Nine Months ended September, 2017

Consolidated Third Quarter Earnings Report - Supplementary Information

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November 2, 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)

		Nine months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Net sales	Including liquor tax	369.5	379.3	388.1	392.2	400.8
	Excluding liquor tax	287.8	294.9	305.6	307.7	315.9
Overseas net sales to total	Excluding liquor tax	18.7%	19.5%	23.5%	21.0%	21.3%
Operating income	Before goodwill amortization	12.4	11.1	9.0	15.8	13.6
	After goodwill amortization	9.4	8.2	5.9	12.8	10.7
Operating margin	Including liquor tax / after goodwill amortization	2.6%	2.2%	1.5%	3.3%	2.7%
	Excluding liquor tax /before goodwill amortization	4.3%	3.8%	3.0%	5.1%	4.3%
	Excluding liquor tax /after goodwill amortization	3.3%	2.8%	2.0%	4.2%	3.4%
Ordinary income		8.8	7.6	4.9	11.5	10.2
Profit attributable to owners of parent		5.4	(6.6)	1.9	5.2	5.4
Total assets		597.7	607.4	606.0	592.3	624.8
Net assets		149.4	149.2	156.8	155.7	171.8
Balance of debt	Gross	244.7	252.0	232.5	228.4	238.5
	Net	234.9	240.5	222.3	215.1	225.4
Debt-to-equity ratio (times)	Gross	1.6	1.7	1.5	1.5	1.4
	Net	1.6	1.6	1.4	1.4	1.3
Depreciation and amortization		18.8	18.2	17.8	16.5	17.4
Amortization of goodwill		3.0	2.8	3.0	2.9	2.8
ＥＢＩＴＤＡ	Operating income + Depreciation and amortization	31.2	29.3	26.9	32.3	31.0
Exchange rates (Yen)	US$	96.84	102.94	120.99	108.59	111.89
	CAN$	94.52	94.11	96.08	82.09	85.66

		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 - Sep.30, 2016	Jan. 1 - Sep.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
Sapporo Draft Beer Black Label	-	-	103%	1,663	1,680	101%
YEBISU (total)	-	-	101%	972	1,070	110%
1 Beer (total)	-	-	102%	3,048	3,140	103%
2 Happoshu (total)	-	-	79%	411	360	88%
3 New genre beer products (total)	-	-	95%	1,495	1,560	104%
Beer, happoshu, and new genre （total 1+2+3）	-	-	98%	4,955	5,060	102%
Non-alcoholic beer taste beverage	62	54	88%	83	86	104%

Effective from July, 2014, the company has changed the reporting method of its sales volume of beer-type beverages, following the agreement of the Brewers Association of Japan, and therefore no disclosure of the sales volume is made for third quarter of the current fiscal year ending December 31, 2014.
The sales volume for the first half and end of the fiscal year shall be disclosed as in the past.

(billions of yen)

	Jan. 1 - Sep.30, 2016	Jan. 1 - Sep.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
Domestic wines	3.5	3.5	101%	5.0	5.0	101%
Imported wines	5.4	54.0	101%	8.5	9.2	109%
Wine (total)	8.9	9.0	101%	13.5	14.3	106%
RTD, Spirits and Shochu (total)	20.0	22.6	113%	27.8	29.4	106%

Beer (International)

(10,000 cases)

	Jan. 1 - Sep.30, 2016	Jan. 1 - Sep.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
SLEEMAN BREWERIES LTD.（*1）	963	965	100%	1,291	1,300	101%
Sapporo brand	417	462	111%	580	630	109%

*1：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 - Sep.30, 2016	Jan. 1 - Sep.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
Soft Drinks(*2)	3,463	3,393	98%	4,688	4,700	100%

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

Consolidated Results (Nine Months ended September 30, 2017)

Condensed Consolidated Statements of Income

(billions of yen)

	Nine Months ended September 30, 2016	Nine Months ended September 30, 2017	Change	Change (%)
Japanese Alcoholic Beverages	200.0	199.7	(0.3)	(0.2)%
International Business	48.0	51.0	3.0	6.3%
Food & Soft Drinks	101.5	101.4	(0.1)	(0.1)%
Restaurants	21.0	22.1	1.0	5.2%
Real Estate	16.7	17.9	1.2	7.3%
Other	4.7	8.4	3.7	77.9%
Net sales	392.2	400.8	8.5	2.2%
Japanese Alcoholic Beverages	6.3	5.9	(0.3)	(6.2)%
International Business	0.7	0.1	(0.6)	(83.9)%
Food & Soft Drinks	0.6	(0.1)	(0.8)	-
Restaurants	0.5	0.2	(0.2)	(48.5)%
Real Estate	8.0	8.8	0.7	9.6%
Other	(0.1)	(0.1)	(0.0)	-
General corporate and intercompany eliminations	(3.4)	(4.1)	(0.7)	-
Operating income	12.8	10.7	(2.1)	(16.7)%
Operating income before goodwill amortization	15.8	13.6	(2.1)	(13.8)%
Non-operating income	1.5	1.4	(0.0)	(1.7)%
Non-operating expenses	2.8	1.9	(0.8)	(30.3)%
Ordinary income	11.5	10.2	(1.3)	(11.4)%
Extraordinary gains	0.0	0.9	0.9	1644.2%
Extraordinary losses	2.0	1.2	(0.7)	(36.0)%
Profit before income taxes	9.6	9.9	0.3	3.3%
Income taxes	4.3	4.9	0.5	12.0%
Profit attributable to non-controlling interest	(0.0)	(0.3)	(0.3)	-
Profit attributable to owners of parent	5.2	5.4	0.1	2.9%

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax)

(billions of yen)

	Nine Months ended September 30, 2016	Nine Months ended September 30, 2017	Change	Change (%)
Beer	117.8	121.0	3.2	2.7%
Happoshu	12.0	9.4	(2.5)	(21.3)%
New genre	36.8	34.8	(2.0)	(5.4)%
Total	166.7	165.4	(1.3)	(0.8)%

Sales (excluding liquor tax)

(billions of yen)

	Nine Months ended September 30, 2016	Nine Months ended September 30, 2017	Change	Change (%)
Beer	57.8	59.9	2.1	3.7%
Happoshu	6.6	5.2	(1.4)	(21.3)%
New genre	25.5	24.4	(1.1)	(4.5)%
Total	90.1	89.6	(0.4)	(0.5)%

Consolidated Results (Nine Months ended September 30, 2017)

Breakdown of Key Changes

Numbers in parentheses mean decline in earnings.

(billions of yen)

	Change factor	Nine months ended September 30, 2016	Nine months ended September 30, 2017	Income change	Details
Beer and related products		4.0	3.4	(0.5)	
Marginal profit	(subtotal)			0.4	
	Increase (decrease) in volume/product mix			(1.2)	Beer +0.7 Happoshu-0.8 New genre-1.2 Product mix +0.1
	Other			1.5	Non-alcoholic beer, RTD, Production costs, etc.
Fixed costs and other	(subtotal)			(1.0)	
	Sales promotion costs			(0.7)	Sales incentives and commissions
	Facility cost			0.1	Repairment costs, etc.
	Other			(0.4)	Personnel expenses, General and administrative expenses
Wine and spirits		1.5	2.0	0.5	
Other		0.8	0.6	(0.2)	
Japanese Alcoholic Beverages		6.3	5.9	(0.3)	
North America, etc.		2.0	1.1	(1.0)	
	Increase (decrease) in volume/product mix.			(0.2)	Production costs, Decrease in soft drinks sales volume
	Marketing costs			(0.2)	SLEEMAN BREWERIES LTD.
	Other			(0.6)	Personnel expenses, General and administrative expenses, etc.
Vietnam		(1.3)	(0.9)	0.3	
	Increase (decrease) in volume/product mix.			(0.2)	
	Marketing costs			0.5	
	Other			0.0	
International		0.7	0.1	(0.6)	
Japanese Food & Soft Drinks		(0.3)	(0.4)	(0.1)	
	Increase (decrease) in volume / product mix			0.9	Product mix, etc.
	Production costs			0.4	
	Marketing costs			(0.8)	Advertising and promotion expenses
	Other costs			(0.6)	Logistics cost, personnel expenses, General and administrative expenses, etc.
	Domestic Subsidiaries			(0.0)	Vending machine operators, and other
Other		0.9	0.2	(0.7)	International business, coffee shop chain, etc.
Food & Soft Drinks		0.6	(0.1)	(0.8)	
	Existing stores			(0.2)	
	New stores / Refurbished stores			(0.0)	
Restaurants		0.5	0.2	(0.2)	
	Rent			0.8	
	Sales			(0.0)	
Real Estate		8.0	8.8	0.7	
	Logistics business			0.1	
	Other			(0.1)	
Other		(0.1)	(0.1)	(0.0)	
General corporate and intercompany eliminations		(3.4)	(4.1)	(0.7)	
Operating income		12.8	10.7	(2.1)	
Operating income before goodwill amortization		15.8	13.6	(2.1)	
	Financial income (expense)	(0.7)	(0.5)	0.2	
	Equity in income (losses) of affiliates	0.0	0.0	0.0	
	Other	(0.6)	0.0	0.6	
Non-operating income and expenses		(1.3)	(0.5)	0.8	
Ordinary income		11.5	10.2	(1.3)	
	Gain on sales of property, plant and equipment	0.0	0.2	0.2	
	Other extraordinary gains	0.0	0.7	0.7	
	Loss on sales/disposal of property, plant and equipment	(1.2)	(0.7)	0.5	
	Loss on impairment of property, plant and equipment	(0.5)	(0.3)	0.2	
	Other extraordinary losses	(0.3)	(0.3)	0.0	
Extraordinary gains and losses		(2.0)	(0.3)	1.6	
Profit before income taxes		9.6	9.9	0.3	
Corporate tax, etc. / Loss attributable to non-controlling interests		(4.3)	(4.6)	(0.2)	
Profit attributable to owners of parent		5.2	5.4	0.1	

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Yen/US$	108.59	111.89
Yen/CAN$	82.09	85.66
Yen/EUR	121.10	124.58

Consolidated Results (Nine Months ended September 30, 2017)

Segment Information

(billions of yen)

Nine months ended June 30, 2016	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	200.0	48.0	101.5	21.0	16.7	4.7	-	392.2
Operating income	6.3	0.7	0.6	0.5	8.0	(0.1)	(3.4)	12.8
(Operating income before goodwill amortization)	6.3	2.0	2.3	0.5	8.0	(0.1)	(3.4)	15.8
Sales promotion costs								
Sales incentives and commissions	16.6	0.1	10.7	0.0	0.0	0.0	(0.0)	27.4
Advertising and promotion expenses	11.2	0.8	2.6	0.7	0.3	0.0	(0.0)	15.8
Promotion items	3.3	2.5	0.0	0.0	0.0	0.0	(0.0)	5.8
Depreciation and amortization	5.3	2.2	4.2	0.3	3.0	0.0	1.2	16.5
Amortization of goodwill	0.0	1.2	1.6	0.0	0.0	0.0	0.0	2.9
EBITDA (*1)	11.7	4.2	6.5	0.9	11.1	(0.0)	(2.1)	32.3

Nine months ended September 30, 2017	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	199.7	51.0	101.4	22.1	17.9	8.4	-	400.8
Operating income	5.9	0.1	(0.1)	0.2	8.8	(0.1)	(4.1)	10.7
(Operating income before goodwill amortization)	5.9	1.3	1.3	0.3	8.8	(0.1)	(4.1)	13.6
Sales promotion costs								
Sales incentives and commissions	17.4	0.1	11.1	0.0	0.0	0.0	(0.1)	28.6
Advertising and promotion expenses	11.3	0.8	3.0	0.8	0.3	0.0	(0.0)	16.4
Promotion items	3.6	2.5	0.0	0.0	0.0	0.0	(0.0)	6.1
Depreciation and amortization	5.7	2.2	4.2	0.4	3.3	0.0	1.4	17.4
Amortization of goodwill	0.0	1.2	1.5	0.0	0.0	0.0	0.0	2.8
EBITDA (*1)	11.7	3.5	5.6	0.7	12.1	(0.0)	(2.6)	31.0

Change	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	(0.3)	3.0	(0.1)	1.0	1.2	3.7	-	8.5
Operating income	(0.3)	(0.6)	(0.8)	(0.2)	0.7	(0.0)	(0.7)	(2.1)
(Operating income before goodwill amortization)	(0.3)	(0.6)	(0.9)	(0.2)	0.7	(0.0)	(0.7)	(2.1)
Sales promotion costs								
Sales incentives and commissions	0.7	(0.0)	0.3	0.0	0.0	0.0	(0.0)	1.2
Advertising and promotion expenses	0.1	0	0.4	0.0	(0.0)	0.0	(0.0)	0.6
Promotion items	0.3	(0.0)	0.0	0.0	0.0	0.0	0.0	0.2
Depreciation and amortization	0.3	(0.0)	0.0	0.0	0.2	0.0	0.2	0.9
Amortization of goodwill	0.0	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.0)
EBITDA (*1)	(0.0)	(0.6)	(0.8)	(0.1)	1.0	0.0	(0.5)	(1.2)

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

Consolidated Results (Nine Months ended September 30, 2017)

Condensed Consolidated Balance Sheets

(billions of yen)

	December 31, 2016	September 30, 2017	Change	Primary Reasons
Current assets	164.1	156.4	(7.7)	
Cash and cash equivalents	10.5	13.0	2.4	
Notes and accounts receivable - trade	96.8	81.7	(15.1)	Seasonal factors, Bank holiday(Dec. 31)
Inventories	37.9	42.8	4.8	
Other	18.7	18.7	0.0	
Fixed assets	462.1	468.3	6.1	
Fixed assets	356.0	356.2	0.2	
Goodwill	27.4	32.2	4.8	Acquired Anchor Brewing Company
Investments and other assets	78.7	79.8	1.1	
Total assets	626.3	624.8	(1.5)	
Current liabilities	212.1	221.9	9.8	
Notes and accounts payable - trade	38.5	37.3	(1.1)	
Short-term debt	73.4	88.8	15.3	Increase in short-tern bank loans
Deposits received	8.2	7.1	(1.0)	
Other	91.9	88.5	(3.4)	
Long-term liabilities	247.8	230.9	(16.8)	
Long-term debt	164.7	149.7	(14.9)	Decrease in long-tern bank loans
Net defined benefit liability	8.9	8.2	(0.7)	
Other	74.1	72.9	(1.1)	
Total liabilities	459.9	452.9	(7.0)	
Shareholders' equity	140.1	142.6	2.5	
Accumulated other comprehensive income	20.5	24.1	3.5	
Non-controlling interests	5.6	5.1	(0.5)	
Total net assets	166.3	171.8	5.5	
Total liabilities and net assets	626.3	624.8	(1.5)	

Financial Liabilities by segment

(billions of yen)

	December 31, 2016	September 30, 2017	Change	Primary Reasons
Japanese Alcoholic Beverages	33.3	25.1	(8.1)	
International	31.8	33.7	1.8	
Food & Soft Drinks	6.6	7.4	0.8	
Restaurants	0.4	0.2	(0.2)	
Real Estate	135.3	132.4	(2.9)	
Other	2.6	2.7	(0.0)	
Corporate and eliminations	27.8	36.7	8.8	
Total	238.1	238.5	0.4	

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 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.
	SAPPORO NORTH AMERICA INC.(Newly consolidated)
	ANCHOR BREWING COMPANY, LLC (Newly consolidated)
	And another 12 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 GROUP MANAGEMENT LTD.
	SAPPORO GROUP LOGISTICS CO., LTD.
	SAPPORO LOGISTICS SYSTEMS CO., LTD.
	SHINSYU-ICHI MISO 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.