



## **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>						
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) 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>						
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 December 31, 2017 IFRS	Year ended December 31, 2018 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%
Revenue	536.6	521.9	(14.7)	(2.7)%
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 intercompany eliminations	(6.6)	(6.5)	0.1	-
Operating profit	12.8	10.8	(2.0)	(15.4)%
Financial income (expense) / 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)%
Profit before tax	11.5	9.5	(2.0)	(17.7)%
Income taxes	5.2	1.8	(3.4)	(65.7)%
Profit (loss) attributable to non-controlling interest	(0.8)	(0.8)	(0.0)	-
Profit attributable to owners of parent	7.2	8.5	1.3	18.6%
<For reference> 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 December 31, 2017	Year ended 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 December 31, 2017	Year ended 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	-
Total	217.8	203.6	(14.3)	(6.5)%

#### Sales (excluding liquor tax)

(billions of yen)

	Year ended December 31, 2017	Year ended 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	-
Total	111.3	103.6	(7.8)	(7.0)%

**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 Happoshu -1.0 New genre -2.4 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, 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, 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 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) / 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>	

\*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)

	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 IFRS	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated 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> 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 IFRS	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated 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> 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 Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated 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> 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

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\*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 IFRS	December 31, 2018 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 IFRS	December 31, 2018 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 December 31, 2018	Year ending December 31, 2019 (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> 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 December 31, 2018	Year ending December 31, 2019 (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 December 31, 2018	Year ending December 31, 2019 (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 December 31, 2018	Year ending December 31, 2019 (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 Happoshu -1.0 New genre -1.1 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, 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/ 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 December 31, 2018	Year ending December 31, 2019 (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 IFRS	Japanese Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated 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> 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 (Forecast) IFRS	Japanese Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated 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> 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	Japanese Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated 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> 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 c

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)		Alcoholic Beverages	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	And another 3 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 17 companies	
Restaurants	SAPPORO LION LIMITED	Food & Soft Drinks	SILVER SPRINGS CITRUS, INC.	
	NEW SANKO INC.		COUNTRY PURE FOODS, INC.	
	MARUSHINKAWAMURA INC.		COUNTRY PURE FOODS, INC.	
	GINRINSUISAN INC.		SHINSYU-ICHI MISO CO., LTD.	
Real Estate	SAPPORO LION (SINGAPORE) PTE.LTD.	Real Estate	SAPPORO REAL ESTATE CO.,LTD.	
	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.	
Other	YOKOHAMA KEIWA BUILDING CO., LTD.	Other	SAPPORO GROUP MANAGEMENT LTD.	
	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.	
Corporate and eliminations	SAPPORO HOLDINGS LTD.	Corporate and eliminations	SAPPORO HOLDINGS LTD.	
	SAPPORO GROUP MANAGEMENT LTD.		SAPPORO GROUP MANAGEMENT LTD.	

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