age: 28.5  [Japan: 45]
- GDP: 186.2 billion$ (2014)  [Japan: 4,605.5bn $]
- GDP per capita: 2,015$ (2014)  [Japan: 36,230$]
- GDP growth rate: +6.0% (2014)  [Japan: -0.0%]

(2) Beer Market (2015)
- Beer Production Volume: Approx. 3.70mn KL  [Japan: Approx. 5.47mn KL]
- Beer consumption per person: Approx. 42L  [Japan: Approx. 42L]
- Beer market growth rate: +9.3%  [Japan: -0.1%]
- Breakdown by sales channel:
  On premise 60%, Off premise 40%  [Japan: On 30% Off 70%]

<Market estimate in 2025> Source: Ministry of Industry and Trade, Vietnam
- Beer consumption size: 6.00mnL
- Breakdown by sales channel: On premise 40%, Off premise 60%

* Source: Statistics Bureau, Ministry of Internal Affairs and Communications
  «The statistics of the world 2016»
(3) Sapporo Group Activities
- Local subsidiary: Sapporo Vietnam LTD.
- Paid in capital: 708,595mn VND (≒39mn$)
- Entry into business: Nov. 2011, Completed construction of Sapporo Long An Brewery
- Entry into business: Apr. 2012, Full-scale market entry into Vietnam
- Construction cost: Approx. 5.2 bn yen
- Annual production capacity: 40 thousand KL
- Expanding sales of Sapporo Premium Beer using its convenient location to maximum advantage to make inroad into surrounding countries in Asia
- Exporting seven of the 10 ASEAN countries

Vietnamese beer market categories by price:
- **<Premium>**
  - Sapporo Premium, Heineken, Budweiser, etc.
  - 100 yen
- **<Mainstream>**
  - Tiger, Saigon Special, Bluecap, etc.
  - 70 yen
- **<Economy>**
  - Saigon Beer, 333, etc.
  - 40 yen

The value in 2013 is set as 100.

Source: Sapporo estimate

A Company 41%
B Company 21%
C Company 20%
Singapore: Market Data and Sapporo Group Activities

<Beer/ Restaurants/Soft Drinks>

(1) Basic Data*
- Population: Approx. 5.53mn (2015)
- Population growth rate: +1.2%
- Average age: 39.6
- GDP: 307.9billion$ (2014)
- GDP per capita: 56,284$ (2014)
- GDP growth rate: +2.9% (2014)

(2-2) Sapporo Group’s Operating business
1. Beer
2. Restaurants
3. Soft Drinks

(3-2) Restaurants business
- Local subsidiary: SAPPORO LION (SINGAPORE) PTE. LTD.
- Paid in capital: 4mn SG$
- Entry into business: Aug. 1991 Established POKKA FOOD (SINGAPORE) PTE. LTD.
- Operating Restaurants business Jan. 2013 Made POKKA FOOD (SINGAPORE) into Sapporo Lion Subsidiary Operating 「GINZA LION BEER HALL」
- Business field: Operating beer halls and restaurants, Production and sales of cake
- Number of outlets: 14 (As of December 31, 2016)

(3-1) Beer business
- Expanding sales channel to off premise market with POKKA CORPORATION (SINGAPORE) from 2010
- Sales volume in 2016 2.4 times in comparison with 2010

1. Beer
2. Restaurants
3. Soft Drinks

* Source: Department of Statistics Singapore

"Spreading the culture of beer hall to the world"
Singapore: Market Data and Sapporo Group Activities
<Beer/ Restaurants/Soft Drinks>

(3-3) Soft Drinks Business
- Local subsidiary: POKKA CORPORATION (SINGAPORE) PTE.LTD.
- Paid in capital: 26mn SG$
- Entry into business: Jan.1977 Established POKKA CORPORATION (SINGAPORE) PTE.LTD
- Annual production capacity: Approx. 8mn cases
- Business field: Production and sales of Soft Drinks

POKKA CORPORATION (SINGAPORE)
2016 Sales composition

Exporting Products to 60 Countries
Vision
Right Product to Right Market

Main Products lineup

Top 1 Brand

<Market share within Singapore>
Tea drinks market 48%
(Green tea category 66%)
Non-chilled Juice category 23%
※Nielsen Market Track DEC’16

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Sapporo Group Activities in Southeast Asia countries

<Soft Drinks>

Myanmar
- License agreement with Kah Hock Pte. Ltd.
- Plan to start operation of licensee’s plant in 2017
- Annual production capacity (plan): 5mn cases

Indonesia
- Started POKKA brand products sales through PT DIMA INDONESIA from 2000
- Mar. 2015 Joint venture with PT DIMA INDONESIA, Established PT.POKKA DIMA INTERNATIONAL
- Plan to start operation of plant in 2017
  Annual production capacity (plan): 5mn cases

Malaysia
- Established joint venture Pokka Ace (Malaysia) Sdn. Bhd. in 1993
- Completed construction Malaysia plant in Aug. 2014
  - Construction cost: 34.2mnSG$ (approx. 2.7bn yen)
  - Annual production capacity: 6mn Cases
- Obtained Malaysian Halal certification, which is trusted world-wide
## South Korea & Australia: Beer Market Data and Sapporo Group Activities

### South Korea Basic Data*
- Population: Approx. 50.30mn (2015)
- Population growth rate: +0.4%
- Average age: 37.8
- GDP: 1,410.4 billion$ (2014)
- GDP per capita: 28,166$ (2014)
- GDP growth rate: +3.3% (2014)

### Beer Market (2015)
- Beer Production volume: Approx. 2.10mn KL
- Beer consumption per person: Approx. 46L
- Beer market growth: +2.5%
- Breakdown by sales channel: On Premise 50%, Off Premise 50%

### Australia Basic Data*
- Population: Approx. 24.00mn (2015)
- Population growth rate: +1.7%
- Average age: 36.9
- GDP: 1,471.4 billion$ (2014)
- GDP growth rate: +2.7% (2014)

### Beer Market (2014)
- Beer Production volume: Approx. 1.69mn KL
- Beer consumption per person: Approx. 74L
- Beer market growth: -2.6%
- Breakdown by sales channel: On Premise 70%, Off Premise 30%

### Sapporo Group Activities
- **Nov. 2010**
  - Formed an alliance with Maeil Dairies Co., Ltd.
  - Acquired 15% of the share of M’s Beverage Co., Ltd., a wholly owned subsidiary of Maeil Dairies
  - Driving forward sales expansion efforts
  - **Sales volume in 2016**
    - *5.0 times* in comparison with 2011

- **Jul. 2011**
  - License agreement with Australian No.3 beer manufacturer, Coopers Brewery
  - Start local Production and sales by Coopers
  - **Sales volume in 2016**
    - *2.8 times* in comparison with 2012

---

*Source: Statistics Bureau, Ministry of Internal Affairs and Communications
「The statistics of the world 2016」

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Japan: Beer Market Data and Sapporo Group Activities

● Total taxed shipments volume of beer-type beverages
(Millions of cases, Total of 5 companies)

<table>
<thead>
<tr>
<th>Year</th>
<th>Beer-type beverages total volume</th>
<th>Beer volume</th>
<th>Composition of Bottle(%)</th>
<th>Composition of Can(%)</th>
<th>组成 of Keg(%)</th>
<th>Happoshu volume</th>
<th>New-genre volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>496.07</td>
<td>274.04</td>
<td>23.7</td>
<td>46.3</td>
<td>30.0</td>
<td>121.67</td>
<td>100.37</td>
</tr>
<tr>
<td>2008</td>
<td>482.68</td>
<td>256.12</td>
<td>23.2</td>
<td>45.4</td>
<td>31.4</td>
<td>112.36</td>
<td>114.20</td>
</tr>
<tr>
<td>2009</td>
<td>472.51</td>
<td>239.04</td>
<td>22.5</td>
<td>45.0</td>
<td>32.5</td>
<td>94.88</td>
<td>138.59</td>
</tr>
<tr>
<td>2010</td>
<td>459.17</td>
<td>230.48</td>
<td>21.6</td>
<td>45.2</td>
<td>33.2</td>
<td>78.07</td>
<td>150.63</td>
</tr>
<tr>
<td>2011</td>
<td>442.39</td>
<td>221.03</td>
<td>20.5</td>
<td>45.7</td>
<td>33.8</td>
<td>68.02</td>
<td>153.34</td>
</tr>
<tr>
<td>2012</td>
<td>438.11</td>
<td>220.45</td>
<td>19.7</td>
<td>45.9</td>
<td>34.4</td>
<td>62.65</td>
<td>155.02</td>
</tr>
<tr>
<td>2013</td>
<td>433.57</td>
<td>216.69</td>
<td>18.9</td>
<td>45.9</td>
<td>35.2</td>
<td>58.69</td>
<td>158.19</td>
</tr>
<tr>
<td>2014</td>
<td>427.08</td>
<td>214.60</td>
<td>18.2</td>
<td>46.3</td>
<td>35.5</td>
<td>61.30</td>
<td>151.18</td>
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<tr>
<td>2015</td>
<td>424.92</td>
<td>214.90</td>
<td>17.6</td>
<td>46.9</td>
<td>35.3</td>
<td>61.46</td>
<td>148.57</td>
</tr>
<tr>
<td>2016</td>
<td>414.76</td>
<td>210.70</td>
<td>16.7</td>
<td>48.0</td>
<td>35.3</td>
<td>57.30</td>
<td>146.76</td>
</tr>
</tbody>
</table>

Composition of taxed shipments by product category (Total of 5 companies)

Composition of taxed shipments of beer by container type (Total of 5 companies)
Japan: Beer Market Data and Sapporo Group Activities

● Corporate profile
★ Sapporo Breweries Ltd.
- Paid in capital: 10.0bn yen
- Entry into business:
  Sep. 1876 Established the Kaitakushi Brewery
  Sep. 1949 Established Nippon Breweries, Ltd.
  Jan. 1964 Nippon Breweries, Ltd., renamed Sapporo Breweries Ltd.
  Jul. 2003 Started operation under a holding company framework, with Sapporo Holdings Limited as a pure holding company
  Newly established Sapporo Breweries Ltd.
- Production base: Brewery 6 (Hokkaido, Sendai, Nasu, Chiba, Shizuoka, Hita), Japanese liquor plant 2, Winery 2
- Business field: Production and sales of beer and beer-type beverages, wine, Japanese liquor, etc.

Sapporo Breweries Ltd. Products

★ Core Brand

Sapporo Draft Beer Black Label Beer
Launched in 1977

YEBISU Beer
Launched in 1890

Mugi to Hop The gold New-genre
Launched in 2008

Goku ZERO Happoshu
Launched in 2013

● Sapporo: Composition of taxed shipments by product category

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### Sapporo: Total taxed shipments volume of beer-type beverages

(Millions of cases)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td>37.41</td>
<td>35.79</td>
<td>32.55</td>
<td>31.47</td>
<td>29.85</td>
<td>29.13</td>
<td>29.51</td>
<td>29.08</td>
<td>29.35</td>
<td>30.63</td>
</tr>
<tr>
<td>Happoshu</td>
<td>7.87</td>
<td>5.79</td>
<td>3.28</td>
<td>2.30</td>
<td>1.81</td>
<td>1.43</td>
<td>1.19</td>
<td>3.90</td>
<td>4.81</td>
<td>4.13</td>
</tr>
</tbody>
</table>

### Sapporo: Composition of taxed shipments by container type (sales volume base)

<table>
<thead>
<tr>
<th>Container Type</th>
<th>As of Dec.31 2016</th>
<th>Bottle : Can : keg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td></td>
<td>12:49:39</td>
</tr>
<tr>
<td>Beer-type beverages total</td>
<td></td>
<td>7:67:26</td>
</tr>
</tbody>
</table>

### Sapporo: Breakdown by sales channel (sales volume base)

<table>
<thead>
<tr>
<th>Sales Channel</th>
<th>As of Dec.31 2016</th>
<th>Off Premise : On premise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer</td>
<td></td>
<td>50:50</td>
</tr>
<tr>
<td>Beer-type beverages total</td>
<td></td>
<td>68:32</td>
</tr>
</tbody>
</table>
### Sapporo:
**Sales composition of Beer by brand**

<table>
<thead>
<tr>
<th>Year</th>
<th>Black Label Brand</th>
<th>YEBISU Brand</th>
<th>Other beer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>16.15</td>
<td>9.64</td>
<td>4.78</td>
</tr>
<tr>
<td>2015</td>
<td>16.18</td>
<td>9.52</td>
<td>4.71</td>
</tr>
<tr>
<td>2016</td>
<td>16.63</td>
<td>9.72</td>
<td>4.76</td>
</tr>
</tbody>
</table>

### Comparison of the liquor tax by category

<table>
<thead>
<tr>
<th>Category</th>
<th>Price before taxes</th>
<th>Consumption tax</th>
<th>Liquor tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer (350 ml)</td>
<td>128 yen</td>
<td>77 yen</td>
<td>11 yen</td>
</tr>
<tr>
<td>Low-malt beer (350 ml)</td>
<td>105 yen</td>
<td>47 yen</td>
<td>12 yen</td>
</tr>
<tr>
<td>New genre (350 ml)</td>
<td>104 yen</td>
<td>28 yen</td>
<td>11 yen</td>
</tr>
</tbody>
</table>

Source: Brewers Association of Japan, Sapporo

Note: Based on typical retail price at convenience stores. Consumption tax amounts are calculated using 8%.
Sapporo: Sales Breakdown by category

Jan-Dec net sales
279.4 billion yen

- Beer: 4%
- Happoshu, New genre: 6%
- Wine, Spirits: 7%
- Japanese liquor: 23%
- RTD, Non-alcoholic, etc.: 60%

Sapporo: Net Sales

Beer + Beer type beverages (incl. liquor tax)
(billions of yen)

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(1-1) Soft Drinks Market (2015)
• Production volume: Approx. 20.00mn KL
• Consumption per capita: Approx. 160L
• Soft drinks consumption growth rate: +2%

Source: Japan Soft Drink Association

Pokka Sapporo Food & Beverage Ltd. Products

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<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
</table>
| Jun. 1909  | Entered into the soft drink business as the first Japanese brewery to do so  
|            | Launched Citron (Soda)                                               |
| Jan. 1957  | Established Kokusai inryo Co., Ltd., later Sapporo Beverage Co., Ltd.   |
| Feb. 1957  | Established Nikka Lemon Co., Ltd. to make and sell lemon beverages, later POKKA CORPORATION |
| Sep. 2009  | Acquired 21.41% of the share of POKKA CORPORATION  
|            | Made POKKA into affiliated company accounted by the equity method     |
| Mar. 2011  | Acquired 86.76% of the share of POKKA CORPORATION  
|            | Made POKKA into consolidated subsidiary                              |
| As of Dec. 31, 2011 | Acquired 98.59% of the share of POKKA CORPORATION  
|            | Acquisition cost 34.80bn yen  
|            | *Goodwill: 18.41bn yen 15 years with the straight-line method        |
| Mar. 2012  | Integrated Sapporo Beverage Co., Ltd. with POKKA CORPORATION to establish Pokka Sapporo Food & Beverage Ltd. |
| Dec. 2012  | Made POKKA CORPORATION into a wholly owned subsidiary                |
| Jan. 2013  | Absorption-type merger between Sapporo Beverage Co., Ltd and POKKA CORPORATION  
|            | Commenced operation of Pokka Sapporo Food & Beverage Ltd.            |

- Production base: Food & Soft drinks plant 2 (Nagoya, Gunma), Soft drinks plant 2 (Iwata, Okinawa)
- Business field: Manufacture and sales of food & soft drinks, Operating coffee shop and other
(1-1) Soup Market
Market growth rate: +3.1%
Market growth rate: +5.1%

Launch two canned soup products in 1980

(1-2) Sapporo Group Activities
Entry into business: 1980
Instant soup sales growth rate: +3.3%
Share: 17.5% (No. 2)

Canned soup sales: 4.2bn yen (2015)
Canned soup sales growth rate: +13.5%
Share: 48.3% (No. 1)
Production base: 3 (Nagoya, Gunma, Iwata)

(2-1) Lemon-based Flavoring Market
Market growth rate: +1.0%

(2-2) Sapporo Group Activities
Sales: 5.15bn yen (2015)
Sales growth rate: +1.0%
Share: 85.8% (No. 1)
Production base: 1 (Nagoya)

Source: Fuji Keizai Marketing hand book 2016, 2017 Soup category

Source: Fuji Keizai Marketing hand book 2016, 2017 Lemon-based flavoring category
Japan : Real Estate Market Data and Sapporo Group Activities

(1-1) Real Estate Market

- The Greater Tokyo Area Office Leasing Market

  Annual average of occupancy rates & rent level *(Source: Miki Shoji Co., Ltd.)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy rate average(%)</td>
<td>90.9</td>
<td>91.9</td>
<td>93.8</td>
<td>95.1</td>
<td>96.1</td>
</tr>
<tr>
<td>New buildings occupancy rate</td>
<td>67.5</td>
<td>82.6</td>
<td>83.0</td>
<td>67.0</td>
<td>80.7</td>
</tr>
<tr>
<td>Existing buildings occupancy rate</td>
<td>91.7</td>
<td>92.1</td>
<td>93.9</td>
<td>95.7</td>
<td>96.4</td>
</tr>
<tr>
<td>Rent level average (yen/ tsubo)</td>
<td>16,719</td>
<td>16,367</td>
<td>16,616</td>
<td>17,412</td>
<td>18,200</td>
</tr>
<tr>
<td>New buildings rent level</td>
<td>22,830</td>
<td>26,008</td>
<td>27,312</td>
<td>27,186</td>
<td>28,355</td>
</tr>
<tr>
<td>Existing buildings rent level</td>
<td>16,578</td>
<td>16,183</td>
<td>16,402</td>
<td>17,195</td>
<td>17,917</td>
</tr>
</tbody>
</table>

(1-2) Corporate profile

★Sapporo Real Estate Co., Ltd.
- Paid in capital: 2.08bn yen
- Entry into business : June. 1988
- Business field : Real estate leasing, administration, operation and development services

- Major rental properties & annual average of occupancy rates

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yebisu Garden Place</td>
<td>96.0</td>
<td>93.0</td>
<td>82.0</td>
<td>92.0</td>
<td>99.0</td>
</tr>
<tr>
<td>Ebisu First Square (formerly Seiwa Ebisu Building)</td>
<td>*44.0</td>
<td>*0.0</td>
<td>23.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Ebisu Square</td>
<td>94.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>95.0</td>
</tr>
<tr>
<td>Ginza Place (formerly Sapporo Ginza Building)</td>
<td>96.0</td>
<td>*74.0</td>
<td>*14.0</td>
<td>*0.0</td>
<td>*0.0</td>
</tr>
<tr>
<td>Strata Ginza</td>
<td>99.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

- Real estate for lease *(millions of yen)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the fiscal year end date</td>
<td>209,924</td>
<td>210,078</td>
<td>207,864</td>
<td>197,666</td>
<td>201,763</td>
</tr>
<tr>
<td>Fair value at the fiscal year end date</td>
<td>335,672</td>
<td>337,771</td>
<td>348,237</td>
<td>357,395</td>
<td>389,101</td>
</tr>
</tbody>
</table>

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● Sapporo Group Activities
The real estate business mainly develops rental rear estate, including Yebisu Garden Place, Sapporo Factory, and office buildings principally located in three areas where it has deep Group links: Ebisu, Ginza and Sapporo.

・Commercial complexes

Yebisu Garden Place
The former site of Sapporo Breweries’ Ebisu Brewery

Address 20, Ebisu 4-chome, Shibuya-ku, Tokyo
4 · 13, Mita 1-chome, Meguro-ku, Tokyo
Site area Approx. 83,000㎡ (25,200 tsubo)
*Office tower 56,943㎡
Building area Approx. 32,000㎡ (9,700 tsubo)
Floor area Approx. 478,000㎡ (144,600 tsubo)
No. of floors 40 floors above ground, 5 below
Opened Oct. 1994

Sapporo Factory
The former site of Sapporo Breweries’ Sapporo Brewery

Address Kita 2 Jo Higashi 4-chome, Chuo-ku, sapporo-shi, Hokkaido
Site area Approx. 47,000㎡ (14,300 tsubo)
Building area Approx. 32,400㎡ (9,800 tsubo)
Floor area Approx. 160,000㎡ (48,400 tsubo)
Opened Apr. 1993
Japan: Real Estate Market Data and Sapporo Group Activities

- **Rental Properties**

  **[Ebisu area]**

  **Ebisu First Square**

  - Address: 18-14, Ebisu 1-chome, Shibuyaku, Tokyo
  - Site area: 2,596㎡
  - Floor area: 16,012㎡
  - No. of floors: 12 floors above ground, 1 below
  - Completed: Sep. 2014
  - Use: Office

  **Ebisu Square**

  - Address: 23-23, Ebisu 1-chome, Shibuyaku, Tokyo
  - Site area: 1,561㎡
  - Floor area: 8,644㎡
  - No. of floors: 7 floors above ground, 1 below
  - Completed: Jun. 1994
  - Use: Office

  **[Ginza area]**

  **GIINZA PLACE**

  - Opened: September 24, 2016

  - Address: 8-1, Ginza 5-chome, Chuo-ku, Tokyo
  - Site area: Approx. 645㎡
  - Floor area: Approx. 7,350㎡
  - No. of floors: 11 floors above ground, 2 below
  - Use: Commercial complex

  **STRATA GINZA**

  - Address: 10-1, Ginza 7-chome, chuo-ku, Tokyo
  - Site area: 1,117㎡
  - Floor area: 11,411㎡
  - No. of floors: 13 floors above ground, 1 below
  - Completed: Sep. 2006
  - Use: Hotel, Shops, Restaurants

  *Sapporo owns 922㎡ of the site (sectional ownership) and 89.72% of the building*
(1-1) **Restaurants Market (2015)**

- Total market size: Approx. 25,181.6bn yen
  - Drinking outlets (including beer hall) market size: Approx. 1,067.2bn yen
  - Coffee shops market size: Approx. 1,127.0bn yen

- Total market growth rate: +2.2%
  - Drinking outlets (including beer hall) market growth rate: +2.8%
  - Coffee shops market growth rate: +3.2%

(Source: Japan Food Service association)

- Drinking outlets (including beer hall) market
  Net sales and number of outlets (Year on year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (Year on year)</th>
<th>No. of outlets (Year on year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>99.5%</td>
<td>99.8%</td>
</tr>
<tr>
<td>2013</td>
<td>96.5%</td>
<td>99.8%</td>
</tr>
<tr>
<td>2014</td>
<td>95.0%</td>
<td>96.8%</td>
</tr>
<tr>
<td>2015</td>
<td>94.3%</td>
<td>93.6%</td>
</tr>
<tr>
<td>2016</td>
<td>92.8%</td>
<td>93.3%</td>
</tr>
</tbody>
</table>

- Coffee shops market
  Net sales and number of outlets (Year on year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (Year on year)</th>
<th>No. of outlets (Year on year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>102.2%</td>
<td>100.6%</td>
</tr>
<tr>
<td>2013</td>
<td>100.1%</td>
<td>100.3%</td>
</tr>
<tr>
<td>2014</td>
<td>100.1%</td>
<td>100.7%</td>
</tr>
<tr>
<td>2015</td>
<td>102.5%</td>
<td>100.9%</td>
</tr>
<tr>
<td>2016</td>
<td>101.2%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

*Year on year data are based on the questionnaire for member of Japan Food Service association*
(2-2) Sapporo Group Activities

**Drinking outlets (including beer hall)**
- Operating company: Sapporo Lion Ltd.
- Paid in capital: 4.87bn yen
- Entry into business:
  - August 4, 1899: Opened YEBISU BEER HALL in Ginza, Tokyo as Japan’s first beer hall
  - Sep. 1949: Established Nippon Kyoei Ltd., later Sapporo Lion Ltd.
- Business field: Operating beer hall, drinking outlets and restaurants, mainly GINZA LION and YEBISU BAR

<table>
<thead>
<tr>
<th>Year on year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales of existing outlets</td>
<td>102%</td>
<td>101%</td>
<td>101%</td>
<td>104%</td>
<td>99%</td>
</tr>
<tr>
<td>No. of outlets</td>
<td>101%</td>
<td>98%</td>
<td>97%</td>
<td>92%</td>
<td>103%</td>
</tr>
<tr>
<td>No. of outlets at the fiscal year end date</td>
<td>193</td>
<td>190</td>
<td>185</td>
<td>170</td>
<td>175</td>
</tr>
</tbody>
</table>
Main outlet  Beer Hall Lion Ginza 7-Chome

Opened in 1934
Oldest existing beer hall in Japan

Outlet interior
Authentic atmosphere
with 250 colored glass mosaic wall art
Size 27.5m × 5.75m
Made by Mr. Eizo Sugawara

<Sapporo Lion outlets>
As of December 31, 2016

<New Sanko Inc.>  *Sapporo Lion’s Subsidiary
1954  Established in Otaru, Hokkaido
Operating beer hall
9 outlets located in Hokkaido
(Sapporo, Otaru)

<Marushinkawamura Inc.>  *Sapporo Lion’s Subsidiary
1955  Established in Sapporo, Hokkaido
Newly consolidated from the first half of 2016
16 outlets located in Hokkaido(Sapporo) and Tokyo

※1: Tochigi, Gunma, Saitama, Chiba, Kanagawa, Yamanashi
※2: Osaka, Kyoto, Hyogo

※1: Tochigi, Gunma, Saitama, Chiba, Kanagawa, Yamanashi
※2: Osaka, Kyoto, Hyogo
**Coffee shops**

- Operating company: Pokka Create Co., Ltd
  *Pokka Sapporo Food & Beverage’s Subsidiary*
- Paid in capital: 300mn yen
- Entry into business: Oct. 1994
- Business field: Operating coffee shop chain “CAFÉ de CRIE”

Number of outlets: 190 outlets (as of December 31, 2016)
(Directly operated: 110 outlets; FC: 80 outlets)
East Japan 105, Central Japan 38, West Japan 47

**Trends of net sales and number CAFÉ de CRIE outlets**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales of Pokka Create</th>
<th>No. of CAFÉ de Crie outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>6.3</td>
<td>163</td>
</tr>
<tr>
<td>2013</td>
<td>7.1</td>
<td>170</td>
</tr>
<tr>
<td>2014</td>
<td>7.4</td>
<td>185</td>
</tr>
<tr>
<td>2015</td>
<td>7.7</td>
<td>189</td>
</tr>
<tr>
<td>2016</td>
<td>8.2</td>
<td>190</td>
</tr>
</tbody>
</table>

No. of outlets

0 50 100 150 200

Net sales of Pokka Create

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③ Financial Data
Sapporo Group Overview

The Sapporo Group operates under a holding company framework, with Sapporo Holdings Limited as a pure holding company, and has five business segments: Japanese Alcoholic Beverages, International, Food & Soft Drinks, Restaurants and Real Estate. We have positioned “Alcoholic Beverages”, “Food” and “Soft Drinks” as the Group’s three core business fields, and will work to nurture and strengthen the Group’s brands along with the real estate business. The Sapporo Group stands out among the numerous food companies in Japan for conducting business in all three fields of “Alcoholic Beverages”, “Food” and “Soft Drinks”. Leveraging this unique strength, we will work to supply distinctive products and services worldwide in conjunction with expanding our contact points with customers, with the aim of driving robust growth.

### Japanese Alcoholic Beverages
- **Achieve continuous growth**
  - **Enhance brand strength**
  - **Wine business will become a second core business**

  - Net sales: ¥279.4 bn
  - Net sales (excl. liquor tax): ¥161.6 bn
  - Operating income before goodwill amortization: ¥11.8 bn
  - Margin (excl. liquor tax): 7.3%
  - EBITDA: ¥19.0 bn

  Focused mainly on the beer business, but is also involved in other areas, including the wine and spirits business and the Japanese liquor business. The Group will continue to propose products and services that represent the distinctive Sapporo value.

### International
- **Achieve continuous growth**
  - **Enhance brand strength**
  - **Produce results in investment business**
  - **Capture growth opportunities**

  - Net sales: ¥65.4 bn
  - Operating income before goodwill amortization: ¥2.5 bn
  - Margin: 3.9%
  - EBITDA: ¥5.6 bn

Offering alcoholic beverages and soft drinks, mainly in North America and Southeast Asia. In the North American market, we are aiming to take another leap forward, while working to expand our beer business in Vietnam and use it as a base for strengthening our exports to surrounding countries.

### Food & Soft Drinks
- **Achieve continuous growth**
  - **Enhance brand strength**

  - Net sales: ¥137.9 bn
  - Operating income before goodwill amortization: ¥3.4 bn
  - Margin: 2.5%
  - EBITDA: ¥9.1 bn

  • Strong brands in the lemon-based foods and drinks markets, and in the instant soup markets, which are expected to grow
  • Growing in Southeast Asia and Middle East by leveraging the overwhelming market share of green tea drinks in Singapore

### Restaurants
- **Achieve continuous growth**
  - **Enhance brand strength**
  - **Improve profitability**

  - Net sales: ¥28.1 bn
  - Operating income before goodwill amortization: ¥0.6 bn
  - Margin: 2.5%
  - EBITDA: ¥1.2 bn

Japan’s largest beer hall chains, GINZA LION and YEBISU BAR, along with various restaurants. In addition to providing delicious draft beer, we will continue to develop menus based on the theme of "safety, security, authenticity, and health."
- Two Ginza Lion Beer Hall outlets in Singapore

### Real Estate
- **Achieve continuous growth**
  - **Enhance brand strength**
  - **Strengthen stable earnings base**

  - Net sales: ¥22.9 bn
  - Operating income before goodwill amortization: ¥10.3 bn
  - Margin: 45.1%
  - EBITDA: ¥14.4 bn

Operating and managing three commercial complexes—Yebisu Garden Place, Sapporo Factory, and GINZA PLACE—as well as office buildings and others.
- Yebisu Garden Place: Promote the renovation in the property’s commercial area to further increase value to boost the brand strength of the entire district
Financial Data (Profit and Loss Trends)

Net Sales

Net Sales (excl. Liquor tax)

Overseas Sales Ratio (excl. Liquor tax)

Gross Profit / Net Sales (excl. tax)

SGA / Net Sales (excl. tax)

Operating Income Margin (excl. tax)

Operating Income

Ordinary Income

Profit attributable to owners of parent

EBITDA

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# Financial Data (Profit and Loss Trends)

<table>
<thead>
<tr>
<th>Items</th>
<th>2007/12</th>
<th>2008/12</th>
<th>2009/12</th>
<th>2010/12</th>
<th>2011/12</th>
<th>2012/12</th>
<th>2013/12</th>
<th>2014/12</th>
<th>2015/12</th>
<th>2016/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (Including tax) (millions of yen)</td>
<td>449,011</td>
<td>414,558</td>
<td>387,534</td>
<td>389,244</td>
<td>449,452</td>
<td>492,490</td>
<td>509,834</td>
<td>518,740</td>
<td>533,748</td>
<td>541,847</td>
</tr>
<tr>
<td>Net sales (Excluding tax) (millions of yen)</td>
<td>309,794</td>
<td>284,411</td>
<td>264,604</td>
<td>269,874</td>
<td>336,837</td>
<td>379,792</td>
<td>395,377</td>
<td>401,813</td>
<td>418,319</td>
<td>424,059</td>
</tr>
<tr>
<td>Cost of sales (millions of yen)</td>
<td>305,078</td>
<td>288,146</td>
<td>267,690</td>
<td>261,211</td>
<td>286,678</td>
<td>313,117</td>
<td>329,605</td>
<td>336,388</td>
<td>352,808</td>
<td>352,420</td>
</tr>
<tr>
<td>Selling general and administrative expenses (millions of yen)</td>
<td>131,570</td>
<td>111,726</td>
<td>106,947</td>
<td>112,629</td>
<td>143,890</td>
<td>164,958</td>
<td>164,884</td>
<td>167,623</td>
<td>166,990</td>
<td>169,159</td>
</tr>
<tr>
<td>Operating income (millions of yen)</td>
<td>12,362</td>
<td>14,685</td>
<td>12,895</td>
<td>15,403</td>
<td>18,883</td>
<td>14,414</td>
<td>15,344</td>
<td>14,728</td>
<td>13,950</td>
<td>20,267</td>
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<tr>
<td>Ordinary income (millions of yen)</td>
<td>8,118</td>
<td>10,526</td>
<td>10,725</td>
<td>14,328</td>
<td>16,807</td>
<td>13,689</td>
<td>15,130</td>
<td>14,565</td>
<td>13,211</td>
<td>19,202</td>
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<tr>
<td>EBITDA (millions of yen)</td>
<td>37,759</td>
<td>37,157</td>
<td>36,474</td>
<td>39,080</td>
<td>46,476</td>
<td>44,098</td>
<td>44,388</td>
<td>42,974</td>
<td>42,327</td>
<td>46,529</td>
</tr>
<tr>
<td>Profit attributable to owners of parent (millions of yen)</td>
<td>5,508</td>
<td>7,640</td>
<td>4,535</td>
<td>10,772</td>
<td>3,164</td>
<td>5,393</td>
<td>9,451</td>
<td>340</td>
<td>6,108</td>
<td>9,469</td>
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<tr>
<td>Overseas sales ratio (Excluding tax) (%)</td>
<td>9.0</td>
<td>8.8</td>
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<td>9.4</td>
<td>11.0</td>
<td>14.1</td>
<td>18.3</td>
<td>19.2</td>
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<tr>
<td>Gross profit to net sales (Excluding tax) (%)</td>
<td>46.5</td>
<td>44.4</td>
<td>45.3</td>
<td>47.4</td>
<td>48.3</td>
<td>47.2</td>
<td>45.6</td>
<td>45.4</td>
<td>43.3</td>
<td>44.7</td>
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<tr>
<td>Selling general and administrative expenses to net sales (Excluding tax) (%)</td>
<td>42.5</td>
<td>39.3</td>
<td>40.4</td>
<td>41.7</td>
<td>42.7</td>
<td>43.4</td>
<td>41.7</td>
<td>41.7</td>
<td>39.9</td>
<td>39.9</td>
</tr>
<tr>
<td>Operating income margin (Excluding tax) (%)</td>
<td>4.0</td>
<td>5.2</td>
<td>4.9</td>
<td>5.7</td>
<td>5.6</td>
<td>3.8</td>
<td>3.9</td>
<td>3.7</td>
<td>3.3</td>
<td>4.8</td>
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</tbody>
</table>
Financial Data (Financial Condition)

- **Total Assets**
- **Net Assets**
- **Fixed assets**
  - Current assets
- **Financial Liabilities**

**Equity Ratio**

**Debt Ratio**

**Fixed Assets Ratio**

**Fixed Assets to Fixed Liability Ratio**

**Current Ratio**

**D/E Ratio**

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## Financial Data (Financial Condition)

<table>
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<tr>
<th>Items</th>
<th>2007/12</th>
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<th>2012/12</th>
<th>2013/12</th>
<th>2014/12</th>
<th>2015/12</th>
<th>2016/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (millions of yen)</td>
<td>561,858</td>
<td>527,286</td>
<td>506,874</td>
<td>494,798</td>
<td>550,784</td>
<td>597,636</td>
<td>616,752</td>
<td>625,439</td>
<td>620,388</td>
<td>626,351</td>
</tr>
<tr>
<td>Net assets (millions of yen)</td>
<td>125,189</td>
<td>116,862</td>
<td>118,590</td>
<td>126,645</td>
<td>124,775</td>
<td>134,946</td>
<td>155,366</td>
<td>160,004</td>
<td>163,822</td>
<td>166,380</td>
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<td>Total current assets (millions of yen)</td>
<td>117,717</td>
<td>129,418</td>
<td>102,277</td>
<td>109,737</td>
<td>129,018</td>
<td>138,258</td>
<td>147,336</td>
<td>156,372</td>
<td>156,364</td>
<td>164,183</td>
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<td>Total fixed assets (millions of yen)</td>
<td>444,141</td>
<td>397,868</td>
<td>404,596</td>
<td>385,061</td>
<td>421,766</td>
<td>469,416</td>
<td>469,066</td>
<td>464,023</td>
<td>462,168</td>
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<tr>
<td>Total current liabilities (millions of yen)</td>
<td>223,501</td>
<td>213,203</td>
<td>169,252</td>
<td>167,043</td>
<td>212,589</td>
<td>243,146</td>
<td>227,308</td>
<td>211,771</td>
<td>233,643</td>
<td>212,123</td>
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<td>Total fixed liabilities (millions of yen)</td>
<td>213,168</td>
<td>197,220</td>
<td>219,032</td>
<td>201,109</td>
<td>213,418</td>
<td>234,077</td>
<td>253,662</td>
<td>222,921</td>
<td>247,847</td>
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<tr>
<td>Financial liabilities (millions of yen)</td>
<td>208,464</td>
<td>189,251</td>
<td>196,794</td>
<td>181,334</td>
<td>219,168</td>
<td>257,646</td>
<td>247,828</td>
<td>247,556</td>
<td>234,741</td>
<td>238,143</td>
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<td>Equity ratio (%)</td>
<td>22.3</td>
<td>22.1</td>
<td>23.4</td>
<td>25.3</td>
<td>22.4</td>
<td>22.1</td>
<td>24.6</td>
<td>25.0</td>
<td>25.5</td>
<td>25.7</td>
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<tr>
<td>Debt ratio (%)</td>
<td>349.0</td>
<td>351.9</td>
<td>328.0</td>
<td>294.4</td>
<td>345.5</td>
<td>351.1</td>
<td>304.2</td>
<td>297.8</td>
<td>289.1</td>
<td>286.3</td>
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<tr>
<td>Fixed Assets ratio (%)</td>
<td>354.9</td>
<td>341.1</td>
<td>341.8</td>
<td>307.9</td>
<td>342.1</td>
<td>348.6</td>
<td>309.5</td>
<td>300.1</td>
<td>293.8</td>
<td>287.6</td>
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<tr>
<td>Fixed Assets to Fixed Liability ratio (%)</td>
<td>131.3</td>
<td>126.8</td>
<td>119.9</td>
<td>118.1</td>
<td>125.3</td>
<td>130.8</td>
<td>121.7</td>
<td>114.4</td>
<td>121.8</td>
<td>113.1</td>
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<tr>
<td>Current ratio (%)</td>
<td>52.7</td>
<td>60.7</td>
<td>60.4</td>
<td>65.7</td>
<td>60.7</td>
<td>56.9</td>
<td>64.8</td>
<td>73.8</td>
<td>66.9</td>
<td>77.4</td>
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<tr>
<td>D/E ratio (times)</td>
<td>1.7</td>
<td>1.6</td>
<td>1.7</td>
<td>1.4</td>
<td>1.8</td>
<td>1.9</td>
<td>1.6</td>
<td>1.5</td>
<td>1.4</td>
<td>1.4</td>
</tr>
</tbody>
</table>
Financial Data (Segment Information)

Net Sales by Segment

Net Sales:
- Japanese Alcoholic Beverages
- International
- Food & Soft Drinks
- Restaurants
- Real Estate

Composition:
- Japanese Alcoholic Beverages (excl. liquor tax)
- International
- Food & Soft Drinks
- Restaurants
- Real Estate

Net Sales- Japanese Alcoholic Beverages

Net Sales- International

Net Sales- Food & Soft Drinks

Net Sales- Restaurants

Net Sales- Real Estate
## Financial Data (Segment Information)

<table>
<thead>
<tr>
<th>Items</th>
<th>2007/12</th>
<th>2008/12</th>
<th>2009/12</th>
<th>2010/12</th>
<th>2011/12</th>
<th>2012/12</th>
<th>2013/12</th>
<th>2014/12</th>
<th>2015/12</th>
<th>2016/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales-Alcoholic beverages (Including tax) (millions of yen) *</td>
<td>343,670</td>
<td>324,720</td>
<td>305,495</td>
<td>304,715</td>
<td>294,077</td>
<td>306,068</td>
<td>323,125</td>
<td>330,704</td>
<td>344,153</td>
<td>344,877</td>
</tr>
<tr>
<td>Sales-Japanese Alcoholic beverages (Including tax) (millions of yen) *</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>279,329</td>
<td>268,189</td>
<td>269,947</td>
<td>274,909</td>
<td>281,031</td>
<td>273,651</td>
<td>279,476</td>
</tr>
<tr>
<td>Sales-International (millions of yen) *</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25,386</td>
<td>25,888</td>
<td>36,121</td>
<td>48,215</td>
<td>49,672</td>
<td>70,501</td>
<td>65,400</td>
</tr>
<tr>
<td>Sales-Food&amp;Soft drinks (millions of yen)</td>
<td>52,239</td>
<td>36,848</td>
<td>30,745</td>
<td>33,937</td>
<td>108,060</td>
<td>129,017</td>
<td>130,671</td>
<td>133,439</td>
<td>135,670</td>
<td>137,918</td>
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<tr>
<td>Sales-Restaurants (millions of yen)</td>
<td>28,954</td>
<td>29,537</td>
<td>28,026</td>
<td>26,429</td>
<td>24,091</td>
<td>26,621</td>
<td>26,827</td>
<td>27,143</td>
<td>27,004</td>
<td>28,120</td>
</tr>
<tr>
<td>Sales-Real estate (millions of yen)</td>
<td>24,147</td>
<td>23,451</td>
<td>23,266</td>
<td>23,537</td>
<td>22,468</td>
<td>23,217</td>
<td>22,767</td>
<td>21,509</td>
<td>20,872</td>
<td>22,900</td>
</tr>
<tr>
<td>Sales-Others (millions of yen)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>624</td>
<td>755</td>
<td>7,565</td>
<td>6,442</td>
<td>5,944</td>
<td>6,048</td>
<td>8,031</td>
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<tr>
<td>Sales share-Alcoholic beverages (Excluding tax) (%)</td>
<td>66.0</td>
<td>68.4</td>
<td>69.0</td>
<td>68.7</td>
<td>53.9</td>
<td>52.1</td>
<td>52.8</td>
<td>53.4</td>
<td>54.7</td>
<td>53.6</td>
</tr>
<tr>
<td>Sales share-Japanese Alcoholic beverages (Excluding tax) (%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>59.3</td>
<td>46.2</td>
<td>42.6</td>
<td>40.6</td>
<td>41.0</td>
<td>37.8</td>
<td>38.1</td>
</tr>
<tr>
<td>Sales share-International (%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9.4</td>
<td>7.7</td>
<td>9.5</td>
<td>12.2</td>
<td>12.4</td>
<td>16.9</td>
<td>15.4</td>
</tr>
<tr>
<td>Sales share-Food&amp;Soft drinks (%)</td>
<td>16.9</td>
<td>13.0</td>
<td>11.6</td>
<td>12.6</td>
<td>32.1</td>
<td>34.8</td>
<td>33.0</td>
<td>33.2</td>
<td>32.4</td>
<td>32.5</td>
</tr>
<tr>
<td>Sales share-Restaurants (%)</td>
<td>9.3</td>
<td>10.4</td>
<td>10.6</td>
<td>9.8</td>
<td>7.2</td>
<td>6.7</td>
<td>6.8</td>
<td>6.8</td>
<td>6.5</td>
<td>6.6</td>
</tr>
<tr>
<td>Sales share-Real estate (%)</td>
<td>7.8</td>
<td>8.2</td>
<td>8.8</td>
<td>8.7</td>
<td>6.7</td>
<td>6.1</td>
<td>5.8</td>
<td>5.4</td>
<td>5.0</td>
<td>5.4</td>
</tr>
<tr>
<td>Sales share-Others (%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>1.6</td>
<td>1.5</td>
<td>1.4</td>
<td>1.9</td>
</tr>
</tbody>
</table>

*Effective from the fiscal year 2011, the Alcoholic beverages business was split into Japanese and International segments.
Financial Data (Segment Information)

Operating Income by Segment

Operating Income & OP Margin -
Japanese Alcoholic Beverages

Operating Income & OP Margin -
International

Operating Income & OP Margin -
Food & Soft Drinks

Operating Income & OP Margin -
Restaurants

Operating Income & OP Margin -
Real Estate

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### Financial Data (Segment Information)

<table>
<thead>
<tr>
<th>Items</th>
<th>2007/12</th>
<th>2008/12</th>
<th>2009/12</th>
<th>2010/12</th>
<th>2011/12</th>
<th>2012/12</th>
<th>2013/12</th>
<th>2014/12</th>
<th>2015/12</th>
<th>2016/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income-Alcoholic beverages (Excluding tax) (millions of yen) *</td>
<td>7,854</td>
<td>8,610</td>
<td>8,176</td>
<td>9,787</td>
<td>9,682</td>
<td>7,448</td>
<td>11,109</td>
<td>10,365</td>
<td>8,789</td>
<td>12,652</td>
</tr>
<tr>
<td>Operating income-Japanese Alcoholic beverages (millions of yen) *</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,290</td>
<td>9,304</td>
<td>7,522</td>
<td>9,901</td>
<td>10,192</td>
<td>8,635</td>
<td>11,745</td>
</tr>
<tr>
<td>Operating income-International (millions of yen) *</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>497</td>
<td>378</td>
<td>-73</td>
<td>1,208</td>
<td>172</td>
<td>154</td>
<td>906</td>
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<tr>
<td>Operating income-Food &amp; Soft drinks (millions of yen)</td>
<td>-839</td>
<td>220</td>
<td>301</td>
<td>1,280</td>
<td>3,690</td>
<td>364</td>
<td>-1,483</td>
<td>121</td>
<td>434</td>
<td>1,314</td>
</tr>
<tr>
<td>Operating income-Restaurants (millions of yen)</td>
<td>656</td>
<td>550</td>
<td>-171</td>
<td>148</td>
<td>219</td>
<td>538</td>
<td>415</td>
<td>303</td>
<td>522</td>
<td>663</td>
</tr>
<tr>
<td>Operating income-Real estate (millions of yen)</td>
<td>7,073</td>
<td>7,612</td>
<td>7,524</td>
<td>7,986</td>
<td>8,552</td>
<td>9,396</td>
<td>8,685</td>
<td>7,695</td>
<td>8,281</td>
<td>10,328</td>
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<tr>
<td>Operating income-Others (millions of yen)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-751</td>
<td>-643</td>
<td>-413</td>
<td>231</td>
<td>183</td>
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<td>95</td>
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<td>Operating income margin-Alcoholic beverages (Excluding tax) (%)</td>
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<td>4.4</td>
<td>4.5</td>
<td>5.3</td>
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<td>3.8</td>
<td>5.3</td>
<td>4.8</td>
<td>3.8</td>
<td>5.6</td>
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<tr>
<td>Operating income margin-Japanese Alcoholic beverages (Excluding tax) (%)</td>
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<td>-</td>
<td>-</td>
<td>5.8</td>
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<td>6.0</td>
<td>6.2</td>
<td>6.2</td>
<td>5.5</td>
<td>7.3</td>
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<td>Operating income margin-International (%)</td>
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<td>-</td>
<td>-</td>
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<td>0.3</td>
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<td>Operating income margin-Food &amp; Soft drinks (%)</td>
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<td>0.6</td>
<td>1.0</td>
<td>3.8</td>
<td>3.4</td>
<td>0.3</td>
<td>-1.1</td>
<td>0.1</td>
<td>0.3</td>
<td>1.0</td>
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<td>Operating income margin-Restaurants (%)</td>
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<td>1.9</td>
<td>-0.6</td>
<td>0.6</td>
<td>0.9</td>
<td>2.1</td>
<td>1.5</td>
<td>1.1</td>
<td>1.9</td>
<td>2.4</td>
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<td>Operating income margin-Real estate (%)</td>
<td>29.3</td>
<td>32.5</td>
<td>32.3</td>
<td>33.9</td>
<td>38.1</td>
<td>40.5</td>
<td>38.1</td>
<td>35.8</td>
<td>39.7</td>
<td>45.1</td>
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<tr>
<td>Operating income margin-Others (%)</td>
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<td>-</td>
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<td>-120.4</td>
<td>-85.2</td>
<td>-47.4</td>
<td>3.6</td>
<td>3.1</td>
<td>0.0</td>
<td>1.2</td>
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</table>

*Effective from the fiscal year 2011, the Alcoholic beverages business was split into Japanese and International segments.
Financial Data (Cash Flows Information)

Cash Flows from Operating Activities

Cash Flows from Investing Activities

Cash Flows from Financing Activities

Free Cash Flows

Cash and Cash Equivalents

Capital Expenditure

Depreciation and Amortization

Goodwill Amortization
## Financial Data (Cash Flow Information)

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<tr>
<th>Items</th>
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<th>2010/12</th>
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<th>2012/12</th>
<th>2013/12</th>
<th>2014/12</th>
<th>2015/12</th>
<th>2016/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating activities CF (millions of yen)</td>
<td>30,690</td>
<td>22,291</td>
<td>12,454</td>
<td>27,431</td>
<td>22,313</td>
<td>29,618</td>
<td>32,861</td>
<td>22,284</td>
<td>35,265</td>
<td>32,570</td>
</tr>
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<td>Investing activities CF (millions of yen)</td>
<td>-13,495</td>
<td>16,856</td>
<td>-32,227</td>
<td>-2,594</td>
<td>-50,891</td>
<td>-59,485</td>
<td>-13,268</td>
<td>-17,229</td>
<td>-9,755</td>
<td>-27,586</td>
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<tr>
<td>Free CF (millions of yen)</td>
<td>17,195</td>
<td>39,147</td>
<td>-19,773</td>
<td>24,837</td>
<td>-28,578</td>
<td>-29,867</td>
<td>19,593</td>
<td>5,055</td>
<td>25,510</td>
<td>4,984</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year (millions of yen)</td>
<td>5,881</td>
<td>22,217</td>
<td>6,267</td>
<td>13,270</td>
<td>9,057</td>
<td>9,725</td>
<td>11,518</td>
<td>9,748</td>
<td>10,399</td>
<td>10,475</td>
</tr>
<tr>
<td>Capital expenditures (millions of yen)</td>
<td>19,882</td>
<td>27,342</td>
<td>21,827</td>
<td>19,574</td>
<td>13,422</td>
<td>53,870</td>
<td>13,768</td>
<td>19,133</td>
<td>20,339</td>
<td>21,809</td>
</tr>
<tr>
<td>Depreciation and amortization (millions of yen)</td>
<td>24,526</td>
<td>21,604</td>
<td>22,546</td>
<td>22,504</td>
<td>24,482</td>
<td>25,805</td>
<td>25,058</td>
<td>24,481</td>
<td>24,224</td>
<td>22,341</td>
</tr>
<tr>
<td>Goodwill amortization expense (millions of yen)</td>
<td>869</td>
<td>867</td>
<td>1,032</td>
<td>1,172</td>
<td>3,109</td>
<td>3,879</td>
<td>3,985</td>
<td>3,764</td>
<td>4,153</td>
<td>3,920</td>
</tr>
</tbody>
</table>
## Financial Data (Per Share Data)

### Items

<table>
<thead>
<tr>
<th>Items</th>
<th>2007/12</th>
<th>2008/12</th>
<th>2009/12</th>
<th>2010/12</th>
<th>2011/12</th>
<th>2012/12</th>
<th>2013/12</th>
<th>2014/12</th>
<th>2015/12</th>
<th>2016/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit per share (yen)</td>
<td>14.10</td>
<td>19.49</td>
<td>11.57</td>
<td>27.50</td>
<td>8.08</td>
<td>13.77</td>
<td>24.20</td>
<td>0.87</td>
<td>78.40</td>
<td>121.56</td>
</tr>
<tr>
<td>Cash dividends per share (yen)</td>
<td>5</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>35</td>
<td>37</td>
</tr>
<tr>
<td>Net assets per share (yen)</td>
<td>319.07</td>
<td>297.60</td>
<td>302.16</td>
<td>319.32</td>
<td>314.87</td>
<td>336.60</td>
<td>388.77</td>
<td>401.17</td>
<td>2027.20</td>
<td>2062.86</td>
</tr>
<tr>
<td>Payout ratio (%)</td>
<td>35.5</td>
<td>35.9</td>
<td>60.5</td>
<td>25.5</td>
<td>86.6</td>
<td>50.8</td>
<td>28.9</td>
<td>802.6</td>
<td>44.6</td>
<td>30.4</td>
</tr>
<tr>
<td>Stock price (yen)</td>
<td>900</td>
<td>559</td>
<td>509</td>
<td>368</td>
<td>291</td>
<td>279</td>
<td>442</td>
<td>512</td>
<td>2660</td>
<td>3010</td>
</tr>
</tbody>
</table>

*Payout Ratio for 2014 is omitted.

*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 the items noted below have been recalculated on the assumption that the share consolidation took place at the beginning of fiscal year 2015.

- Profit per share
- Cash dividends per share
- Net assets per share
- Stock price

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## Financial Data (Management Indicators)

<table>
<thead>
<tr>
<th>Items</th>
<th>2007/12</th>
<th>2008/12</th>
<th>2009/12</th>
<th>2010/12</th>
<th>2011/12</th>
<th>2012/12</th>
<th>2013/12</th>
<th>2014/12</th>
<th>2015/12</th>
<th>2016/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA (%)</td>
<td>1.0</td>
<td>1.4</td>
<td>0.9</td>
<td>2.2</td>
<td>0.6</td>
<td>0.9</td>
<td>1.6</td>
<td>0.1</td>
<td>1.0</td>
<td>0.4</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>4.6</td>
<td>6.3</td>
<td>3.9</td>
<td>8.9</td>
<td>2.5</td>
<td>4.2</td>
<td>6.7</td>
<td>0.2</td>
<td>3.9</td>
<td>5.9</td>
</tr>
<tr>
<td>Total asset turnover (times)</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.6</td>
<td>0.7</td>
<td>0.7</td>
<td>0.6</td>
<td>0.7</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Inventory turnover (times)</td>
<td>12.9</td>
<td>13.3</td>
<td>11.5</td>
<td>12.2</td>
<td>12.0</td>
<td>11.7</td>
<td>11.5</td>
<td>11.0</td>
<td>10.8</td>
<td>9.3</td>
</tr>
<tr>
<td>Tangible fixed asset turnover (times)</td>
<td>0.9</td>
<td>0.9</td>
<td>0.8</td>
<td>0.9</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
<td>1.2</td>
<td>1.2</td>
</tr>
</tbody>
</table>
Corporate Data

Security Code
2501

Securities Traded:
Common Stock
Tokyo Stock Exchange, First Section

Trading Unit:
100 shares

Major Shareholders  (As of December 31, 2016)
*Shareholding ratios are calculated after deduction of treasury stock.

<table>
<thead>
<tr>
<th>Shareholders Name</th>
<th>Number of Shares (thousands)</th>
<th>Percentage(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>3,727</td>
<td>4.77</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>3,187</td>
<td>4.08</td>
</tr>
<tr>
<td>Trust &amp; Custody Services bank, Ltd., as retirement benefit trust assets</td>
<td>2,442</td>
<td>3.13</td>
</tr>
<tr>
<td>Taisei Corporation</td>
<td>1,400</td>
<td>1.80</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>2,229</td>
<td>2.86</td>
</tr>
<tr>
<td>Meiji Yasuda Life Insurance Company</td>
<td>2,202</td>
<td>2.82</td>
</tr>
<tr>
<td>The Norinchukin Bank</td>
<td>1,875</td>
<td>2.40</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>1,806</td>
<td>2.31</td>
</tr>
<tr>
<td>Marubeni Corporation</td>
<td>1,649</td>
<td>2.11</td>
</tr>
<tr>
<td>Mizuho Trust and banking Co., Ltd.</td>
<td>1,594</td>
<td>2.04</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust &amp; Custody Services bank, Ltd., as trustee for Mizuho Bank Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement Benefit Trust Account re-entrusted by Mizuho Trust and banking Co., Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Date of Establishment
September 1, 1949

Founded
1876

Company Representative
Masaki Oga
President, Representative Director

Business Description
Holding Company

Capital
¥53,886 million

Number of Shares Issued (As of December 31, 2016)
78,794,298

*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.