Six Months ended June 30, 2017

Consolidated First Half Earnings Report - Supplementary Information

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August 3, 2017

SAPPORO HOLDINGS LTD.

Securities Code: 2501

URL http://www.sapporoholdings.jp/english/

Financial Highlights (2013- 2017)

Consolidated Financial Highlights

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

		Six months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2017
Net sales	Including liquor tax	231.2	239.8	245.8	248.9	259.7
	Excluding liquor tax	179.6	187.5	194.6	195.7	205.4
Overseas net sales to total	Excluding liquor tax	19.2%	19.8%	24.3%	21.9%	21.8%
Operating income	Before goodwill amortization	2.4	2.8	0.7	4.9	4.9
	After goodwill amortization	0.4	1.0	(1.2)	3.0	3.0
Operating margin	Including liquor tax / after goodwill amortization	0.2%	0.4%	-	1.2%	1.2%
	Excluding liquor tax /before goodwill amortization	1.4%	1.5%	0.4%	2.6%	2.4%
	Excluding liquor tax /after goodwill amortization	0.3%	0.5%	-	1.6%	1.5%
Ordinary income		0.3	0.2	(1.4)	2.6	2.6
Profit attributable to owners of parent		0.1	(10.9)	1.1	0.4	0.2
Total assets		601.1	603.2	621.1	594.8	606.0
Net assets		140.0	142.3	161.9	151.3	165.5
Balance of debt	Gross	259.9	261.1	243.3	238.7	231.6
	Net	249.8	250.2	232.8	226.3	221.1
Debt-to-equity ratio (times)	Gross	1.9	1.8	1.5	1.6	1.4
	Net	1.8	1.8	1.4	1.5	1.3
Capital expenditure	Cash basis	6.6	9.7	13.5	10.0	8.7
Depreciation and amortization		12.5	12.0	11.8	10.9	11.5
Amortization of goodwill		2.0	1.8	2.0	1.9	1.9
ＥＢＩＴＤＡ	Operating income + Depreciation and amortization	15.0	14.9	12.5	15.9	16.4
Exchange rates (Yen)	US$	95.73	102.46	120.31	111.74	112.34
	CAN$	94.17	93.40	97.33	83.90	84.24

		Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2015	Year ending December 31, 2016	Year ending December 31, 2017 (forecast)
Net sales	Including liquor tax	509.8	518.7	533.7	541.8	563.8
	Excluding liquor tax	395.3	401.8	418.3	424.0	443.0
Overseas net sales to total	Excluding liquor tax	18.3%	19.2%	22.6%	20.5%	21.2%
Operating income	Before goodwill amortization	19.3	18.4	18.1	24.1	25.1
	After goodwill amortization	15.3	14.7	13.9	20.2	21.3
Operating margin	Including liquor tax / after goodwill amortization	3.0%	2.8%	2.6%	3.7%	3.8%
	Excluding liquor tax /before goodwill amortization	4.9%	4.6%	4.3%	5.7%	5.7%
	Excluding liquor tax /after goodwill amortization	3.9%	3.7%	3.3%	4.8%	4.8%
Ordinary income		15.1	14.5	13.2	19.2	20.3
Profit attributable to owners of parent		9.4	0.3	6.1	9.4	10.7
Total assets		616.7	625.4	620.3	626.3	
Net assets		155.3	160.0	163.8	166.3	
Balance of debt	Gross	247.8	247.5	234.7	238.1	236.4
	Net	236.2	237.7	224.3	227.5	225.9
Debt-to-equity ratio (times)	Gross	1.6	1.5	1.4	1.4	1.4
	Net	1.5	1.5	1.4	1.4	1.3
Capital expenditure	Cash basis	13.7	19.1	20.3	21.8	25.5
Depreciation and amortization		25.0	24.4	24.2	22.3	23.2
Amortization of goodwill		3.9	3.7	4.1	3.9	3.8
ＥＢＩＴＤＡ	Operating income + Depreciation and amortization	44.3	42.9	42.3	46.5	48.3
ＲＯＥ（%）	Before goodwill amortization	9.5%	2.7%	6.5%	8.4%	8.8%
	After goodwill amortization	6.7%	0.2%	3.9%	5.9%	6.5%
ＥＰＳ（yen sen）	Before goodwill amortization	34.40	10.53	131.71	171.89	186.14
	After goodwill amortization	24.20	0.87	78.40	121.56	137.36
Exchange rates (Yen)	US$	97.73	105.79	121.11	108.81	110.00
	CAN$	94.81	95.74	94.82	82.07	84.00

*1: The balance of debt includes commercial paper but excludes the balance of lease obligations.
*2: Exchange rates are annual average rates.

Major Sales and Sales Volume

Beer (Japan)

(10,000 cases)

	Jan. 1 - Jun.30, 2016	Jan. 1 - Jun.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
Sapporo Draft Beer Black Label	764	785	103%	1,663	1,680	101%
YEBISU (total)	401	418	104%	972	1,070	110%
1 Beer (total)	1,323	1,391	105%	3,048	3,140	103%
2 Happoshu (total)	203	164	81%	411	360	88%
3 New genre beer products (total)	730	686	94%	1,495	1,560	104%
Beer, happoshu, and new genre （total 1+2+3）	2,256	2,241	99%	4,955	5,060	102%
Non-alcoholic beer taste beverage	37	34	91%	83	86	104%

(billions of yen)

	Jan. 1 - Jun.30, 2016	Jan. 1 - Jun.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
Domestic wines	2.4	2.4	101%	5.0	5.0	101%
Imported wines	3.6	3.7	103%	8.5	9.2	109%
Wine (total)	6.0	6.1	103%	13.5	14.3	106%
RTD, Spirits and Shochu (total)	13.1	14.5	111%	27.8	29.4	106%

Beer (International)

(10,000 cases)

	Jan. 1 - Jun.30, 2016	Jan. 1 - Jun.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
SLEEMAN BREWERIES LTD.（*2）	606	615	101%	1,291	1,300	101%
Sapporo brand	272	292	108%	580	630	109%

*2：Excludes contracted manufacturing for the Sapporo brand and sales of the Sapporo brand in Canada .

Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(10,000 cases)

	Jan. 1 - Jun.30, 2016	Jan. 1 - Jun.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
Soft Drinks(*3)	2,138	2,129	100%	4,688	4,700	100%

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

Consolidated Results (Six Months ended June 30, 2017)

Condensed Consolidated Statements of Income

(billions of yen)

	Six Months ended June 30, 2016	Six Months ended June 30, 2017	Change	Change (%)
Japanese Alcoholic Beverages(*1)	125.7	127.5	1.7	1.4%
International Business	31.6	33.7	2.0	6.6%
Food & Soft Drinks	64.9	65.4	0.5	0.8%
Restaurants(*1)	12.6	13.8	1.1	9.2%
Real Estate	10.9	11.8	0.9	8.6%
Other	3.0	7.3	4.3	142.6%
Net sales	248.9	259.7	10.8	4.4%
Japanese Alcoholic Beverages(*1)	1.4	1.4	(0.0)	(1.0)%
International Business	(0.3)	0.1	0.4	-
Food & Soft Drinks	(0.8)	(1.1)	(0.3)	-
Restaurants(*1)	(0.0)	(0.2)	(0.1)	-
Real Estate	5.1	5.8	0.6	11.9%
Other	(0.0)	(0.0)	(0.0)	-
General corporate and intercompany eliminations	(2.2)	(2.8)	(0.5)	-
Operating income	3.0	3.0	(0.0)	(1.0)%
Operating income before goodwill amortization	4.9	4.9	(0.0)	(0.9)%
Non-operating income	1.2	1.2	(0.0)	(3.7)%
Non-operating expenses	1.7	1.6	(0.1)	(6.5)%
Ordinary income	2.6	2.6	0.0	1.3%
Extraordinary gains	0.0	0.1	0.1	585.0%
Extraordinary losses	0.9	0.9	(0.0)	(1.1)%
Profit before income taxes	1.7	1.9	0.2	11.9%
Income taxes	1.2	1.8	0.6	48.6%
Profit attributable to non-controlling interest	(0.0)	(0.1)	(0.1)	-
Profit attributable to owners of parent	0.4	0.2	(0.2)	(52.3)%

Condensed Consolidated Statements of Cash Flows

	Six Months ended June 30, 2016	Six Months ended June 30, 2017	Change	Change (%)
Cash flows from operating activities	14.8	16.4	1.6	11.2%
Cash flows from investing activities	(14.0)	(6.0)	8.0	-
Free Cash flows	0.7	10.4	9.7	1,269.8%
Cash flows from financial activities	1.3	(10.5)	(11.8)	-

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax)

(billions of yen)

	Six Months ended June 30, 2016	Six Months ended June 30, 2017	Change	Change (%)
Beer	72.1	76.2	4.1	5.8%
Happoshu	7.7	6.2	(1.4)	(19.0)%
New genre	24.1	22.6	(1.4)	(6.1)%
Total	103.9	105.2	1.2	1.2%

Sales (excluding liquor tax)

(billions of yen)

	Six Months ended June 30, 2016	Six Months ended June 30, 2017	Change	Change (%)
Beer	35.2	37.7	2.4	6.9%
Happoshu	4.3	3.4	(0.8)	(19.0)%
New genre	16.7	15.7	(1.0)	(6.1)%
Total	56.3	56.9	0.6	1.1%

Consolidated Results (Six Months ended June 30, 2017)

Breakdown of Key Changes

Numbers in parentheses mean decline in earnings.

(billions of yen)

	Change factor	Six months ended June 30, 2016	Six months ended June 30, 2017	Income change	Details
Beer and related products		(0.3)	(0.4)	(0.2)	
Marginal profit	(subtotal)			1.3	
	Increase (decrease) in volume/product mix			0.2	Beer +1.1 Happoshu-0.5 New genre-0.6 Product mix +0.2
	Other			1.1	Non-alcoholic beer, RTD, Production costs, etc.
Fixed costs and other	(subtotal)			(1.6)	
	Sales promotion costs			(1.4)	Sales incentives and commissions
	Facility cost			0.1	Repairment costs, etc.
	Other			(0.3)	Personnel expenses, General and administrative expenses
Wine and spirits		1.4	1.6	0.3	
Other		0.3	0.3	(0.0)	
Japanese Alcoholic Beverages		1.4	1.4	(0.0)	
North America, etc.		0.7	0.8	0.2	
	Increase (decrease) in volume/product mix.			0.6	Increase in volume
	Marketing costs			(0.2)	SLEEMAN BREWERIES LTD.
	Other			(0.2)	Personnel expenses, General and administrative expenses, etc.
Vietnam		(1.0)	(0.7)	0.3	
	Increase (decrease) in volume/product mix.			(0.1)	
	Marketing costs			0.4	
	Other			0.0	
International		(0.3)	0.1	0.4	
Japanese Food & Soft Drinks		(1.3)	(1.2)	0.1	
	Increase (decrease) in volume / product mix			1.1	Increase in volume, Product mix, etc.
	Production costs			0.1	
	Marketing costs			(0.6)	Advertising and promotion expenses
	Other costs			(0.5)	Logistics cost, personnel expenses, General and administrative expenses, etc.
	Domestic Subsidiaries			(0.0)	Vending machine operators, and other
Other		0.5	0.1	(0.4)	International business, coffee shop chain, etc.
Food & Soft Drinks		(0.8)	(1.1)	(0.3)	
	Existing stores			(0.1)	
	New stores / Refurbished stores			(0.1)	
Restaurants		(0.0)	(0.2)	(0.1)	
	Rent			0.6	
	Sales			(0.0)	
Real Estate		5.1	5.8	0.6	
	Logistics business			0.0	
	Other			(0.0)	
Other		(0.0)	(0.0)	(0.0)	
General corporate and intercompany eliminations		(2.2)	(2.8)	(0.5)	
Operating income		3.0	3.0	(0.0)	
Operating income before goodwill amortization		4.9	4.9	(0.0)	
	Financial income (expense)	(0.2)	(0.1)	0.1	
	Equity in income (losses) of affiliates	0.0	0.0	0.0	
	Other	(0.2)	(0.2)	(0.0)	
Non-operating income and expenses		(0.4)	(0.4)	0.1	
Ordinary income		2.6	2.6	0.0	
	Gain on sales of property, plant and equipment	0.0	0.2	0.1	
	Other extraordinary gains	0.0	0.0	0.0	
	Loss on sales/disposal of property, plant and equipment	(0.6)	(0.4)	0.2	
	Loss on impairment of property, plant and equipment	(0.1)	(0.2)	(0.1)	
	Other extraordinary losses	(0.2)	(0.3)	(0.1)	
Extraordinary gains and losses		(0.9)	(0.7)	0.2	
Profit before income taxes		1.7	1.9	0.2	
Corporate tax, etc. / Loss attributable to non-controlling interests		(1.2)	(1.7)	(0.4)	
Profit attributable to owners of parent		0.4	0.2	(0.2)	

	Six months ended June 30, 2016	Six months ended June 30, 2017
Yen/US$	111.74	112.34
Yen/CAN$	83.90	84.24
Yen/EUR	124.58	121.66

Consolidated Results (Six Months ended June 30, 2017)

Segment Information

(billions of yen)

Six months ended June 30, 2016	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	125.7	31.6	64.9	12.6	10.9	3.0	-	248.9
Operating income	1.4	(0.3)	(0.8)	(0.0)	5.1	(0.0)	(2.2)	3.0
(Operating income before goodwill amortization)	1.5	0.4	0.2	(0.0)	5.1	(0.0)	(2.2)	4.9
Sales promotion costs								
Sales incentives and commissions	10.6	0.1	6.9	0.0	0.0	0.0	(0.0)	17.6
Advertising and promotion expenses	7.6	0.5	1.7	0.4	0.2	0.0	(0.0)	10.6
Promotion items	2.2	1.9	0.0	0.0	0.0	0.0	(0.0)	4.1
Depreciation and amortization	3.5	1.5	2.7	0.2	2.0	0.0	0.8	10.9
Amortization of goodwill	0.0	0.8	1.0	0.0	0.0	0.0	0.0	1.9
EBITDA (*1)	5.0	1.9	3.0	0.1	7.2	(0.0)	(1.4)	15.9
Capital exoenditure (cash basis)	2.9	1.3	2.6	0.5	1.5	0.0	1.0	10.0
Payment of lease obligations	0.0	0.0	1.3	0.0	0.0	0.0	0.0	1.4

Six months ended June 30, 2017	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	127.5	33.7	65.4	13.8	11.8	7.3	-	259.7
Operating income	1.4	0.1	(1.1)	(0.2)	5.8	(0.0)	(2.8)	3.0
(Operating income before goodwill amortization)	1.4	0.9	(0.1)	(0.1)	5.8	(0.0)	(2.8)	4.9
Sales promotion costs								
Sales incentives and commissions	11.6	0.0	7.2	0.0	0.0	0.0	(0.0)	19.0
Advertising and promotion expenses	7.8	0.5	2.0	0.5	0.2	0.0	(0.0)	11.2
Promotion items	2.4	1.8	0.0	0.0	0.0	0.0	(0.0)	4.2
Depreciation and amortization	3.7	1.4	2.8	0.2	2.1	0.0	0.9	11.5
Amortization of goodwill	0.0	0.8	1.0	0.0	0.0	0.0	0.0	1.9
EBITDA (*1)	5.2	2.4	2.7	0.1	7.9	(0.0)	(1.8)	16.4
Capital exoenditure (cash basis)	2.0	1.6	1.1	0.4	2.0	0.0	1.2	8.7
Payment of lease obligations	0.0	0.0	1.4	0.0	0.0	0.0	0.0	1.5

Change	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	1.7	2.0	0.5	1.1	0.9	4.3	-	10.8
Operating income	(0.0)	0.4	(0.3)	(0.1)	0.6	(0.0)	(0.5)	(0.0)
(Operating income before goodwill amortization)	(0.0)	0.4	(0.4)	(0.1)	0.6	(0.0)	(0.5)	(0.0)
Sales promotion costs								
Sales incentives and commissions	1.0	(0.0)	0.3	0.0	0.0	0.0	(0.0)	1.3
Advertising and promotion expenses	0.2	(0.0)	0.2	0.0	(0.0)	0.0	(0.0)	0.5
Promotion items	0.2	(0.1)	0.0	0.0	0.0	0.0	(0.0)	0.1
Depreciation and amortization	0.1	(0.0)	0.0	0.0	0.1	0.0	0.1	0.5
Amortization of goodwill	0.0	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.0)
EBITDA (*1)	0.1	0.4	(0.3)	(0.0)	0.7	0.0	(0.4)	0.5
Capital exoenditure (cash basis)	(0.8)	0.3	(1.5)	(0.0)	0.5	0.0	0.1	(1.2)
Payment of lease obligations	0.0	(0.0)	0.0	0.0	0.0	0.0	(0.0)	0.0

*1：EBITDA＝ Operating income ＋ Depreciation and amortization ＋ Amortization of goodwill

Consolidated Results (Six Months ended June 30, 2017)

Condensed Consolidated Balance Sheets

(billions of yen)

	December 31, 2016	June 30, 2017	Change	Primary Reasons
Current assets	164.1	150.5	(13.6)	
Cash and cash equivalents	10.5	10.5	0.0	
Notes and accounts receivable - trade	96.8	78.9	(17.9)	Seasonal factors, Bank holiday(Dec. 31)
Inventories	37.9	42.0	4.0	
Other	18.7	19.0	0.3	
Fixed assets	462.1	455.5	(6.6)	
Fixed assets	356.0	352.2	(3.7)	
Goodwill	27.4	25.3	(2.0)	
Investments and other assets	78.7	77.9	(0.7)	
Total assets	626.3	606.0	(20.3)	
Current liabilities	212.1	207.5	(4.5)	
Notes and accounts payable - trade	38.5	36.2	(2.2)	
Short-term debt	73.4	78.8	5.4	
Deposits received	8.2	8.4	0.1	
Other	91.9	84.0	(7.9)	Decrease in liquor taxes payable
Long-term liabilities	247.8	232.8	(14.9)	
Long-term debt	164.7	152.8	(11.8)	Decrease due to transfers current portion of bonds to short-term bank loans
Net defined benefit liability	8.9	8.3	(0.6)	
Other	74.1	71.6	(2.4)	
Total liabilities	459.9	440.4	(19.5)	
Shareholders' equity	140.1	137.4	(2.6)	Distribution of dividends
Accumulated other comprehensive income	20.5	22.8	2.2	
Non-controlling interests	5.6	5.2	(0.4)	
Total net assets	166.3	165.5	(0.7)	
Total liabilities and net assets	626.3	606.0	(20.3)	

Financial Liabilities by segment

(billions of yen)

	December 31, 2016	June 30, 2017	Change	Primary Reasons
Japanese Alcoholic Beverages	33.3	30.8	(2.4)	
International	31.8	33.5	1.6	
Food & Soft Drinks	6.6	3.6	(2.9)	
Restaurants	0.4	0.3	(0.1)	
Real Estate	135.3	135.3	(0.0)	
Other	2.6	2.5	(0.1)	
Corporate and eliminations	27.8	25.4	(2.4)	
Total	238.1	231.6	(6.4)	

Overview of Segmentation Changes 2017

No change has been made to segmentation in the fiscal year ending December 31, 2017.
Reportable segment income refers to operating income. Equity-method affiliates are therefore omitted below.

2016 Segmentation

Segment	Consolidated subsidiaries
Japanese Alcoholic Beverages	SAPPORO BREWERIES LTD. (*1)
	YEBISU WINEMART CO., LTD.
	TANOSHIMARU SHUZO CO., LTD.
	SAPPORO ENGINEERING LIMITED(*1)
	STARNET CO., LTD.
	SHINSEIEN CO.,LTD.
International	SAPPORO INTERNATIONAL INC.
	SAPPORO U.S.A., INC.
	SAPPORO CANADA INC.
	SLEEMAN BREWERIES LTD.
	SAPPORO ASIA PRIVATE LIMITED
	SAPPORO VIETNAM LIMITED
	SILVER SPRINGS CITRUS, INC.
	COUNTRY PURE FOODS, INC.
	And another 11 companies
Food & Soft Drinks	POKKA SAPPORO FOOD & BEVERAGE LTD.
	POKKA CREATE CO., LTD.
	PS BEVERAGE LTD
	STAR BEVERAGE SERVICE CO., LTD.
	POKKA SAPPORO HOKKAIDO LTD.
	NIHON BEANS CO.,LTD.
	POKKA CORPORATION (SINGAPORE) PTE. LTD.
	POKKA INTERNATIONAL PTE. LTD.
	PT. POKKKA DIMA INTERNATIONAL
	And another 8 companies
Restaurants	SAPPORO LION LIMITED
	NEW SANKO INC.
	MARUSHINKAWAMURA INC.
	GINRIN SUISAN INC.
	SAPPORO LION (SINGAPORE) PTE.LTD.
Real Estate	SAPPORO REAL ESTATE CO.,LTD.
	YGP REAL ESTATE CO., LTD.
	TOKYO ENERGY SERVICE CO., LTD.
	YOKOHAMA KEIWA BUILDING CO., LTD.
Other	SAPPORO FOODS NET CO., LTD.
	SAPPORO GROUP MANAGEMENT LTD.
	SAPPORO GROUP LOGISTICS CO., LTD.
	SAPPORO LOGISTICS SYSTEMS CO., LTD.
	MIYASAKA JOZO CO., LTD. (*2)
Corporate and eliminations	SAPPORO HOLDINGS LTD. SAPPORO GROUP MANAGEMENT LTD.

2017 Segmentation

Segment	Consolidated subsidiaries
Japanese Alcoholic Beverages	SAPPORO BREWERIES LTD. (*1)
	YEBISU WINEMART CO., LTD.
	TANOSHIMARU SHUZO CO., LTD.
	STARNET CO., LTD.
	SHINSEIEN CO.,LTD.
International	SAPPORO INTERNATIONAL INC.
	SAPPORO U.S.A., INC.
	SAPPORO CANADA INC.
	SLEEMAN BREWERIES LTD.
	SAPPORO ASIA PRIVATE LIMITED
	SAPPORO VIETNAM LIMITED
	SILVER SPRINGS CITRUS, INC.
	COUNTRY PURE FOODS, INC.
	And another 11 companies
Food & Soft Drinks	POKKA SAPPORO FOOD & BEVERAGE LTD.
	POKKA CREATE CO., LTD.
	PS BEVERAGE LTD
	STAR BEVERAGE SERVICE CO., LTD.
	POKKA SAPPORO HOKKAIDO LTD.
	NIHON BEANS CO.,LTD.
	POKKA CORPORATION (SINGAPORE) PTE. LTD.
	POKKA INTERNATIONAL PTE. LTD.
	PT. POKKKA DIMA INTERNATIONAL
	And another 8 companies
Restaurants	SAPPORO LION LIMITED
	NEW SANKO INC.
	MARUSHINKAWAMURA INC.
	GINRIN SUISAN INC.
	SAPPORO LION (SINGAPORE) PTE.LTD.
Real Estate	SAPPORO REAL ESTATE CO.,LTD.
	YGP REAL ESTATE CO., LTD.
	TOKYO ENERGY SERVICE CO., LTD.
	YOKOHAMA KEIWA BUILDING CO., LTD.
Other	SAPPORO FOODS NET CO., LTD.
	SAPPORO GROUP MANAGEMENT LTD.
	SAPPORO GROUP LOGISTICS CO., LTD.
	SAPPORO LOGISTICS SYSTEMS CO., LTD.
	MIYASAKA JOZO CO., LTD. (*2)
Corporate and eliminations	SAPPORO HOLDINGS LTD. SAPPORO GROUP MANAGEMENT LTD.

*1. Sapporo Engineering Limited was dissolved in an absorption-type merger with Sapporo Breweries LTD. on April 1, 2017.

*2. Miyasaka Jozo Co., Ltd. was changed the company name to "Shinsyu-ichi Miso Co., Ltd. " on July 1, 2017.

Consolidated Forecasts (Year ending December 31, 2017)

* Forecasts are unchanged from the figures announced on February 13, 2017.

Condensed Consolidated Statements of Income

(billions of yen)

	Year ended December 31, 2016	Year ending December 31, 2017 (Forecast)	Change	Change (%)
Japanese Alcoholic Beverages	279.4	286.0	6.5	2.3%
International	65.4	70.3	4.8	7.5%
Food & Soft Drinks	137.9	142.2	4.2	3.1%
Restaurants	28.1	29.6	1.4	5.3%
Real Estate	22.9	23.8	0.8	3.9%
Other	8.0	11.9	3.8	48.2%
Net sales	541.8	563.8	21.9	4.1%
Japanese Alcoholic Beverages	11.7	11.8	0.0	0.5%
International	0.9	1.4	0.4	54.4%
Food & Soft Drinks	1.3	1.8	0.4	37.0%
Restaurants	0.6	1.0	0.3	50.6%
Real Estate	10.3	11.0	0.6	6.5%
Other	(0.0)	(0.1)	(0.0)	-
General corporate and intercompany eliminations	(4.5)	(5.6)	(1.0)	-
Operating income	20.2	21.3	1.0	5.1%
Operating income before goodwill amortization	24.1	25.1	0.9	3.8%
Non-operating income	2.3	2.0	(0.3)	(13.7)%
Non-operating expenses	3.3	3.0	(0.3)	(11.1)%
Ordinary income	19.2	20.3	1.0	5.7%
Extraordinary gains	0.0	0.0	(0.0)	-
Extraordinary losses	2.8	2.5	(0.3)	(12.7)%
Profit before income taxes	16.4	17.8	1.3	8.5%
Income taxes	7.0	7.0	(0.0)	(0.3)%
Profit (loss) attributable to non-controlling interest	(0.0)	0.1	0.1	-
Profit attributable to owners of parent	9.4	10.7	1.2	13.0%

Condensed Consolidated Statements of Cash Flows

	Year ended December 31, 2016	Year ending December 31, 2017 (Forecast)	Change	Change (%)
Cash flows from operating activities	32.5	39.7	7.1	21.9%
Cash flows from investing activities	(27.5)	(35.1)	(7.5)	-
Free Cash flows	4.9	4.6	(0.3)	(7.7)%

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax)

(billions of yen)

	Year ended December 31, 2016	Year ending December 31, 2017	Change	Change (%)
Beer	167.2	173.4	6.1	3.7%
Happoshu	15.7	13.7	(1.9)	(12.5)%
New genre	49.3	51.5	2.1	4.4%
Total	232.4	238.8	6.3	2.8%

Sales (excluding liquor tax)

(billions of yen)

	Year ended December 31, 2016	Year ending December 31, 2017	Change	Change (%)
Beer	82.3	86.0	3.6	4.4%
Happoshu	8.7	7.6	(1.0)	(12.5)%
New genre	34.2	35.7	1.5	4.4%
Total	125.3	129.4	4.0	3.2%

Consolidated Forecasts (Year ending December 31, 2017)

* Forecasts are unchanged from the figures announced on February 13, 2017.

Breakdown of key income Changes

(billions of yen)

	Change factor	Year ended December 31, 2016	Year ending December 31, 2017 (Forecast)	Change	Details
Beer and related products		8.3	8.6	0.3	
Marginal profit	Subtotal			2.6	
	Increase (decrease) in volume / Product mix			2.5	Beer +1.7 Happoshu -0.6 New genre +0.9 Product mix +0.5
	Other			0.1	Non-Alcoholic Beer, RTD, Production costs, other factors
Fixed costs and other	Subtotal			(2.3)	
	Sales promotion costs			(1.2)	Sales incentives and commissions
	Facility cost			(0.2)	Depreciation and amortization, other factors
	Other			(0.9)	Personnel expenses, General and administrative expenses
Wine and spirits		2.4	2.5	0.1	
Other		1.1	0.6	(0.4)	
Japanese Alcoholic Beverages		**11.7**	**11.8**	**0.0**	
North America and other		2.5	2.7	0.2	
	Increase (decrease) in volume / Product mix			0.6	Increase in volume (SLEEMAN+1%), Product mix
	Marketing costs			(0.3)	SLEEMAN BREWERIES LTD., SAPPORO USA.,INC.
	Other			(0.1)	
Vietnam		(1.6)	(1.4)	0.2	
	Increase (decrease) in volume / Product mix			0.5	
	Marketing costs			0.1	
	Fixed costs and other			(0.3)	
International		**0.9**	**1.4**	**0.4**	
Japanese Food & Soft Drinks		(0.0)	0.3	0.3	
	Increase (decrease) in volume / Product mix			0.8	Increase in volume, Product mix
	Production costs			0.8	Decrease in cost of raw ingredients and production
	Marketing costs			(0.7)	
	Fixed costs and other			(0.8)	Personnel expenses, Logistics costs,General and administrative expenses etc.
				0.2	Vending machine operators, and other
Overseas Soft Drinks/ Domestic coffee shop chain		1.3	1.4	0.1	
Food & Soft Drinks		**1.3**	**1.8**	**0.4**	
	Existing stores			0.0	
	New stores / Refurbished stores			0.3	
Restaurants		**0.6**	**1.0**	**0.3**	
	Rent			0.6	
	Sales/ Other factors			0.0	
Real Estate		**10.3**	**11.0**	**0.6**	
	Logistics business			0.1	
	Other			(0.1)	
Other		**(0.0)**	**(0.1)**	**(0.0)**	
General corporate and intercompany eliminations		**(4.5)**	**(5.6)**	**(1.0)**	
Operating income		**20.2**	**21.3**	**1.0**	
Operating income before goodwill amortization		**24.1**	**25.1**	**0.9**	
	Financial income (expense)	(0.8)	(1.0)	(0.2)	
	Equity in income (losses) of affiliates	0.0	0.0	0.0	
	Other	(0.3)	0.0	0.3	
Non-operating income and expenses		**(1.1)**	**(1.0)**	**0.1**	
Ordinary income		**19.2**	**20.3**	**1.0**	
	Gain on sales of property, plant and equipment	0.0	-	(0.0)	
	Other extraordinary gains	0.0	-	(0.0)	
	Loss on sales/disposal of property, plant and equipment	(1.4)	(1.0)	0.4	
	Loss on impairment of property, plant and equipment	(1.0)	-	1.0	
	Other extraordinary losses	(0.4)	(1.5)	(1.1)	
Extraordinary gains and losses		**(2.8)**	**(2.5)**	**0.3**	
Profit before income taxes		**16.4**	**17.8**	**1.3**	
Corporate tax, etc. / Profit (loss) attributable to non-controlling interests		**(7.0)**	**(7.1)**	**(0.1)**	
Profit attributable to owners of parent		**9.4**	**10.7**	**1.2**	

	Year ended December 31,2016	Year ending December 31,2017 (Forecast)
Yen/US$	108.81	110.00
Yen/CAN$	82.07	84.00
Yen/EUR	120.30	121.00

Consolidated Forecasts (Year ending December 31, 2017)

* Forecasts are unchanged from the figures announced on February 13, 2017.

Segment Information

(billions of yen)

Year ended December 31, 2016	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	279.4	65.4	137.9	28.1	22.9	8.0	-	541.8
Operating income	11.7	0.9	1.3	0.6	10.3	(0.0)	(4.5)	20.2
(Operating income before goodwill amortization)	11.8	2.5	3.4	0.6	10.3	(0.0)	(4.5)	24.1
Sales promotion costs								
Sales incentives and commissions	24.0	0.2	14.7	0.0	0.0	0.0	(0.1)	38.7
Advertising and promotion expenses	13.9	0.9	3.7	1.0	0.7	0.0	(0.0)	20.4
Promotion items	4.2	3.3	0.0	0.0	0.0	0.0	(0.1)	7.4
Depreciation and amortization	7.2	3.0	5.7	0.5	4.1	0.0	1.6	22.3
Amortization of goodwill	0.0	1.6	2.1	0.0	0.0	0.0	0.0	3.9
EBITDA (*1)	19.0	5.6	9.1	1.2	14.4	(0.0)	(2.9)	46.5
Capital expenditures (cash basis)	3.5	2.4	3.9	1.1	8.9	0.0	1.7	21.8
Payment of lease obligations	0.0	0.0	2.8	0.0	0.0	0.0	0.0	2.9

Year ending December, 31, 2017 (Forecast)	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	286.0	70.3	142.2	29.6	23.8	11.9	-	563.8
Operating income	11.8	1.4	1.8	1.0	11.0	(0.1)	(5.6)	21.3
(Operating income before goodwill amortization)	11.8	3.0	3.9	1.0	11.0	(0.1)	(5.6)	25.1
Depreciation and amortization	7.4	3.2	6.1	0.7	4.2	0.1	1.5	23.2
Amortization of goodwill	0.0	1.6	2.1	0.0	0.0	0.0	0.0	3.8
EBITDA (*1)	19.2	6.2	10.0	1.7	15.2	0.0	(4.1)	48.3
Capital expenditures (cash basis)	7.2	4.9	3.5	1.3	7.1	0.0	1.5	25.5
Payment of lease obligations	0.2	0.0	3.4	0.0	0.0	0.0	0.0	3.6

Change	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	6.5	4.8	4.2	1.4	0.8	3.8	0.0	21.9
Operating income	0.0	0.4	0.4	0.3	0.6	(0.0)	(1.0)	1.0
(Operating income before goodwill amortization)	0.0	0.4	0.4	0.3	0.6	(0.0)	(1.0)	0.9
Depreciation and amortization	0.1	0.1	0.3	0.1	0.0	0.0	(0.1)	0.8
Amortization of goodwill	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.1)
EBITDA (*1)	0.2	0.5	0.8	0.5	0.7	0.0	(1.1)	1.7
Capital expenditures (cash basis)	3.6	2.4	(0.4)	0.1	(1.8)	0.0	(0.2)	3.6
Payment of lease obligations	0.2	0.0	0.5	0.0	0.0	0.0	0.0	0.6

*1：EBITDA＝ Operating income ＋ Depreciation and amortization ＋ Amortization of goodwill

*2：Full year estimate for sales promotion costs is not disclosed.