

Financial Results
for the three months ended March 31, 2020 — Consolidated
(Based on IFRS)

May 14, 2020

Company name **Sapporo Holdings Limited**

Security code 2501

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

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

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Scheduled dates:

Filing of quarterly financial report May 15, 2020

Commencement of dividend payments -

Supplementary information to the year-end earnings results Available

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

1. Consolidated Financial Results for the three months ended March 31, 2020
(January 1 – March 31, 2020)

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

(1) Operating Results

(Percentage figures represent year-over-year changes)

	Revenue		Core Operating profit		Operating profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended March 31, 2020	99,824	(1.1)	(6,197)	–	(6,078)	–	(4,704)	–
Three months ended March 31, 2019	100,958	(3.2)	(5,772)	–	(4,147)	–	(3,782)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	million yen	%	million yen	%	Yen	Yen
Three months ended March 31, 2020	(4,649)	–	(18,591)	–	(59.69)	(59.69)
Three months ended March 31, 2019	(3,590)	–	5,167	–	(46.09)	(46.09)

Note: Profit before tax

Three months ended March 31, 2020 (6,304) million yen

Three months ended March 31, 2019 (4,494) million yen

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

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	million yen	million yen	million yen	%
Three months ended March 31, 2020	609,079	152,655	152,297	25.0
Year ended December 31, 2019	638,722	174,524	174,071	27.3

2. Dividends

Record date or period	Dividend per share				
	End Q1	End Q2	End Q3	Year-end	Full year
	yen	yen	yen	yen	yen
Year ended December 31, 2019	—	—	—	42.00	42.00
Year ended December 31, 2020	—				
Year ending December 31, 2020 (forecast)		—	—	42.00	42.00

Note: Changes to the latest dividend forecast announced: None

3. Forecast of Consolidated Earnings for the Year Ending December 31, 2020 (January 1 – December 31, 2020)

Note: Changes to the latest consolidated results forecast announced: Yes

With regard to the Forecast of Consolidated Earnings for the Year Ending December 31, 2020, the difficulty in reasonably calculating the impact of the novel coronavirus outbreak means the Company is unable to disclose fair and reliable forecast figures to shareholders and investors at this time. The Company has therefore opted to omit the forecast figures and will submit them to a review.

For details, please see “1. Analysis of Operating Results and Financial Condition (3) Consolidated Earnings Forecast” page 7 of the accompanying material.

4. Other

- (1) Changes to scope of consolidation: None
- (2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
 - 1) Changes in accounting policies required by IFRS: None
 - 2) Changes other than 1) above: None
 - 3) Changes in accounting estimates: None
- (3) Number of shares issued and outstanding (common stock)
 - 1) Number of shares issued at end of period (treasury stock included):
 - March 31, 2020: 78,794,298 shares
 - December 31, 2019: 78,794,298 shares
 - 2) Number of shares held in treasury at end of period:
 - March 31, 2020: 898,430 shares
 - December 31, 2019: 898,162 shares
 - 3) Average number of outstanding share during the period:
 - Three months ended March 31, 2020: 77,895,889 shares
 - Three months ended March 31, 2019: 77,885,982 shares

Audit Status

The year-end financial results are outside the scope of audit procedures based on the Financial Instruments and Exchange Act.

Appropriate Use of Earnings Forecasts and Other Important Information

This document contains projections and other forward-looking statements based on information available to the Company as of the date of this document. Actual results may differ from those expressed or implied by forward-looking statements due to various factors. For the assumptions underlying the forecasts herein and other information on the use of earnings forecasts, refer to “1. Analysis of Operating Results and Financial Condition (3) Consolidated Earnings Forecast” on page 7.

1. Analysis of Operating Results and Financial Condition

(1) Operating Results

In the first quarter of 2020 (January 1 – March 31, 2020), uncertainty in the global economy further increased owing to the concerns about an economic slowdown caused by the novel coronavirus outbreak, in addition to US-China trade frictions and the UK's exit from the EU. Amid growing downside risks for the Japanese economy from the travel restrictions announced by the government as well as requests to refrain from non-essential/non-urgent outings and holding events as measures to prevent the spread of the virus, it remains unclear as to when the outbreak will end and there are concerns over prolonged adverse effects on the economy.

In this environment, the Sapporo Group endeavored to accelerate growth strategies under its Long-Term Management Vision "SPEED 150" and Group Management Plan 2024 and work toward achieving its financial targets for 2020, as it strives to be a company with highly unique brands in the fields of "Alcoholic Beverages", "Food", and "Soft Drinks" around the world.

As a result, in the first quarter of 2020, consolidated revenues totaled ¥99.8 billion (down ¥1.1 billion, or 1% year on year), the core operating loss* was ¥6.2 billion (compared with a core operating loss of ¥5.8 billion in the first quarter of the previous fiscal year), the operating loss came to ¥6.1 billion (compared with an operating loss of ¥4.1 billion a year earlier), and the net loss attributable to owners of the parent came to ¥4.6 billion (compared with a net loss of ¥3.6 billion a year earlier).

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

Results by segment are outlined below. From this year, the logistics business, which used to be listed under "other business," is classified under "Alcoholic Beverages." To enable year-on-year comparisons, figures for the previous fiscal year have been adjusted to reflect the new reportable segments.

Seasonal Factors

The Group's operating results are affected by substantial seasonal variation in demand for the Alcoholic Beverages and the Food & Soft Drinks businesses. Revenues consequently tend to be lower in the first quarter than in the other three quarters.

Alcoholic Beverages

Sapporo Breweries set forth its new vision for 2026 as "Be the first star people see in the night sky. Aim to become an alcoholic beverage brand company that leads the way to the future of people's relationship with alcohol through stories that move everyone's hearts. <Premium & Reasonable> <Global & Personal>" . Along with continuously honing the quality of our premium value offerings that only we can provide, we aim to achieve growth through continuous provision of reasonable value offerings by delivering high quality products for less.

(Japan & Asia)

In the beer markets in Japan and Asia, the commercial-use market is beginning to be significantly impacted by the novel coronavirus outbreak. Total demand in Japan for beer and beer-type beverages has fallen significantly, with a 13% decrease in March compared with a year earlier, and total cumulative year-to-date demand is estimated to have only reached 94% of the year-earlier level.

In the beer category, while commercial-use beer sales declined, sales of canned Sapporo Draft Beer Black Label have been strong, growing 4% year on year, based on our "beer revival declaration" business policy. In the new genre category, the new product Sapporo Gold Star, which was launched in February, has been well-received and total sales volume of new genre products rose 36% year on year. As a result, total sales of beer and beer-type beverages increased 3% year on year.

In the RTD*1 category, sales of core collaborative RTD product Otoko Ume Sour were strong, but category revenue declined year on year partly due to sluggish growth of the core Sapporo Chuhai 99.99 (Four Nines) brand products.

In the wine category, we stepped up marketing of our fine wines*2, including the imported wine Penfolds, Taittinger champagne, and our domestic Grande Polaire wines. However, weak sales of our everyday wines*2 and sluggish growth in demand for commercial-use products led to revenue for the wine category being below that of the previous year.

Our spirits business achieved year-on-year growth in revenue, driven by strong sales of products from major overseas brands including Dewar's.

Our Japanese liquor business also posted a year-on-year increase in revenue with solid sales of Kokuimo brand, Japan's best-selling*3 blended imo shochu, as well as Koime no Lemon Sour no Moto, which was launched in October 2019.

In Asia, in the Vietnam market we are continuing our efforts to establish sales channels capable of generating profit growth while the business faces tightened restrictions against alcoholic beverages and the impact of the novel coronavirus outbreak.

(North America)

In the North American beer market, demand in the commercial-use market is beginning to be affected significantly by the novel coronavirus outbreak. We estimate that total beer demand declined markedly year on year in both the U.S. and Canada.

In this environment, our North American business worked to strengthen the mainstay brands, primarily premium beer brands, and enhance the portfolio for each brand.

In Canada, our subsidiary Sleeman Breweries continued to invest in the marketing of its core premium brands, but beer sales volume (excluding Sapporo brand beer) fell slightly compared with a year earlier.

In the U.S., Sapporo USA's sales volume of Sapporo brand beers grew year on year due to the company's sales promotion activities for Sapporo brands targeting the general population as well as Asian-Americans. Meanwhile, Anchor Brewing Company worked to bolster sales synergies with Sapporo USA amid the challenging business environment created by the continued decline in demand for craft beer in its home market in the San Francisco area.

(Restaurants)

In Japan's domestic restaurant market, Japan's restaurant industry as a whole has been seriously impacted by the novel coronavirus outbreak and is facing an extremely severe business environment. Amid plummeting sales, most companies and restaurants are forced to shorten their business hours or temporarily close their premises and switch to new business models, including offering takeout meals.

In this environment, Sapporo Lion continued to operate, albeit with shortened hours and temporary closures, to fulfill its social responsibility as a provider of meals, and strived to reduce costs amid a significant decline in the number of customers. We opened two new restaurants in March under a contract-based format: One at a golf course in Numazu, Shizuoka Prefecture, and another in the Saitama Prefectural Citizens' Activities General Center in Ina-machi, Saitama Prefecture. In terms of renovating restaurants, we are working on full refurbishment of the Otemachi and Ebisu outlets of Ginza Lion in Tokyo and are preparing for re-opening in summer this year. Meanwhile, we closed nine restaurants during the first quarter due to expiration of contracts, unprofitability, or other factors. Consequently, our domestic restaurant business had 188 outlets open for business at the end of March.

As a result, revenue in the Alcoholic Beverages segment in the first quarter of 2020 came to ¥63.4 billion (down ¥3.0 billion, or 4% year on year), while the segment posted a core operating loss of ¥4.6 billion (compared with a core operating loss of ¥3.4 billion in the first quarter of the previous fiscal year) and an operating loss of ¥4.5 billion (compared with a loss of ¥3.3 billion a year earlier).

- *1) RTD, or ready-to-drink beverages, are pre-mixed, low-alcohol cocktail-like beverages that can be consumed as is immediately after opening.
- *2) Fine wines are wines priced in the mid-to-high price range of ¥1,500 or more per bottle, while everyday wines are those priced at less than ¥1,500 per bottle.
- *3) Based on Intage SRI market research on combined blended imo shochu sales in the supermarket, convenience store, and direct sales channels from July 2018 through March 2020.

Food & Soft Drinks

Due to the impact of the novel coronavirus outbreak, the Japanese domestic food and soft drinks market is seeing declines in commercial-use market demand and vending machine sales. We estimate that overall demand for soft drinks in Japan in the first quarter of 2020 declined by 2% year on year.

In this market environment, POKKA SAPPORO continued to perform strongly with full-year sales of LEMON MADE Original Lemonade, which had proved popular when put on sale for a limited time in June 2019, in addition to sales of the mainstay Kireto Lemon. It also strengthened the Kireto Lemon brand by launch new products including Kireto Lemon Double Lemon and Kireto Lemon Kuensan 2700. Total sales volume of soft drinks increased 5% year on year as product development leveraging the value of lemons, one of the company's strengths, proved successful.

In the domestic food business, the company launched the protein-rich Kichinto Chicken soup series to propose new value to customers. It has launched new canned chilled soup products, which have been increasing in number in recent years, and will market them as quick, easy, and nutritious products to drink during the hot summer months. Sales of Jikkuri Kotokoto Kongari Pan also continue to be strong and the company plans to further boost product awareness through advertising. As a result of these initiatives, sales volume of soup products increased 6% year on year. Sales volume of lemon-based food products increased 5% year on year, as core product Pokka Lemon 100 continues to perform strongly and the company worked on expansion of lemon-related demand by launching Reito Pokka Lemon Sonomama Tsukaeru Cut Lemon in response to customer demand for being able to use only the quantity of fresh lemon they require for a certain purpose. In the soy beans and chilled products category, in March we relaunched two SOYBIO Soymilk Yogurt products and Almond Breeze. Sales volume of the products rose 59% year on year through enhanced marketing of the appeal of the products' ingredients and the introduction of new package designs that further clarify the products' special features.

The Café de Crié coffee shop chain continued to introduce new menu items with seasonal and trendy dishes, etc., but revenue fell year on year with a large decline in the number of customers due to the novel coronavirus outbreak.

Overall, revenue in the Food & Soft Drinks segment came to ¥30.3 billion (up ¥1.8 billion, or 6% year on year), while the segment posted a core operating loss of ¥1.4 billion (compared with a core operating loss of ¥2.0 billion in the first quarter of the previous fiscal year) and an operating loss of ¥1.4 billion (compared with a loss of ¥2.3 billion a year earlier).

Real Estate

In Japan's real estate industry, vacancy rates continued to remain low in the Greater Tokyo office leasing market as demand for office space continued to be firm. As a result, rents remained on a moderate upward trend.

In this environment, our real estate leasing business maintained high occupancy rates at its properties in the Greater Tokyo area, including Yebisu Garden Place Tower, the business's core source of earnings.

We continued to enhance the asset value of Yebisu Garden Place commercial complex—a landmark in the Ebisu district of Tokyo, which is marking its 25th anniversary—through constant efforts to provide tenants and visitors with enjoyable experiences in comfortable, pleasant, and sophisticated surroundings by enhancing convenience and strengthening the property's brand appeal.

The real estate development business proceeded with the renovation of the Sapporo Factory

commercial complex as part of Sapporo City's urban redevelopment program focused on the area on the east side of the Sosei River. Amid the changing environs surrounding the complex, we are contributing to the development of the area through proposing new lifestyles and enhanced convenience. The number of guests at Hotel Clubby Sapporo decreased due to the impact of the novel coronavirus outbreak.

We worked on development of new business, etc. while continuing to strategically review and revise our property portfolio from a long-term perspective so as to enhance the overall value of our Real Estate business. We also worked on investment for growth such as acquisition of rental properties in the Ebisu area and equity investment in private placement funds.

As a result of the efforts outlined above, revenue in the Real Estate business came to ¥6.1 billion (the same as one year earlier), while core operating profit came to ¥1.2 billion (up ¥0.1 billion, or 7% year on year) and operating profit was ¥1.2 billion (down ¥1.8 billion, or 60% year on year).

(2) Consolidated Financial Condition

Consolidated assets as of March 31, 2020, totaled ¥609.1 billion, ¥29.6 billion less than at the end of the previous fiscal year (December 31, 2019). The decline was mainly due to the decrease in trade and other receivables as well as other financial assets (non-current), which more than offset an increase in cash and cash equivalents in anticipation of the tightening of the fund procurement environment due to the novel coronavirus outbreak.

Consolidated total liabilities totaled ¥456.4 billion, which was ¥7.8 billion less than on December 31, 2019, primarily owing to the decrease in other current liabilities and bonds and borrowings (non-current), which helped to offset the increase in bonds and borrowings (current) resulting from additional issuance of commercial papers in anticipation of the tightening of the fund procurement environment due to the novel coronavirus outbreak.

Consolidated total equity totaled ¥152.7 billion, down ¥21.9 billion from December 31, 2019. This decline was due to the posting of a net loss attributable to owners of parent, the payment of year-end dividends, and a decline in other components of equity.

(3) Consolidated Earnings Forecast

The businesses of the Sapporo Group have been impacted by the novel coronavirus outbreak since March. While there are sectors in which sales have been growing thanks to increased stay-at-home consumption since authorities issued requests for people to refrain from non-essential outings, sales of commercial-use products have declined. Moreover, restaurants, which are included in the Alcoholic Beverages and Food and Soft Drinks businesses, are temporarily closing or shortening their operating hours in response to requests to do so from authorities following the state of emergency declaration in April.

The Sapporo Group is placing utmost priority on the health and safety of its employees and taking measures to prevent the spread of the novel coronavirus including thorough implementation of teleworking, and encouraging employees to stay at home and avoid the "3Cs" (closed spaces, crowded places, and close contact with others) when going out, including during outings unrelated to work duties. At the same time, to fulfill its responsibility as an alcoholic beverage, food, and soft drink manufacturer to supply products to customers, the Group is continuing to produce and supply beer-taste products and other alcoholic beverages, drinking water, soup products, and lemon-based products while taking every measure to ensure the safety of employees and prevent the spread of infection.

It is currently difficult to predict when the novel coronavirus pandemic will end, when the state of emergency will be lifted, and in which municipalities it will be lifted first, and this uncertain business environment is expected to continue. Under these circumstances, it is extremely difficult to provide a reasonable earnings forecast and the consolidated earnings forecast for the fiscal year ending December 31, 2020 is therefore yet to be determined. The Company will disclose the forecast as soon as this becomes possible.

2. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2019	March 31, 2020
Assets		
Current assets		
Cash and cash equivalents	15,215	29,364
Trade and other receivables	92,529	60,505
Inventories	36,528	38,332
Other financial assets	5,403	4,459
Other current assets	6,090	8,233
Total current assets	<u>155,765</u>	<u>140,892</u>
Non-current assets		
Property, plant and equipment	147,014	144,253
Investment property	219,589	219,918
Goodwill	18,358	18,215
Intangible assets	8,844	8,649
Investments accounted for using equity method	428	430
Other financial assets	78,728	65,241
Other non-current assets	7,445	6,560
Deferred tax assets	2,551	4,921
Total non-current assets	<u>482,957</u>	<u>468,187</u>
Total assets	<u><u>638,722</u></u>	<u><u>609,079</u></u>

(Millions of yen)

	December 31, 2019	March 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	34,475	31,236
Bonds and borrowings	72,121	98,923
Lease liabilities	6,538	6,329
Income taxes payable	2,414	482
Other financial liabilities	33,021	36,399
Other current liabilities	61,903	43,860
Total current liabilities	210,472	217,228
Non-current liabilities		
Bonds and borrowings	155,220	143,504
Lease liabilities	23,921	22,875
Other financial liabilities	46,624	46,748
Retirement benefit liability	5,007	7,953
Other non-current liabilities	2,828	2,777
Deferred tax liabilities	20,125	15,337
Total non-current liabilities	253,725	239,196
Total liabilities	464,197	456,424
Equity		
Share capital	53,887	53,887
Capital surplus	40,958	40,958
Treasury shares	(1,792)	(1,793)
Retained earnings	51,521	41,201
Other components of equity	29,497	18,045
Total equity attributable to owners of parent	174,071	152,297
Non-controlling interests	454	358
Total equity	174,524	152,655
Total liabilities and equity	638,722	609,079

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

Consolidated Statement of Profit or Loss

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Continuing operations		
Revenue	100,958	99,824
Cost of sales	<u>71,971</u>	<u>71,446</u>
Gross profit	28,988	28,378
Selling, general and administrative expenses	34,760	34,575
Other operating income	2,731	355
Other operating expenses	<u>1,105</u>	<u>237</u>
Operating loss	(4,147)	(6,078)
Finance income	194	239
Finance costs	542	466
Share of profit of investments accounted for using equity method	3	2
Loss before tax	<u>(4,494)</u>	<u>(6,304)</u>
Income tax expense	<u>(858)</u>	<u>(1,599)</u>
Profit (loss) from continuing operations	(3,635)	(4,704)
Discontinued operations		
Loss from discontinued operations	(147)	—
Loss	<u>(3,782)</u>	<u>(4,704)</u>
Loss attributable to		
Owners of parent	(3,590)	(4,649)
Non-controlling interests	<u>(193)</u>	<u>(55)</u>
Loss	<u>(3,782)</u>	<u>(4,704)</u>
Basic earnings (loss) per share		
Continuing operations	(45.29)	(59.69)
Discontinued operations	(0.80)	—
Basic loss per share	(46.09)	(59.69)
Diluted earnings (loss) per share		
Continuing operations	(45.29)	(59.69)
Discontinued operations	(0.80)	—
Diluted loss per share	(46.09)	(59.69)

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Loss	(3,782)	(4,704)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	4,216	(9,838)
Remeasurements of defined benefit plans	4,087	(2,038)
Total of items that will not be reclassified to profit or loss	8,304	(11,876)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	641	(2,007)
Effective portion of net change in fair value of cash flow hedges	5	(4)
Total of items that may be reclassified to profit or loss	645	(2,011)
Other comprehensive income, net of tax	8,949	(13,887)
Comprehensive income	5,167	(18,591)
Comprehensive income attributable to		
Owners of parent	5,262	(18,496)
Non-controlling interests	(95)	(95)
Comprehensive income	5,167	(18,591)

(4) Consolidated Statement of Changes in Equity

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Exchange differences on translation of foreign operations	Effective portion of cash flow hedges
Balance as of January 1, 2019	53,887	40,998	(1,822)	46,065	(1,485)	(188)
Loss				(3,590)		
Other comprehensive income	-	-	-	-	545	3
Comprehensive income	-	-	-	(3,590)	545	3
Purchase of treasury shares			(2)			
Disposal of treasury shares		0	0			
Dividends				(3,277)		
Changes due to sale of consolidated subsidiaries						
Transfer from other components of equity to retained earnings				4,095	-	-
Total transactions with owners	-	0	(1)	818	-	-
Balance as of March 31, 2019	53,887	40,998	(1,823)	43,293	(940)	(185)

	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity			
Balance as of January 1, 2019	24,046	-	22,373	161,501	3,234	164,735
Loss			-	(3,590)	(193)	(3,782)
Other comprehensive income	4,216	4,087	8,851	8,851	98	8,949
Comprehensive income	4,216	4,087	8,851	5,262	(95)	5,167
Purchase of treasury shares			-	(2)	-	(2)
Disposal of treasury shares			-	0	-	0
Dividends			-	(3,277)	-	(3,277)
Changes due to sale of consolidated subsidiaries			-	-	(320)	(320)
Transfer from other components of equity to retained earnings	(8)	(4,087)	(4,095)	-	-	-
Total transactions with owners	(8)	(4,087)	(4,095)	(3,279)	(320)	(3,599)
Balance as of March 31, 2019	28,254	-	27,129	163,484	2,819	166,303

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Exchange differences on translation of foreign operations	Effective portion of cash flow hedges
Balance as of January 1, 2020	53,887	40,958	(1,792)	51,521	(863)	(68)
Loss				(4,649)		
Other comprehensive income	-	-	-	-	(1,967)	(4)
Comprehensive income	-	-	-	(4,649)	(1,967)	(4)
Purchase of treasury shares			(1)			
Disposal of treasury shares		(0)	0			
Dividends				(3,277)		
Transfer from other components of equity to retained earnings				(2,394)	-	-
Total transactions with owners	-	(0)	(1)	(5,671)	-	-
Balance as of March 31, 2020	53,887	40,958	(1,793)	41,201	(2,829)	(72)

	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity			
Balance as of January 1, 2020	30,428	-	29,497	174,071	454	174,524
Loss			-	(4,649)	(55)	(4,704)
Other comprehensive income	(9,838)	(2,038)	(13,846)	(13,846)	(40)	(13,887)
Comprehensive income	(9,838)	(2,038)	(13,846)	(18,496)	(95)	(18,591)
Purchase of treasury shares			-	(1)	-	(1)
Disposal of treasury shares			-	0	-	0
Dividends			-	(3,277)	-	(3,277)
Transfer from other components of equity to retained earnings	356	2,038	2,394	-	-	-
Total transactions with owners	356	2,038	2,394	(3,278)	-	(3,278)
Balance as of March 31, 2020	20,946	-	18,045	152,297	358	152,655

(5)Notes on the Going-concern Assumption

Not applicable

(6)Segment Information

1. Overview of reportable segments

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

Under the Company, which is a pure holding company, Group companies carry out business activities and formulate strategies for the products and services they offer and for the sales markets they cover.

The Group's businesses are segmented mainly based on the products, services and sales markets of Group companies and their affiliate companies. The Company's three reportable segments are Alcoholic Beverages, Food & Soft Drinks, and Real Estate.

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

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

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

Changes to Reportable Segments

From this year, the logistics business, which used to be listed under "other business," is classified under "Alcoholic Beverages." To enable year-on-year comparisons, figures for the previous fiscal year have been adjusted to reflect the new reportable segments.

The profit and loss of the North American soft drinks business has been classified under discontinued operations in 2019. Therefore, the amount of continuing operations excluding the amount of discontinued operations from related items is shown.

2. Revenue, profit (or loss)

(millions of yen)

	Three months ended March 31, 2019 (January 1, 2019 – March 31, 2019)						
	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other *1	Total	Adjustment	Consolidated total
Revenue							
To outside customers	66,341	28,498	6,086	34	100,958	—	100,958
Inter-segment revenue	1,955	28	664	—	2,648	(2,648)	—
Total	68,296	28,526	6,750	34	103,606	(2,648)	100,958
Operating profit (loss)	(3,278)	(2,312)	3,011	6	(2,574)	(1,574)	(4,147)

(millions of yen)

	Three months March 31, 2020 (January 1, 2020 – March 31, 2020)						
	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other *1	Total	Adjustment	Consolidated total
Revenue							
To outside customers	63,373	30,338	6,073	40	99,824	—	99,824
Inter-segment revenue	2,234	34	660	0	2,929	(2,929)	—
Total	65,607	30,372	6,733	40	102,752	(2,929)	99,824
Operating profit (loss)	(4,534)	(1,395)	1,192	7	(4,729)	(1,349)	(6,078)

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