

**Financial Results**  
**for the nine months ended September 30, 2021 — Consolidated**  
**(Based on IFRS)**

November 5, 2021

Company name **Sapporo Holdings Limited**

Security code 2501

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

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

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Scheduled dates:

Filing of quarterly financial report November 12, 2021

Commencement of dividend payments -

Supplementary information to the quarterly earnings results Available

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

**1. Consolidated Financial Results for the nine months ended September 30, 2021**  
**(January 1 – September 30, 2021)**

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

**(1) Operating Results**

(Percentage figures represent year-over-year changes)

	Revenue		Core operating profit		Operating profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended September 30, 2021	309,061	(2.0)	1,544	31.7	23,948	–	15,661	–
Nine months ended September 30, 2020	315,346	(12.7)	1,173	(81.7)	(2,041)	–	(1,162)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	million yen	%	million yen	%	Yen	yen
Nine months ended September 30, 2021	15,731	–	21,617	–	201.95	197.72
Nine months ended September 30, 2020	(925)	–	(8,084)	–	(11.87)	(11.87)

Note: Profit before tax

Nine months ended September 30, 2021: 23,883 million yen

Nine months ended September 30, 2020: (2,850) million yen

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

## (2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity ratio attributable to owners of parent
	million yen	million yen	million yen	%
Nine months ended September 30, 2021	576,843	167,818	167,099	29.0
December 31, 2020	616,349	149,551	149,781	24.3

## 2. Dividends

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

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

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

(Percentage figures represent year-over-year changes)

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

Note: Changes were made to earnings forecasts in the nine months ended September 30, 2021: None

#### 4. Other

(1) Changes to scope of consolidation: None

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

Newly consolidated: - Newly excluded: -

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

1) Changes in accounting policies required by IFRS: None

2) Changes other than 1) above: None

3) Changes in accounting estimates: None

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

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

September 30, 2021: 78,794,298 shares

December 31, 2020: 78,794,298 shares

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

September 30, 2021: 896,091 shares

December 31, 2020: 896,951 shares

3) Average number of outstanding share during the period:

Nine months ended September 30, 2021: 77,898,123 shares

Nine months ended September 30, 2020: 77,897,518 shares

\*Quarterly review status

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

#### **Appropriate Use of Earnings Forecasts and Other Important Information**

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

# 1. Analysis of Operating Results and Financial Condition

## (1) Operating Results

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

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

### 1) Summary in key figures

Millions of yen, except percentages

	Revenue	Core operating profit	Operating profit	Profit attributable to owners of parent
Nine months ended September 30, 2021	309,061	1,544	23,948	15,731
Nine months ended September 30, 2020	315,346	1,173	(2,041)	(925)
Change (%)	(2.0)	31.7	—	—

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

Results by segment are outlined below.

### 2) Results by reportable segment

Millions of yen, except percentages

	Revenue			Core operating profit			Operating profit		
	Nine months ended September. 30, 2020	Nine months ended September. 30, 2021	Change (%)	Nine months ended September. 30, 2020	Nine months ended September. 30, 2021	Change (%)	Nine months ended September. 30, 2020	Nine months ended September. 30, 2021	Change (%)
Alcoholic Beverages	206,797	202,029	(2.3)	317	45	(85.9)	(3,655)	(182)	—
Food & Soft Drinks	90,966	90,399	(0.6)	(2,346)	(257)	—	(2,469)	(13)	—
Real Estate	17,459	16,510	(5.4)	8,003	6,398	(20.0)	8,609	28,555	231.7

## Alcoholic Beverages

### Japan

The commercial-use market in the country has been significantly impacted by the COVID-19 pandemic. Total demand in Japan for beer and beer-type beverages is estimated to have only reached around 91% of the year-earlier level.

Amidst this situation, in the beer category, commercial-use beer sales volume declined, but sales of canned Sapporo Draft Beer Black Label and Yebisu brand beers were strong, with sales volumes at 114% and 104% of the previous year's level, respectively. In the new genre category, Sapporo Gold Star, which won three awards in Japan and overseas, continued its success, with an increase of 5% year on year in sales volume. As a result, total sales of beer and beer-type beverages stood at 91% of the year-earlier level.

In addition, we launched a low-alcohol, beer-like drink The DRAFTY in September 2021, taking on the challenge of creating new markets.

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

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

### **Overseas**

The overseas commercial-use market has been impacted by the COVID-19 pandemic. Total demand in North America for beer and beer-type beverages is estimated to have increased year on year, as it is on a recovery trend in the United States, while it decreased year on year in Canada.

Under this trend, although overseas brands saw a decrease year on year in beer sales volume in the course of strategic product changes by Sleeman Breweries, our focus RTD sales volume increased year on year.

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

### **Restaurants**

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

Amidst these challenges, the business experienced a decrease in revenue yet an improvement in core operating loss year on year, after efforts to bolster menus along with take-out and delivery products, close unprofitable restaurants, and shift to a low-cost, low-operation business format, among other initiatives.

As a result of the above factors, revenue in the Alcoholic Beverages segment for the first nine months of 2021 came to ¥202.0 billion (down ¥4.8 billion or 2% year on year). The segment posted a core operating profit of ¥0.0 billion (down ¥0.3 billion or 86% year on year) and an operating loss of ¥0.2 billion (compared with a loss of ¥3.7 billion a year earlier).

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

\*2: Based on Intage SRI market research on combined blended imo shochu sales in the supermarket, convenience store, and direct sales channels from December 2019 to September 2021.

### **Food & Soft Drinks**

Although total demand in Japan for soft drinks continued to expand due to the lesser impact of the COVID-19 pandemic compared to the previous year and the hot weather that lasted until the early August, growth is estimated to have remained flat year on year because of the decrease after the torrential rains mainly in western Japan in the mid-August.

Against this backdrop, in the domestic soft drink business, sales of lemon-based soft drinks such as Kireto Lemon were strong on rising health consciousness, and posted a solid increase of 14% year on year.

The Craft Cola, which we revamped in September, also helped to attract attention, and the total sales volume for soft drinks was on a par year on year.

In the domestic food business, the sales volume of cold canned soups soared by 29% year on year.

Lemon-based food products grew in sales volume by 6% year on year, as Pokka Lemon continued to perform well due to the expansion in household demand.

Plant-based milk products also saw a 6% year-on-year increase in its sales volume, with our soymilk yogurt products contributing to this increase thanks to rising health consciousness. In addition, we launched GreenBio Almond Milk Yogurt (plain, unsweetened) in September to further revitalize the

growing plant-based food market.

Pokka Create Co., Ltd., which operates the Café de Crié coffee shop chain, saw revenue increase year on year amidst the ongoing impacts the cafe industry has experienced under the COVID-19 pandemic, although it has not recovered to pre-COVID levels.

As a result of the above factors, revenue in the Food & Soft Drinks segment for the first nine months of 2021 came to ¥90.4 billion (down ¥0.6 billion, or 1% year on year), while the segment posted a core operating loss of ¥0.3 billion (compared with a loss of ¥2.3 billion a year earlier) and an operating loss of ¥0.0 billion (compared with a loss of ¥2.5 billion a year earlier).

### **Real Estate**

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

In this market climate, although the Real Estate business saw a drop in occupancy rates due to the departure of some tenants at properties owned mainly in the Greater Tokyo Area, including the Yebisu Garden Place Tower, the business' core source of earnings, we strategically reconfigured our property portfolio by selling off Ebisu First Square and other properties and making equity investments funds that own commercial facilities. While commercial facilities are impacted by COVID-19, we aim to provide new lifestyle value and new work styles with the reopening of the Yebisu Garden Place commercial building next year. In addition, we are proceeding with the construction of the new Sreed EBISU +t which started in June 2021.

As a result of the above, revenue in the Real Estate segment for the first nine months of 2021 totaled ¥16.5 billion (down ¥0.9 billion, or 5% year on year), while the segment posted a core operating profit of ¥6.4 billion (down ¥1.6 billion, or 20% year on year) and an operating profit of ¥28.6 billion (up ¥19.9 billion, or 232% year on year).

## **(2) Consolidated Financial Condition**

Consolidated assets as of September 30, 2021, totaled ¥576.8 billion, ¥39.5 billion less than at the end of the previous fiscal year (December 31, 2020), mainly due to the decrease in trade and other receivables, income taxes receivable, and investment property, despite the increase in inventories, and property, plant and equipment.

Consolidated total liabilities came to ¥409.0 billion, which was a decrease of ¥57.8 billion as compared to the end of the previous fiscal year, because of the decrease in bonds and borrowings (current), other current liabilities, and bonds and borrowings (non-current), notwithstanding an increase in income taxes payable.

Consolidated total equity stood at ¥167.8 billion, up ¥18.3 billion compared to the end of the previous fiscal year, due to the posting of a net profit attributable to owners of parent and an increase in other components of equity, notwithstanding the payment of year-end dividends.

## **(3) Consolidated Cash Flows**

Cash and cash equivalents (collectively "cash") totaled ¥13.3 billion as of September 30, 2021, ¥6.4 billion or 33% less than at the end of the previous fiscal year (December 31, 2020).

Consolidated cash flows for the first nine months of 2021, and the main factors affecting those flows were as follows.

### ***Cash flows from operating activities***

Operating activities provided net cash amounting to ¥26.9 billion, an increase of ¥5.6 billion or 26% from the same period last fiscal year. The main positive contributors to inflows were a ¥23.9 billion in profit before tax, a ¥22.2 billion decrease in trade and other receivables, and depreciation and amortization of ¥17.0 billion, which offset a ¥22.8 billion gain on sales and retirement of property, plant and equipment, and intangible assets, and a ¥13.1 billion decrease in accrued alcohol tax.

***Cash flows from investing activities***

Investing activities provided net cash of ¥17.7 billion, compared to ¥14.3 billion used in the same period last fiscal year. The main outflows were purchases of property, plant and equipment of ¥10.1 billion, and purchases of investment property of ¥4.7 billion, while there was an inflow of ¥34.1 billion in proceeds from the sale of investment properties.

***Cash flows from financing activities***

Financial activities used net cash totaling ¥51.5 billion, compared to ¥30.3 billion net cash provided in the same period last fiscal year. The main outflows were a redemption of bonds of ¥30.0 billion, repayments of long-term borrowings of ¥13.2 billion, decrease in commercial papers of ¥5.0 billion, repayments of lease liabilities of ¥4.7 billion, and ¥3.3 billion for dividends paid, which outweighed inflow of ¥4.0 billion in proceeds from long-term borrowings.

**(4) Consolidated Earnings Forecast**

The consolidated earnings forecast for the full fiscal year to December 31, 2021, is unchanged from the forecast announced by the Company on August 6, 2021.

## 2. Consolidated Financial Statements

### (1) Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2020	September 30, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	19,734	13,290
Trade and other receivables	84,475	62,915
Inventories	36,001	40,479
Other financial assets	5,459	3,629
Income taxes receivable	8,755	1,359
Other current assets	6,128	5,135
Subtotal	<u>160,551</u>	<u>126,806</u>
Assets held for sale	278	—
Total current assets	<u>160,829</u>	<u>126,806</u>
Non-current assets		
Property, plant and equipment	126,650	131,090
Investment property	218,574	206,514
Goodwill	17,920	19,476
Intangible assets	9,023	8,944
Investments accounted for using equity method	446	1,347
Other financial assets	69,969	71,103
Other non-current assets	6,108	5,414
Deferred tax assets	6,831	6,148
Total non-current assets	<u>455,520</u>	<u>450,036</u>
Total assets	<u><u>616,349</u></u>	<u><u>576,843</u></u>



(Millions of yen)

	December 31, 2020	September 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	31,927	31,428
Bonds and borrowings	83,177	61,110
Lease liabilities	5,836	6,274
Income taxes payable	727	8,039
Other financial liabilities	38,120	35,231
Other current liabilities	56,456	42,715
Total current liabilities	216,243	184,795
Non-current liabilities		
Bonds and borrowings	158,091	136,942
Lease liabilities	21,046	20,276
Other financial liabilities	45,344	44,853
Retirement benefit liability	3,965	751
Other non-current liabilities	2,832	2,504
Deferred tax liabilities	19,277	18,905
Total non-current liabilities	250,555	224,229
Total liabilities	466,798	409,024
Equity		
Share capital	53,887	53,887
Capital surplus	40,853	40,596
Treasury shares	(1,787)	(1,784)
Retained earnings	33,459	48,059
Other components of equity	23,370	26,340
Total equity attributable to owners of parent	149,781	167,099
Non-controlling interests	(231)	719
Total equity	149,551	167,818
Total liabilities and equity	616,349	576,843

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

### Consolidated Statement of Profit or Loss

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Revenue	315,346	309,061
Cost of sales	219,059	215,155
Gross profit	96,287	93,905
Selling, general and administrative expenses	95,114	92,361
Other operating income	2,670	25,530
Other operating expenses	5,884	3,126
Operating profit (loss)	(2,041)	23,948
Finance income	734	1,150
Finance costs	1,557	1,243
Share of profit of investments accounted for using equity method	14	27
Profit (loss) before tax	(2,850)	23,883
Income tax expense	(1,688)	8,223
Profit (loss)	(1,162)	15,661
Profit (loss) attributable to		
Owners of parent	(925)	15,731
Non-controlling interests	(237)	(70)
Profit (loss)	(1,162)	15,661
Basic earnings (loss) per share	(11.87)	201.95
Diluted earnings (loss) per share	(11.87)	197.72

**(3) Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit (loss)	(1,162)	15,661
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(4,947)	1,193
Remeasurements of defined benefit plans	(646)	2,055
Total of items that will not be reclassified to profit or loss	(5,593)	3,248
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,351)	2,677
Effective portion of cash flow hedges	22	31
Total of items that may be reclassified to profit or loss	(1,329)	2,708
Total other comprehensive income, net of tax	(6,922)	5,956
Comprehensive income	(8,084)	21,617
Comprehensive income attributable to		
Owners of parent	(7,813)	21,656
Non-controlling interests	(270)	(39)
Comprehensive income	(8,084)	21,617

#### (4) Consolidated Statement of Changes in Equity

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Exchange differences on translation of foreign operations	Effective portion of cash flow hedges
Balance as of January 1, 2020	53,887	40,958	(1,792)	51,521	(863)	(68)
Profit (loss)				(925)		
Other comprehensive income					(1,318)	22
Comprehensive income	-	-	-	(925)	(1,318)	22
Purchase of treasury shares			(3)			
Disposal of treasury shares		0	9			
Dividends				(3,277)		
Changes in ownership interest in subsidiaries		(2)				
Share-based remuneration transactions		(12)				
Transfer from other components of equity to retained earnings				(549)	-	-
Total transactions with owners	-	(14)	6	(3,826)	-	-
Balance as of September 30, 2020	53,887	40,944	(1,786)	46,770	(2,180)	(46)

	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity			
Balance as of January 1, 2020	30,428	-	29,497	174,071	454	174,524
Profit (loss)			-	(925)	(237)	(1,162)
Other comprehensive income	(4,947)	(646)	(6,889)	(6,889)	(33)	(6,922)
Comprehensive income	(4,947)	(646)	(6,889)	(7,813)	(270)	(8,084)
Purchase of treasury shares			-	(3)	-	(3)
Disposal of treasury shares			-	9	-	9
Dividends			-	(3,277)	(10)	(3,287)
Changes in ownership interest in subsidiaries			-	(2)	(1)	(3)
Share-based remuneration transactions			-	(12)	-	(12)
Transfer from other components of equity to retained earnings	(97)	646	549	-	-	-
Total transactions with owners	(97)	646	549	(3,285)	(11)	(3,296)
Balance as of September 30, 2020	25,384	-	23,158	162,972	172	163,145

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Exchange differences on translation of foreign operations	Effective portion of cash flow hedges
Balance as of January 1, 2021	53,887	40,853	(1,787)	33,459	(1,806)	(40)
Profit (loss)				15,731		
Other comprehensive income					2,646	31
Comprehensive income	-	-	-	15,731	2,646	31
Purchase of treasury shares			(4)			
Disposal of treasury shares		0	8			
Dividends				(3,277)		
Changes in ownership interest in subsidiaries		(50)				
Share-based remuneration transactions		(24)				
Transfer from other components of equity to retained earnings				1,964		
Other		(182)		182		
Total transactions with owners	-	(257)	4	(1,131)	-	-
Balance as of September 30, 2021	53,887	40,596	(1,784)	48,059	840	(9)

	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other components of equity			
Balance as of January 1, 2021	25,215	-	23,370	149,781	(231)	149,551
Profit (loss)			-	15,731	(70)	15,661
Other comprehensive income	1,193	2,055	5,925	5,925	31	5,956
Comprehensive income	1,193	2,055	5,925	21,656	(39)	21,617
Purchase of treasury shares			-	(4)	-	(4)
Disposal of treasury shares			-	8	-	8
Dividends			-	(3,277)	(1)	(3,278)
Changes in ownership interest in subsidiaries			-	(50)	-	(50)
Share-based remuneration transactions			-	(24)	-	(24)
Transfer from other components of equity to retained earnings	(899)	(2,055)	(2,954)	(990)	990	-
Other			-	-	-	-
Total transactions with owners	(899)	(2,055)	(2,954)	(4,338)	989	(3,349)
Balance as of September 30, 2021	25,509	-	26,340	167,099	719	167,818

**(5) Consolidated Statement of Cash Flows**

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Cash flows from operating activities		
Profit (loss) before tax	(2,850)	23,883
Depreciation and amortization	19,784	17,046
Impairment losses	562	623
Interest and dividend income	(725)	(551)
Interest expenses	1,342	1,241
Share of loss (profit) of investments accounted for using equity method	(14)	(27)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	(775)	(22,849)
Decrease (increase) in trade and other receivables	25,279	22,178
Decrease (increase) in inventories	(2,544)	(3,414)
Increase (decrease) in trade and other payables	(2,536)	(934)
Increase (decrease) in accrued alcohol tax	(12,512)	(13,133)
Other	2,466	3,316
Subtotal	27,480	27,378
Interest and dividends received	742	557
Interest paid	(1,327)	(1,246)
Income taxes refund (paid)	(5,568)	242
Net cash provided by (used in) operating activities	21,326	26,931
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,347)	(10,097)
Proceeds from sale of property, plant and equipment	173	1,389
Purchase of investment property	(3,532)	(4,683)
Proceeds from sale of investment property	1,000	34,078
Purchase of intangible assets	(1,604)	(854)
Purchase of investment securities	(1,658)	(1,834)
Proceeds from sale of investment securities	940	3,272
Payments for acquisition of subsidiaries	—	(2,737)
Payments for investments in capital	(297)	(1,300)
Purchase of investments in associates	—	(900)
Payments for loans receivable	(69)	(57)
Collection of loans receivable	23	72
Other	(939)	1,303
Net cash provided by (used in) investing activities	(14,309)	17,652

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,221)	589
Net increase (decrease) in commercial papers	17,000	(5,000)
Proceeds from long-term borrowings	18,500	4,000
Repayments of long-term borrowings	(13,792)	(13,180)
Proceeds from issuance of bonds	30,000	—
Redemption of bonds	(10,013)	(30,008)
Dividends paid	(3,286)	(3,275)
Repayments of lease liabilities	(4,902)	(4,654)
Other	6	4
Net cash provided by (used in) financing activities	30,292	(51,525)
Effect of exchange rate changes on cash and cash equivalents	(48)	498
Net increase (decrease) in cash and cash equivalents	37,262	(6,444)
Cash and cash equivalents at beginning of period	15,215	19,734
Cash and cash equivalents	52,477	13,290

**(6) Notes on the Going-concern Assumption**

Not applicable

**(7) Segment Information**

## 1. Overview of reportable segments

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

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

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

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

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

## 2. Revenue, profit (or loss)

(Millions of yen)

	Nine months ended September 30, 2020 (January 1, 2020 – September 30, 2020)						
	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other *1	Total	Adjustment	Consolidated total
Revenue							
To outside customers	206,797	90,966	17,459	123	315,346	—	315,346
Inter-segment revenue	8,849	497	1,959	1	11,305	(11,305)	—
Total	215,646	91,463	19,418	123	326,650	(11,305)	315,346
Operating profit (loss)	(3,655)	(2,469)	8,609	(4)	2,480	(4,521)	(2,041)

(Millions of yen)

	Nine months ended September 30, 2021 (January 1, 2021 – September 30, 2021)						
	Alcoholic Beverages	Food & Soft Drinks	Real Estate	Other *1	Total	Adjustment	Consolidated total
Revenue							
To outside customers	202,029	90,399	16,510	123	309,061	—	309,061
Inter-segment revenue	9,513	709	1,790	0	12,012	(12,012)	—
Total	211,542	91,108	18,299	123	321,073	(12,012)	309,061
Operating profit (loss)	(182)	(13)	28,555	23	28,383	(4,434)	23,948

\*1: "Other" comprises businesses, such as health food business, etc., that are not included in reportable segments.  
Adjustment included General corporate and intercompany eliminations. General corporation are general administrative expenses that do not belong to the reporting segment.