



SAPPORO

Nine Months ended September 30, 2019

Consolidated Third Quarter Earnings Report - Supplementary Information

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November 2019

SAPPORO HOLDINGS LTD.

Securities Code: 2501

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

Financial Highlights (2015-2019)

Consolidated Financial Highlights

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

		Nine months ended September 30, 2015 J GAAP	Nine months ended September 30, 2016 J GAAP	Nine months ended September 30, 2017 J GAAP	Nine months ended September 30, 2017 IFRS	Nine months ended September 30, 2018 IFRS	Nine months ended September 30, 2019 IFRS
Revenue	Including liquor tax	388.1	392.3	400.8	390.7	381.0	382.7
	Excluding liquor tax	305.6	307.7	315.9	297.3	292.3	294.5
Overseas revenue to total	Excluding liquor tax	23.5%	21.0%	21.3%	22.5%	23.1%	23.1%
Operating profit	Before goodwill amortization	9.0	15.8	13.6	9.7	6.8	7.7
	After goodwill amortization	6.0	12.9	10.7			
Operating margin	Including liquor tax / after goodwill amortization	1.5%	3.3%	2.7%	2.5%	1.8%	2.0%
	Excluding liquor tax /before goodwill amortization	3.0%	5.1%	4.3%	3.3%	2.3%	2.6%
	Excluding liquor tax /after goodwill amortization	2.0%	4.2%	3.4%			
Ordinary income		4.9	11.6	10.3	—	—	—
Profit attributable to owners of parent		1.9	5.3	5.4	5.3	4.2	4.6
Total assets		606.1	592.3	624.4	658.9	644.8	645.1
Total equity		156.8	155.7	172.0	170.2	170.9	172.1
Balance of debt (*2)	Gross	232.5	228.5	238.5	238.8	232.4	238.0
	Net	222.3	215.2	225.5	225.9	221.6	215.9
Debt-to-equity ratio (times)	Gross	1.5	1.5	1.4	1.4	1.4	1.4
	Net	1.4	1.4	1.3	1.3	1.3	1.3
<For reference> Profit from operations before non-recurring items (*3)		6.0	12.9	10.7	10.5	6.8	6.4
Profit from operations before non-recurring items (after subtracting levies)(*4)		6.0	12.9	10.7	11.2	7.5	7.0
Depreciation and amortization		17.9	16.5	17.5	20.0	19.4	19.1
Amortization of goodwill		3.0	2.9	2.9	—	—	—
EBITDA(*5)		26.9	32.3	31.1	30.5	26.2	25.4
Exchange rates (Yen) (*6)	US\$	120.99	108.59	111.89	111.89	109.61	109.13
	CAN\$	96.08	82.09	85.66	85.66	85.11	82.13

		2015 J GAAP	2016 J GAAP	2017 J GAAP	2017 IFRS	2018 IFRS	2019 (Forecast) IFRS
Revenue	Including liquor tax	533.7	541.8	551.5	536.6	521.9	542.0
	Excluding liquor tax	418.3	424.1	433.3	406.8	398.7	419.7
Overseas revenue to total	Excluding liquor tax	22.6%	20.5%	21.2%	22.4%	22.7%	23.5%
Operating profit	Before goodwill amortization	18.1	24.2	21.0	12.8	10.8	6.2
	After goodwill amortization	14.0	20.3	17.0			
Operating margin	Including liquor tax / after goodwill amortization	2.6%	3.7%	3.1%	2.4%	2.1%	1.1%
	Excluding liquor tax /before goodwill amortization	4.3%	5.7%	4.8%	3.1%	2.7%	1.5%
	Excluding liquor tax /after goodwill amortization	3.3%	4.8%	3.9%			
Ordinary income		13.2	19.2	16.4	-	-	-
Profit attributable to owners of parent		6.1	9.5	11.0	7.2	8.5	3.3
Total assets		620.4	626.4	630.6	664.7	639.7	
Total equity		163.8	166.4	177.7	175.7	164.7	
Balance of debt (*2)	Gross	234.7	238.1	233.6	233.9	228.3	252.2
	Net	224.3	227.6	220.9	221.4	218.4	242.2
Debt-to-equity ratio (times)	Gross	1.4	1.4	1.3	1.3	1.4	1.4
	Net	1.4	1.4	1.2	1.3	1.3	1.3
<For reference> Profit from operations before non-recurring items (*3)		14.0	20.3	17.0	17.4	14.4	12.5
Depreciation and amortization		24.2	22.3	23.6	27.0	26.0	26.2
Amortization of goodwill		4.2	3.9	4.0	-	-	-
EBITDA(*4)		42.3	46.5	44.6	44.5	40.4	38.7
Capital expenditure		20.3	21.8	15.3	15.3	23.0	44.9
ROE (%)	Before goodwill amortization	6.5%	8.4%	8.9%	4.4%	5.1%	1.9%
	After goodwill amortization	3.9%	5.9%	6.6%			
EPS (yen sen) (*6)	Before goodwill amortization	131.71	171.89	191.70	92.27	109.40	42.36
	After goodwill amortization	78.40	121.56	140.93			
Exchange rates (Yen) (*7)	US\$	121.11	108.81	112.17	112.17	110.45	110.00
	CAN\$	94.82	82.07	86.47	86.47	85.23	83.00

*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.

*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 Beverages (Japan)

(10,000 cases)

	Jan. 1 - Sep.30, 2018	Jan. 1 - Sep.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Sapporo Draft Beer Black Label (total)	—	—	100%	1,687	1,760	104%
YEBISU (total)	—	—	99%	857	870	102%
1 Beer (total)	—	—	102%	2,991	3,100	104%
2 Happoshu (total)	—	—	83%	257	200	78%
3 New genre beer products (total)	—	—	92%	1,217	1,150	95%
Beer, happoshu, and new genre (total 1+2+3)	—	—	98%	4,466	4,450	100%
Non-alcoholic beer taste beverage	72	55	76%	93	85	92%

(billions of yen)

	Jan. 1 - Sep.30, 2018	Jan. 1 - Sep.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Domestic wines	3.3	3.1	93%	4.7	5.3	115%
Imported wines	5.2	5.4	104%	8.2	9.3	113%
Wine (total)	8.5	8.5	100%	12.9	14.7	114%
RTD, Spirits and Shochu (total)	25.3	28.0	111%	35.3	41.2	117%
Subtotal	33.9	36.6	108%	48.3	55.9	116%
Rebate subtracted from sales	(5.6)	(7.1)	—	(8.5)	—	—
Total	28.3	29.4	104%	39.8	—	—

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

Beer (International)

(10,000 cases)

	Jan. 1 - Sep.30, 2018	Jan. 1 - Sep.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Overseas brand (SLEEMAN, Anchor, etc.)	1,039	1,007	97%	1,368	1,341	98%
Sapporo brand	467	463	99%	628	641	102%

Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(10,000 cases)

	Jan. 1 - Sep.30, 2018	Jan. 1 - Sep.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Soft Drinks(*1)	3,281	3,122	95%	4,370	4,280	98%

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

Consolidated Results (Nine Months ended September 30, 2019)

Condensed Consolidated Statements of Income

(billions of yen)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019	Change	Change (%)
	IFRS	IFRS		
Alcoholic Beverages	239.5	238.5	(1.0)	(0.4%)
Japan & Asia	180.7	181.1	0.4	0.2%
North America	37.9	36.6	(1.3)	(3.4%)
Restaurants	20.9	20.7	(0.2)	(0.8%)
Food & Soft Drinks	118.7	121.5	2.7	2.3%
Japan & Asia	98.4	99.8	1.4	1.4%
North America	20.3	21.6	1.3	6.6%
Real Estate	18.3	18.3	0.0	0.1%
Other	4.5	4.4	(0.1)	(2.3%)
Revenue	381.0	382.7	1.6	0.4%
Alcoholic Beverages	2.7	4.5	1.8	68.3%
Japan & Asia	2.1	4.3	2.3	109.8%
North America	0.8	0.1	(0.8)	(89.5%)
Restaurants	(0.1)	0.1	0.3	-
Food & Soft Drinks	0.5	(1.3)	(1.8)	-
Japan & Asia	1.1	(1.2)	(2.4)	-
North America	(0.6)	(0.1)	0.6	-
Real Estate	8.2	9.7	1.6	19.3%
Other	0.1	(0.1)	(0.2)	-
General corporate and intercompany eliminations	(4.5)	(5.1)	(0.6)	-
Operating profit	6.8	7.7	0.9	12.9%
Financial income (expense) / Foreign exchange gains (losses)	(1.1)	(1.1)	0.1	-
Equity in net income (loss) of affiliates	0.0	0.0	0.0	6.4%
Profit before tax	5.7	6.6	0.9	16.4%
Income taxes	2.1	2.4	0.3	13.5%
Profit (loss) attributable to non-controlling interest	(0.6)	(0.3)	0.3	-
Profit attributable to owners of parent	4.2	4.6	0.4	8.3%

<For reference>				
Profit from operations before non-recurring items (*3)	6.8	6.4	(0.5)	(6.8%)
Profit from operations before non-recurring items(after subtracting levies)(*4)	7.5	7.0	(0.4)	(5.9%)
EBITDA (*5)	26.2	25.4	(0.7)	(2.8%)

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

*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: 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=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)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019	Change	Change (%)
	IFRS	IFRS		
Beer	116.6	119.9	3.3	2.9%
Happoshu	7.4	6.1	(1.3)	(17.5%)
New genre	30.4	28.1	(2.3)	(7.7%)
Subtotal	154.4	154.1	(0.3)	(0.2%)
Rebate subtracted from sales	(8.6)	(8.4)	0.2	-
Total	145.9	145.8	(0.1)	(0.1%)

Sales (excluding liquor tax)

(billions of yen)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019	Change	Change (%)
	IFRS	IFRS		
Beer	57.8	59.7	1.9	3.4%
Happoshu	4.1	3.4	(0.7)	(17.7%)
New genre	21.1	19.5	(1.6)	(7.5%)
Subtotal	83.0	82.6	(0.4)	(0.5%)
Rebate subtracted from sales	(8.6)	(8.4)	0.2	-
Total	74.5	74.3	(0.2)	(0.2%)

Consolidated Results (Nine Months ended September 30, 2019)

Breakdown of key income Changes

(billions of yen)

	Change factor	Nine months ended	Nine months ended	Change	Details
		September 30, 2018	September 30, 2019		
		IFRS	IFRS		
Alcoholic Beverages in Japan & Asia		2.2	4.5	2.2	
Beer and related products in Japan		(0.2)	1.6	1.7	
Marginal profit	Subtotal			1.3	
	Increase (decrease) in volume / Product mix			0.3	Beer +1.0 Happoshu -0.4 New genre -0.9 Product mix +0.6
	Other			1.0	Non-alcoholic beer, RTD, Production costs, other factors
Fixed costs and other	Subtotal			0.4	
	Sales promotion costs			0.7	Advertising and promotion expenses, other factors
	Facility cost			0.0	Facilities costs, other factors
	Other			(0.3)	Personnel expenses, General and administrative expenses
Wine and spirits		1.9	1.8	(0.0)	
Alcoholic Beverages in Asia		0.2	0.4	0.3	Vietnam
Other		0.4	0.6	0.3	Export, Restaurants, other factors
Alcoholic Beverages in North America		0.8	0.2	(0.6)	
Restaurants		0.1	0.2	0.1	
Adjustment of difference between J GAAP and IFRS		(0.4)	(0.3)	0.0	Non-recurring items
Alcoholic Beverages		2.7	4.5	1.8	
Food & Soft Drinks in Japan & Asia		0.7	(1.0)	(1.7)	
Japanese Food & Soft Drinks		0.6	(1.9)	(2.5)	
	Increase (decrease) in volume / Product mix			(1.6)	Decrease in volume
	Production costs			(0.1)	
	Marketing costs			0.1	Sales commissions
	Fixed costs and other			(0.1)	Logistics costs, Personnel expenses, General and administrative expenses
	Other			(0.9)	Vending machine operators, soy beans and chilled products, other factors
Overseas Soft Drinks/ Domestic coffee shop chain		0.1	0.8	0.8	
Food & Soft Drinks in North America		(0.6)	(0.0)	0.6	
Adjustment of difference between J GAAP and IFRS		0.4	(0.2)	(0.7)	Non-recurring items
Food & Soft Drinks		0.5	(1.3)	(1.8)	
	Rent			(0.4)	
	Sales/ Other factors			(0.0)	
Adjustment of difference between J GAAP and IFRS		(0.2)	1.9	2.0	Non-recurring items
Real Estate		8.2	9.7	1.6	
	Logistics business			(0.2)	
	Other			0.0	
Adjustment of difference between J GAAP and IFRS		0.0	0.0	0.0	
Other		0.1	(0.1)	(0.2)	
	General corporate			(0.5)	Transformation of the group management platform/ Invest for growth
Adjustment of difference between J GAAP and IFRS		0.1	0.0	(0.1)	
General corporate and intercompany eliminations		(4.5)	(5.1)	(0.6)	
Operating profit		6.8	7.7	0.9	
	Financial income (expense) / Foreign exchange gains (losses)	(1.1)	(1.1)	0.1	
Profit before tax		5.7	6.6	0.9	
Corporate tax, etc. / Profit (loss) attributable to non-controlling interests		(1.5)	(2.1)	(0.6)	
Profit attributable to owners of parent		4.2	4.6	0.4	

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

*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.

	Nine months ended	Nine months ended
	September 30, 2018	September 30, 2019
Yen/US\$	109.61	109.13
Yen/CAN\$	85.11	82.13
Yen/EUR	130.87	122.62

Consolidated Results (Nine Months ended September 30, 2019)

Segment Information

(billions of yen)

Nine months ended September 30, 2018 IFRS	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	239.5	118.7	18.3	4.5	-	381.0
Operating profit	2.7	0.5	8.2	0.1	(4.5)	6.8
Sales promotion costs						
Sales incentives and commissions	3.6	7.8	0.0	0.0	(0.0)	11.3
Advertising and promotion expenses	12.1	2.5	0.3	0.0	0.0	14.8
Promotion items	5.5	0.2	0.0	0.0	(0.1)	5.6
<For reference> Profit from operations before non-recurring items (*3)	3.0	0.0	8.3	0.1	(4.6)	6.8
Depreciation and amortization	8.7	5.5	3.8	0.0	1.2	19.4
EBITDA (*4)	11.8	5.6	12.1	0.1	(3.4)	26.2
Capital expenditures (cash basis)	6.5	4.7	3.2	0.0	1.9	16.3
Payment of lease obligations	2.2	3.1	0.1	0.0	(0.2)	5.3

Nine months ended September 30, 2019 IFRS	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	238.5	121.5	18.3	4.4	-	382.7
Operating profit	4.5	(1.3)	9.7	(0.1)	(5.1)	7.7
Sales promotion costs						
Sales incentives and commissions	3.3	7.8	0.0	0.0	(0.0)	11.1
Advertising and promotion expenses	10.8	2.6	0.3	0.0	0.0	13.7
Promotion items	4.9	0.1	0.0	0.0	(0.1)	4.9
<For reference> Profit from operations before non-recurring items (*3)	4.8	(1.1)	7.9	(0.1)	(5.1)	6.4
Depreciation and amortization	8.4	5.4	3.9	0.0	1.4	19.1
EBITDA (*4)	13.3	4.3	11.7	(0.1)	(3.8)	25.4
Capital expenditures (cash basis)	5.4	5.8	13.2	0.0	2.1	26.5
Payment of lease obligations	2.1	3.0	0.2	0.0	(0.1)	5.1

Change	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	(1.0)	2.7	0.0	(0.1)	-	1.6
Operating profit	1.8	(1.8)	1.6	(0.2)	(0.6)	0.9
Sales promotion costs						
Sales incentives and commissions	(0.3)	0.1	0.0	0.0	0.0	(0.2)
Advertising and promotion expenses	(1.3)	0.1	0.0	0.0	0.0	(1.1)
Promotion items	(0.6)	(0.1)	0.0	0.0	(0.0)	(0.7)
<For reference> Profit from operations before non-recurring items (*3)	1.8	(1.1)	(0.5)	(0.2)	(0.5)	(0.5)
Depreciation and amortization	(0.3)	(0.2)	0.1	(0.0)	0.1	(0.3)
EBITDA (*4)	1.5	(1.3)	(0.4)	(0.2)	(0.4)	(0.7)
Capital expenditures (cash basis)	(1.1)	1.1	9.9	0.0	0.3	10.2
Payment of lease obligations	(0.1)	(0.1)	0.0	0.0	0.1	(0.2)

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

*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)

Consolidated Results (Nine Months ended September 30, 2019)

Condensed Consolidated Balance Sheets

(billions of yen)

	December 31, 2018 IFRS	September 30, 2019 IFRS	Change	Primary Reasons
Current assets	153.5	150.9	(2.6)	
Cash and cash equivalents	10.0	22.1	12.1	
Trade and other receivables	93.3	74.5	(18.8)	Seasonal factors, Bank holiday(Dec. 31)
Inventories	37.1	40.8	3.7	
Other	13.1	13.5	0.4	
Non-current assets	486.1	494.2	8.0	
Fixed assets	164.7	166.4	1.7	
Investment property	215.5	219.6	4.1	
Goodwill	21.2	22.2	0.9	
Other	84.7	85.9	1.3	
Total assets	639.7	645.1	5.4	
Current liabilities	214.6	202.5	(12.1)	
Trade and other payables	35.3	34.8	(0.5)	
Short-term financial liabilities	73.9	71.2	(2.6)	
Other	105.4	96.5	(8.9)	
Non-current liabilities	260.4	270.5	10.1	
Long-term financial liabilities	154.5	166.8	12.3	
Net defined benefit liability	11.7	6.6	(5.1)	
Other	94.2	97.1	2.9	
Total liabilities	475.0	473.0	(2.0)	
Equity attributable to owners of parent	161.5	169.6	8.1	
Equity attributable to non-controlling interests	3.2	2.5	(0.7)	
Total equity	164.7	172.1	7.4	
Total liabilities and equity	639.7	645.1	5.4	

Financial Liabilities by segment

(billions of yen)

	December 31, 2018 IFRS	September 30, 2019 IFRS	Change	Primary Reasons
Alcoholic Beverages	55.0	45.3	(9.6)	
Food & Soft Drinks	23.7	29.6	5.9	
Real Estate	130.0	132.5	2.5	
Other	0.0	0.0	0.0	
Corporate and eliminations	19.7	30.7	11.0	
Total	228.3	238.0	9.7	

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

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 operations have been incorporated into Alcoholic Beverage operations.

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.	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.		SAPPORO FIELD MARKETING CO., LTD.
	SHINSEIEN CO., LTD.		SHINSEIEN CO., LTD.
International	SAPPORO INTERNATIONAL INC. (*1)	Alcoholic Beverages	SAPPORO U.S.A., INC.
	SAPPORO CANADA INC.		SAPPORO CANADA INC.
	SLEEMAN BREWERIES LTD.		SLEEMAN BREWERIES LTD.
	SAPPORO ASIA PRIVATE LIMITED		ANCHOR BREWING COMPANY, LLC
	SAPPORO VIETNAM LIMITED		SAPPORO ASIA PRIVATE LIMITED
	SAPPORO NORTH AMERICA INC. (*3)		SAPPORO VIETNAM LIMITED
	ANCHOR BREWING COMPANY, LLC		SAPPORO EUROPE B.V.
	SILVER SPRINGS CITRUS, INC.		SAPPORO LION LIMITED
	COUNTRY PURE FOODS, INC.		NEW SANKO INC.
	And another 12 companies		MARUSHINKAWAMURA INC.
Food & Soft Drinks	POKKA SAPPORO FOOD & BEVERAGE LTD.	Food & Soft Drinks	GINRINSUISAN INC.
	POKKA CREATE CO., LTD.		HANEI INC.
	PS BEVERAGE LTD		SAPPORO LION (SINGAPORE) PTE. LTD.
	STAR BEVERAGE SERVICE CO., LTD.		And another 3 companies
	POKKA SAPPORO HOKKAIDO LTD.		POKKA SAPPORO FOOD & BEVERAGE LTD.
	NH BEANS CO., LTD.		POKKA CREATE CO., LTD.
	POKKA CORPORATION (SINGAPORE) PTE. LTD.		PS BEVERAGE LTD.
	POKKA INTERNATIONAL PTE. LTD.		STAR BEVERAGE SERVICE CO., LTD.
	PT. POKKKA DIMA INTERNATIONAL (*2)		POKKA SAPPORO HOKKAIDO LTD.
	And another 8 companies		POKKA SAPPORO OFFICE SUPPORT LTD.
Restaurants	SAPPORO LION LIMITED	Food & Soft Drinks	YASUMA CO., LTD
	NEW SANKO INC.		NH BEANS CO., LTD.
	MARUSHINKAWAMURA INC.		POKKA CORPORATION (SINGAPORE) PTE. LTD.
	GINRINSUISAN INC.		POKKA INTERNATIONAL PTE. LTD.
Real Estate	SAPPORO LION (SINGAPORE) PTE. LTD.	Real Estate	COUNTRY PURE FOODS, INC.
	SAPPORO REAL ESTATE CO., LTD.		SILVER SPRINGS CITRUS, INC.
	YGP REAL ESTATE CO., LTD.		SHINSYU-ICHI MISO CO., LTD.
	TOKYO ENERGY SERVICE CO., LTD.		And another 17 companies
	YOKOHAMA KEIWA BUILDING CO., LTD.		SAPPORO REAL ESTATE CO., LTD.
Other	SAPPORO GROUP MANAGEMENT LTD.	Other	YGP REAL ESTATE CO., LTD.
	SAPPORO GROUP LOGISTICS CO., LTD.		TOKYO ENERGY SERVICE CO., LTD.
	SAPPORO LOGISTICS SYSTEMS CO., LTD.		YOKOHAMA KEIWA BUILDING CO., LTD.
	SHINSYU-ICHI MISO CO., LTD.		SAPPORO GROUP MANAGEMENT LTD.
Corporate and eliminations	SAPPORO HOLDINGS LTD.	Corporate and eliminations	SAPPORO GROUP LOGISTICS CO., LTD.
	SAPPORO GROUP MANAGEMENT LTD.		SAPPORO LOGISTICS SYSTEMS CO., LTD.
			SAPPORO WELLNESS LAB LTD.

*1. I-type merger with SAPPORO BREWERIES LTD. on January 1, 2019.

*2. The company sold the security of PT. POKKKA DIMA INTERNATIONAL on March 31, 2019.

*3. SAPPORO NORTH AMERICA INC. was dissolved in an absorption-type merger with SAPPORO U.S.A., INC. on April 1, 2019.

Consolidated Forecasts (Year ending December 31, 2019)

Condensed Consolidated Statements of Income

(billions of yen)

	Year ended	Year ending	Change	Change (%)
	December 31, 2018	December 31, 2019 (Forecast)		
	IFRS	IFRS		
Alcoholic Beverages (*2)	330.0	341.9	11.9	3.6%
Japan & Asia	252.1	264.1	12.0	4.8%
North America	50.3	50.4	0.1	0.1%
Restaurants	27.6	27.4	(0.2)	(0.6%)
Food & Soft Drinks (*2)	161.3	169.5	8.2	5.1%
Japan & Asia	133.4	140.0	6.6	5.0%
North America	27.9	29.5	1.6	5.6%
Real Estate (*2)	24.5	24.6	0.1	0.5%
Other	6.0	6.0	(0.0)	(0.5%)
Revenue	521.9	542.0	20.1	3.9%
Alcoholic Beverages	9.0	9.1	0.1	1.7%
Japan & Asia	7.2	8.0	0.8	11.6%
North America	1.5	0.5	(1.0)	(66.1%)
Restaurants	0.4	0.6	0.2	57.3%
Food & Soft Drinks	0.7	0.1	(0.6)	(84.8%)
Japan & Asia	1.4	0.1	(1.3)	(92.9%)
North America	(0.7)	0.0	0.7	-
Real Estate	11.1	10.7	(0.4)	(3.9%)
Other	0.2	0.1	(0.1)	(88.5%)
General corporate and intercompany eliminations	(6.5)	(7.5)	(1.0)	-
Profit from operations before non-recurring items	14.4	12.5	(2.0)	(13.6%)
Alcoholic Beverages (*2)	3.9	7.8	3.9	102.3%
Japan & Asia	6.9	7.3	0.4	5.7%
North America	(2.8)	0.4	3.2	-
Restaurants	(0.2)	0.1	0.3	-
Food & Soft Drinks (*2)	1.1	(0.2)	(1.3)	-
Japan & Asia	1.9	(0.2)	(2.1)	-
North America	(0.8)	0.0	0.8	-
Real Estate (*2)	12.0	12.5	0.5	3.8%
Other	0.2	0.1	(0.1)	(71.7%)
General corporate and intercompany eliminations	(6.4)	(14.0)	(7.6)	-
Operating profit	10.8	6.2	(4.7)	(43.2%)
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	4.9	(4.6)	(48.9%)
Income taxes	1.8	1.9	0.1	7.2%
Profit (loss) attributable to non-controlling interest	(0.8)	(0.4)	0.5	-
Profit attributable to owners of parent	8.5	3.3	(5.2)	(61.3%)
<For reference>				
Profit from operations before non-recurring items (*3)	144.0	125.0	(20.0)	(13.6%)
EBITDA (*4)	404.0	386.0	(18.0)	(4.4%)

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

*2: 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	Year ending	Change	Change (%)
	December 31, 2018	December 31, 2019 (Forecast)		
	IFRS	IFRS		
Cash flows from operating activities	30.8	30.1	(0.7)	(2.2%)
Cash flows from investing activities	(18.7)	(50.7)	(32.0)	-
Free Cash flows	12.1	(20.6)	(32.7)	-

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax)

(billions of yen)

	Year ended	Year ending	Change	Change (%)
	December 31, 2018	December 31, 2019 (Forecast)		
	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)

(billions of yen)

	Year ended	Year ending	Change	Change (%)
	December 31, 2018	December 31, 2019 (Forecast)		
	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		
Alcoholic Beverages in Japan & Asia					
		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, Restaurants, other factors
Alcoholic Beverages in North America		1.5	0.5	(1.0)	
Restaurants		0.4	0.6	0.3	
Adjustment of difference between J GAAP and IFRS		(5.1)	(1.2)	3.9	Non-recurring items
Alcoholic Beverages		3.9	7.8	3.9	
Food & Soft Drinks in Japan & Asia					
		1.4	0.1	(1.3)	
Japanese Food & Soft Drinks		1.3	(0.4)	(1.6)	
Increase (decrease) in volume / Product mix				(0.9)	Increase in volume, Product mix
Production costs				0.0	
Marketing costs				0.4	
Fixed costs and other				(0.3)	
Other				(0.8)	
Overseas Soft Drinks/ Domestic coffee shop chain		0.2	0.5	0.2	Overseas/Domestic others
Food & Soft Drinks in North America		(0.8)	0.0	0.8	
Adjustment of difference between J GAAP and IFRS		0.5	(0.4)	(0.9)	Non-recurring items
Food & Soft Drinks		1.1	(0.2)	(1.3)	
Rent				(0.2)	
Sales/ Other factors				(0.2)	
Adjustment of difference between J GAAP and IFRS		0.9	1.8	0.9	Non-recurring items
Real Estate		12.0	12.5	0.5	
Logistics business				(0.0)	
Other				0.0	
Adjustment of difference between J GAAP and IFRS		0.0	0.0	0.0	
Other		0.2	0.1	(0.1)	
General corporate				(1.0)	Transformation of the group management platform/ Invest for growth
Adjustment of difference between J GAAP and IFRS				0.0	Non-recurring items
				(6.5)	Business structure improvement expenses
General corporate and intercompany eliminations		(6.4)	(14.0)	(7.6)	
Operating profit		10.8	6.2	(4.7)	
Financial income (expense) / Foreign exchange gains (losses)		(1.4)	(1.3)	0.1	Financial income(expense), foreign exchange gains(losses)
Profit before tax		9.5	4.9	(4.6)	
Corporate tax, etc. / Profit (loss) attributable to non-controlling interests		(1.0)	(1.6)	(0.6)	
Profit attributable to owners of parent		8.5	3.3	(5.2)	

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

*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\$	85.25	83.00
Yen/EUR	130.35	128.00

Consolidated Forecasts (Year ending December 31, 2019)

Segment Information

(billions of yen)

Year ended December 31, 2018 IFRS	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	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	341.9	169.5	24.6	6.0	-	542.0
Operating profit	7.8	(0.2)	12.5	0.1	(14.0)	6.2
<For reference> Profit from operations before non-recurring items (*2)	9.1	0.1	10.7	0.1	(7.5)	12.5
Depreciation and amortization	11.9	7.4	4.9	0.0	2.0	26.2
EBITDA (*3)	21.0	7.5	15.6	0.1	(5.5)	38.7
Capital expenditures (cash basis)	11.2	11.0	17.3	0.1	5.4	44.9
Payment of lease obligations	2.8	3.2	0.2	0.0	(0.2)	6.0

Change	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	11.9	8.2	0.1	0.0	-	20.1
Operating profit	3.9	(1.3)	0.5	(0.1)	(7.6)	(4.7)
<For reference> Profit from operations before non-recurring items (*2)	0.1	(0.6)	(0.4)	(0.1)	(1.0)	(2.0)
Depreciation and amortization	0.2	0.0	(0.3)	0.0	0.3	0.2
EBITDA (*3)	0.4	(0.6)	(0.7)	(0.1)	(0.7)	(1.7)
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)