Year ended December 31, 2017

Consolidated Earnings Report - Supplementary Information

Consolidated Results (Year ended December 31, 2017)

1. Consolidated Financial Highlights
2. Major Sales and Sales Volume Data
3. Condensed Consolidated Statements of Income
   Sales Breakdown for Japanese Alcoholic Beverages
4. Consolidated Statements of Income : Breakdown of Key Changes
5. Segment information
6. Condensed Consolidated Balance Sheets
7. Overview of Segmentation Changes

Reference Materials: Consolidated Forecasts

8. Full-Year Consolidated Business Results estimate
   Full-Year Consolidated Statements of Cash Flows
   Sales Breakdown for Japanese Alcoholic Beverages
9. Full-Year Consolidated Statement of Income: Breakdown of Key Changes
10. Full-Year Consolidated Segment information

February 2018

SAPPORO HOLDINGS LTD.

Securities Code: 2501

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

Financial Highlights (2009-2018)

Consolidated Financial Highlights

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

		2009 J GAAP	2010 J GAAP	2011 J GAAP	2012 J GAAP	2013 J GAAP
Net sales	Including liquor tax	387.5	389.2	449.4	492.4	509.8
	Excluding liquor tax	264.6	269.8	336.8	379.7	395.3
Overseas net sales to total	Excluding liquor tax	8.5%	9.4%	11.0%	14.1%	18.3%
Operating income	Before goodwill amortization	13.9	16.5	21.9	18.2	19.3
	After goodwill amortization	12.8	15.4	18.8	14.4	15.3
Operating margin	Including liquor tax / after goodwill amortization	3.3%	4.0%	4.2%	2.9%	3.0%
	Excluding liquor tax /before goodwill amortization	5.3%	6.1%	6.5%	4.8%	4.9%
	Excluding liquor tax /after goodwill amortization	4.9%	5.7%	5.6%	3.8%	3.9%
Ordinary income		10.7	14.3	16.8	13.6	15.1
Profit attributable to owners of parent		4.5	10.7	3.1	5.3	9.4
Total assets		506.8	494.7	550.7	597.6	616.7
Net assets		118.5	126.6	124.7	134.9	155.3
Balance of debt (*2)	Gross	196.7	181.3	219.1	257.6	247.8
	Net	190.4	167.9	209.9	247.8	236.2
Debt-to-equity ratio (times)	Gross	1.7	1.4	1.8	1.9	1.6
	Net	1.6	1.3	1.7	1.8	1.5
Depreciation and amortization		22.5	22.5	24.4	25.8	25.0
Amortization of goodwill		1.0	1.1	3.1	3.8	3.9
EBITDA(*3)	Operating income + Depreciation and amortization	36.4	39.0	46.4	44.0	44.3
Capital expenditure	Cash basis	21.9	19.8	13.4	53.8	13.7
ROE (%)	Before goodwill amortization	4.7%	9.8%	5.1%	7.3%	9.5%
	After goodwill amortization	3.9%	8.9%	2.5%	4.2%	6.7%
EPS (yen sen) (*4)	Before goodwill amortization	14.19	30.50	16.03	23.68	34.40
	After goodwill amortization	11.57	27.50	8.08	13.77	24.20
Exchange rates (Yen) (*5)	US$	93.65	87.79	79.79	79.81	97.73
	CAN$	82.30	85.18	80.74	79.83	94.81

		2014 J GAAP	2015 J GAAP	2016 J GAAP	2017 J GAAP	2018 (Forecast) IFRS
Net sales	Including liquor tax	518.7	533.7	541.8	551.5	555.8
	Excluding liquor tax	401.8	418.3	424.0	433.2	425.2
Overseas net sales to total	Excluding liquor tax	19.2%	22.6%	20.5%	21.2%	21.6%
Operating income	Before goodwill amortization	18.4	18.1	24.1	20.9	18.7
	After goodwill amortization	14.7	13.9	20.2	17.0	
Operating margin	Including liquor tax / after goodwill amortization	2.8%	2.6%	3.7%	3.1%	3.8%
	Excluding liquor tax /before goodwill amortization	4.6%	4.3%	5.7%	4.8%	4.4%
	Excluding liquor tax /after goodwill amortization	3.7%	3.3%	4.8%	3.9%	
Ordinary income		14.5	13.2	19.2	16.4	-
Profit attributable to owners of parent		0.3	6.1	9.4	10.9	11.1
Total assets		625.4	620.3	626.3	630.6	
Net assets		160.0	163.8	166.3	177.6	
Balance of debt (*2)	Gross	247.5	234.7	238.1	233.5	235.0
	Net	237.7	224.3	227.5	220.8	222.3
Debt-to-equity ratio (times)	Gross	1.5	1.4	1.4	1.3	1.3
	Net	1.5	1.4	1.4	1.2	1.2
Depreciation and amortization		24.4	24.2	22.3	23.5	24.4
Amortization of goodwill		3.7	4.1	3.9	3.9	-
EBITDA(*3)	Operating income + Depreciation and amortization	42.9	42.3	46.5	44.5	45.6
Capital expenditure	Cash basis	19.1	20.3	21.8	15.2	31.7
ROE (%)	Before goodwill amortization	2.7%	6.5%	8.4%	8.9%	6.3%
	After goodwill amortization	0.2%	3.9%	5.9%	6.6%	
EPS (yen sen) (*4)	Before goodwill amortization	10.53	131.71	171.89	191.70	142.50
	After goodwill amortization	0.87	78.40	121.56	140.93	
Exchange rates (Yen) (*5)	US$	105.79	121.11	108.81	112.17	110.00
	CAN$	95.74	94.82	82.07	86.47	88.00

*1: The Company decided to apply International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.

*2: The balance of debt includes commercial paper but excludes the balance of lease obligations.

*3:The EBITDA (IFRS) forecast for fiscal 2018 is calculated as
Profit from operations before non-recurring items (Revenue – Cost of sales – SG&A expenses) + Depreciation and amortization.

*4:On July 1, 2016, the Company carried out a share consolidation at a ratio of 1 share for 5 shares of the Company's common stock.
Accordingly, values for EPS have been recalculated on the assumption that the share consolidation took place at the beginning of fiscal year 2015 .

*5:Revenues and expenses are translated into Japanese yen at the average exchange rate for the fiscal year, not the prevailing exchange rate on the balance sheet date as before.

Major Sales and Sales Volume

Alcoholic Beverage (Japan)

(10,000 cases)

	Fiscal 2016	Fiscal 2017	YoY	Full-year estimate for fiscal 2018	YoY
Sapporo Draft Beer Black Label (total)	1,663	1,701	102%	1,750	103%
YEBISU (total)	972	961	99%	970	101%
1 Beer (total)	3,048	3,102	102%	3,150	102%
2 Happoshu (total)	411	335	81%	200	60%
3 New genre beer products (total)	1,495	1,422	95%	1,600	113%
Beer, happoshu, and new genre （total 1+2+3）	4,955	4,859	98%	4,950	102%
Non-alcoholic beer taste beverage	83	70	85%	150	213%

(billions of yen)

	Fiscal 2016	Fiscal 2017	YoY	Full-year estimate for fiscal 2018	YoY
Domestic wines	5.0	5.1	101%	5.4	106%
Imported wines	8.5	8.5	100%	9.6	113%
Wine (total)	13.5	13.6	101%	15.0	111%
RTD, Spirits and Shochu (total)	27.8	31.2	112%	33.4	107%

Beer (International)

(10,000 cases)

	Fiscal 2016	Fiscal 2017	YoY	Full-year estimate for fiscal 2018	YoY
Overseas brand (SLEEMAN, Anchor, etc.)	1,291	1,300	101%	1,410	108%
Sapporo brand	580	643	111%	680	106%

Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(10,000 cases)

	Fiscal 2016	Fiscal 2017	YoY	Full-year estimate for fiscal 2018	YoY
Soft Drinks（*1）	4,688	4,551	97%	4,700	103%

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

Consolidated Results (Year ended December 31, 2017)

Condensed Consolidated Statements of Income

(billions of yen)

	Year ended December 31, 2016	Year ended December 31, 2017	Change	Change (%)
Japanese Alcoholic Beverages	279.4	278.6	(0.7)	(0.3)%
International Business	65.4	69.8	4.4	6.8%
Food & Soft Drinks	137.9	137.8	(0.0)	(0.0)%
Restaurants	28.1	29.1	1.0	3.6%
Real Estate	22.9	24.1	1.2	5.4%
Other	8.0	11.8	3.8	47.5%
Net sales	541.8	551.5	9.7	1.8%
Japanese Alcoholic Beverages	11.7	11.7	0.0	0.2%
International Business	0.9	(1.2)	(2.1)	-
Food & Soft Drinks	1.3	0.5	(0.7)	(57.1)%
Restaurants	0.6	0.3	(0.3)	(50.2)%
Real Estate	10.3	11.2	0.9	9.0%
Other	(0.0)	0.0	0.1	-
General corporate and intercompany eliminations	(4.5)	(5.7)	(1.1)	-
Operating income	20.2	17.0	(3.2)	(16.0)%
Operating income before goodwill amortization	24.1	20.9	(3.2)	(13.2)%
Non-operating income	2.3	2.0	(0.2)	(9.7)%
Non-operating expenses	3.3	2.7	(0.6)	(19.7)%
Ordinary income	19.2	16.4	(2.7)	(14.5)%
Extraordinary gains	0.0	6.8	6.7	-
Extraordinary losses	2.8	5.4	2.5	89.7%
Profit before income taxes	16.4	17.8	1.3	8.5%
Income taxes	7.0	8.1	1.1	16.5%
Profit (loss) attributable to non-controlling interest	(0.0)	(1.3)	(1.2)	-
Profit attributable to owners of parent	9.4	10.9	1.5	15.9%

Condensed Consolidated Statements of Cash Flows

	Year ended December 31, 2016	Year ended December 31, 2017	Change	Change (%)
Cash flows from operating activities	32.5	30.0	(2.5)	(7.9)%
Cash flows from investing activities	(27.5)	(17.8)	9.7	-
Free Cash flows	4.9	12.1	7.1	144.4%
Cash flows from financial activities	(4.8)	(10.1)	(5.3)	-

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax)

(billions of yen)

	Year ended December 31, 2016	Year ended December 31, 2017	Change	Change (%)
Beer	167.2	170.9	3.7	2.2%
Happoshu	15.7	12.8	(2.9)	(18.6)%
New genre	49.3	46.7	(2.6)	(5.4)%
Total	232.4	230.5	(1.8)	(0.8)%

Sales (excluding liquor tax)

(billions of yen)

	Year ended December 31, 2016	Year ended December 31, 2017	Change	Change (%)
Beer	82.3	84.6	2.2	2.7%
Happoshu	8.7	7.1	(1.6)	(18.6)%
New genre	34.2	32.3	(1.9)	(5.6)%
Total	125.3	124.0	(1.3)	(1.1)%

Consolidated Results (Year ended December 31, 2017)

Breakdown of Key Changes

Numbers in parentheses mean decline in earnings. (billions of yen)

	Change factor	Year ended December 31, 2016	Year ended December 31, 2017	Income change	Details
Beer and related products		8.3	7.9	(0.3)	
Marginal profit	(subtotal)			(0.0)	
	Increase (decrease) in volume/product mix			(1.7)	Beer +0.7 Happoshu-0.9 New genre-1.6 Product mix +0.1
	Other			1.6	Non-alcoholic beer, Production costs, other factors
Fixed costs and other	(subtotal)			(0.3)	
	Sales promotion costs			(0.0)	Sales incentives and commissions
	Facility cost			0.1	Repair costs, etc.
	Other			(0.4)	Personnel expenses, General and administrative expenses
Wine and spirits		2.4	3.1	0.7	
Other		1.1	0.8	(0.3)	
Japanese Alcoholic Beverages		11.7	11.7	0.0	
North America, etc.		2.5	0.1	(2.4)	
	Increase (decrease) in volume/product mix.			(1.2)	Decrease in soft drinks sales volume,Production costs
	Marketing costs			(0.3)	SLEEMAN BREWERIES LTD.
	Other			(0.8)	Personnel expenses, General and administrative expenses, Acquisition of ANCHOR.
Vietnam		(1.6)	(1.3)	0.2	
	Increase (decrease) in volume/product mix.			(0.3)	
	Marketing costs			0.4	
	Other			0.1	
International		0.9	(1.2)	(2.1)	
Japanese Food & Soft Drinks		(0.0)	0.3	0.3	
	Increase (decrease) in volume / product mix			0.9	Product mix, etc.
	Production costs			0.7	
	Marketing costs			(0.5)	Advertising and promotion expenses
	Other costs			(0.7)	Logistics cost, personnel expenses, General and administrative expenses, etc.
	Domestic Subsidiaries			(0.1)	Vending machine operators, and other
Other		1.3	0.3	(1.0)	International business, coffee shop chain, etc.
Food & Soft Drinks		1.3	0.5	(0.7)	
	Existing stores			(0.2)	
	New stores / Refurbished stores			(0.0)	
Restaurants		0.6	0.3	(0.3)	
	Rent			1.0	
	Sales			(0.0)	
Real Estate		10.3	11.2	0.9	
	Logistics business			0.1	
	Other			(0.0)	
Other		(0.0)	0.0	0.1	
General corporate and intercompany eliminations		(4.5)	(5.7)	(1.1)	
Operating income		20.2	17.0	(3.2)	
Operating income before goodwill amortization		24.1	20.9	(3.2)	
	Financial income (expense)	(0.8)	(0.6)	0.2	
	Equity in income (losses) of affiliates	0.0	0.0	0.0	
	Other	(0.3)	(0.0)	0.2	
Non-operating income and expenses		(1.1)	(0.6)	0.4	
Ordinary income		19.2	16.4	(2.7)	
	Gain on sales of property, plant and equipment	0.0	2.0	1.9	
	Other extraordinary gains	0.0	4.8	4.8	Gain on sales of Investment securities
	Loss on sales/disposal of property, plant and equipment	(1.4)	(1.1)	0.3	
	Loss on impairment of property, plant and equipment	(1.0)	(3.7)	(2.7)	
	Other extraordinary losses	(0.4)	(0.6)	(0.2)	
Extraordinary gains and losses		(2.8)	1.4	4.2	
Profit before income taxes		16.4	17.8	1.3	
Corporate tax, etc. / Profit (loss) attributable to non-controlling interests		(7.0)	(6.8)	0.3	
Profit attributable to owners of parent		9.4	10.9	1.5	

	Year ended December 31, 2016	Year ended December 31, 2017
Yen/US$	108.81	112.17
Yen/CAN$	82.07	86.47
Yen/EUR	120.30	126.70

Consolidated Results (Year ended December 31, 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 exoenditure (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 ended December 31, 2017	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	278.6	69.8	137.8	29.1	24.1	11.8	-	551.5
Operating income	11.7	(1.2)	0.5	0.3	11.2	0.0	(5.7)	17.0
(Operating income before goodwill amortization)	11.8	0.5	2.6	0.3	11.2	0.0	(5.7)	20.9
Sales promotion costs								
Sales incentives and commissions	24.7	0.2	15.0	0.0	0.0	0.1	(0.2)	39.9
Advertising and promotion expenses	13.4	1.0	3.9	1.1	0.6	0.0	(0.0)	20.2
Promotion items	4.3	3.4	0.0	0.0	0.0	0.0	(0.1)	7.7
Depreciation and amortization	7.6	3.1	5.6	0.6	4.4	0.0	1.9	23.5
Amortization of goodwill	0.0	1.7	2.1	0.0	0.0	0.0	0.0	3.9
EBITDA (*1)	19.4	3.6	8.3	0.9	15.6	0.1	(3.8)	44.5
Capital exoenditure (cash basis)	2.7	3.7	2.6	1.0	2.6	0.2	2.2	15.2
Payment of lease obligations	0.0	0.0	2.8	0.0	0.0	0.0	0.0	2.9

Change	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	(0.7)	4.4	(0.0)	1.0	1.2	3.8	-	9.7
Operating income	0.0	(2.1)	(0.7)	(0.3)	0.9	0.1	(1.1)	(3.2)
(Operating income before goodwill amortization)	0.0	(2.0)	(0.7)	(0.3)	0.9	0.1	(1.1)	(3.2)
Sales promotion costs								
Sales incentives and commissions	0.7	(0.0)	0.3	0.0	0.0	0.1	(0.0)	1.1
Advertising and promotion expenses	(0.5)	0.0	0.2	0.1	(0.1)	0.0	(0.0)	(0.1)
Promotion items	0.1	0.1	0.0	0.0	0.0	0.0	(0.0)	0.2
Depreciation and amortization	0.4	0.1	(0.0)	0.0	0.3	0.0	0.2	1.2
Amortization of goodwill	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
EBITDA (*1)	0.4	(1.9)	(0.8)	(0.2)	1.2	0.1	(0.8)	(1.9)
Capital exoenditure (cash basis)	(0.7)	1.2	(1.2)	(0.1)	(6.2)	0.1	0.4	(6.5)
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 (Year ended December 31, 2017)

Condensed Consolidated Balance Sheets

(billions of yen)

	December 31, 2016	December 31, 2017	Change	Primary Reasons
Current assets	164.1	168.8	4.6	
Cash and cash equivalents	10.5	12.7	2.1	
Notes and accounts receivable - trade	96.8	98.6	1.7	
Inventories	37.9	38.3	0.3	
Other	18.7	19.2	0.4	
Fixed assets	462.1	461.7	(0.3)	
Fixed assets	356.0	357.3	1.3	
Goodwill	27.4	26.9	(0.4)	
Investments and other assets	78.7	77.4	(1.2)	
Total assets	626.3	630.6	4.2	
Current liabilities	212.1	220.1	8.0	
Notes and accounts payable - trade	38.5	36.5	(1.9)	
Short-term debt	73.4	79.9	6.5	Increase in short-term bank loans
Deposits received	8.2	7.8	(0.3)	
Other	91.9	95.8	3.8	
Long-term liabilities	247.8	232.7	(15.0)	
Long-term debt	164.7	153.6	(11.0)	Decrease in long-term bank loans
Net defined benefit liability	8.9	5.4	(3.5)	
Other	74.1	73.6	(0.4)	
Total liabilities	459.9	452.9	(7.0)	
Shareholders' equity	140.1	148.1	8.0	Distribution of dividends-3.1
Accumulated other comprehensive income	20.5	25.2	4.7	Increase in unrealized holding gain on securities
Non-controlling interests	5.6	4.1	(1.4)	
Total net assets	166.3	177.6	11.2	
Total liabilities and net assets	626.3	630.6	4.2	

Total Asset by segment

(billions of yen)

	December 31, 2016	December 31, 2017	Change	Primary Reasons
Japanese Alcoholic Beverages	214.3	218.4	4.0	
International	66.2	76.5	10.2	Acquired Anchor Brewing Company
Food & Soft Drinks	100.5	95.9	(4.6)	
Restaurants	13.5	12.5	(1.0)	
Real Estate	211.3	212.0	0.6	
Other	10.0	10.2	0.2	
Corporate and eliminations	10.2	4.9	(5.2)	
Total	626.3	630.6	4.2	

Financial Liabilities by segment

(billions of yen)

	December 31, 2016	December 31, 2017	Change	Primary Reasons
Japanese Alcoholic Beverages	33.3	30.1	(3.1)	
International	31.8	29.3	(2.5)	
Food & Soft Drinks	6.6	5.9	(0.6)	
Restaurants	0.4	0.2	(0.2)	
Real Estate	135.3	130.0	(5.3)	
Other	2.6	3.0	0.3	
Corporate and eliminations	27.8	34.8	6.9	
Total	238.1	233.5	(4.5)	

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.(*2)
	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. (*3)
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.
	NIH BEANS CO.,LTD.(*2)
	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. (*3)
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. Nihon Beans Co., Ltd. was changed the company name to "NH Beans Co., Ltd. " on December 1, 2017.

*3. 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, 2018)

Condensed Consolidated Statements of Income (billions of yen)

	Year ended December 31, 2017 J GAAP	Year ending December 31, 2018 (Forecast) IFRS	Change	Change (%)
Japanese Alcoholic Beverages (*2)	281.3	272.5	(8.8)	(3.2)%
International (*2)	67.1	81.9	14.7	22.0%
Food & Soft Drinks	137.8	135.6	(2.2)	(1.7)%
Restaurants	29.1	28.8	(0.3)	(1.2)%
Real Estate	24.1	24.9	0.7	3.2%
Other	11.8	12.1	0.2	2.1%
Revenue	551.5	555.8	4.2	0.8%
Japanese Alcoholic Beverages (*2)	12.2	10.5	(1.7)	(14.3)%
International (*2)	(1.6)	1.4	3.0	-
Food & Soft Drinks	0.5	3.6	3.0	538.2%
Restaurants	0.3	0.1	(0.2)	(69.8)%
Real Estate	11.2	10.5	(0.7)	(6.8)%
Other	0.0	0.1	0.0	94.8%
General corporate and intercompany eliminations	(5.7)	(7.5)	(1.7)	-
Operating profit	17.0	18.7	1.6	9.8%
Financial income (expense)	(0.5)	(1.0)	(0.4)	-
Equity in net income (loss) of affiliates	0.0	0.0	0.0	-
Non-recurring items	1.3	-	(1.3)	-
Profit before tax	17.8	17.7	(0.1)	(0.6)%
Income taxes	8.1	6.7	(1.4)	(18.1)%
Profit (loss) attributable to non-controlling interest	(1.3)	(0.1)	1.2	-
Profit attributable to owners of parent	10.9	11.1	0.1	1.1%

<For reference> Profit from operations before non-recurring items (*3)	17.0	21.2	4.1	24.5%
EBITDA (*4)	44.5	45.6	1.0	2.3%

*1: The Company decided to apply International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.

*2: The export business of Sapporo International Inc. has been transferred to Sapporo Breweries Ltd. effective January 1, 2018.
Accordingly, the business was previously included in the International Business segment, but has been included in the Japanese Alcoholic Beverages segment.
The consolidated financial statements for fiscal 2017 have been adjusted retroactively to reflect these changes.
(Net sales: 2.6 billions of yen, Operating income: 0.4 billions of yen)

*3: Profit from operations before non-recurring items is calculated as
Revenue – Cost of sales – SG&A expenses. In fiscal 2017 Japanese GAAP accounts, the value is the same as Operating income.

*4: EBITDA shown on fiscal 2017 Japanese GAAP accounts is calculated as Operating income + Depreciation and amortization + Amortization of goodwill.
The EBITDA (IFRS) forecast for fiscal 2018 is calculated as
Profit from operations before non-recurring items (Revenue – Cost of sales – SG&A expenses) + Depreciation and amortization.

Condensed Consolidated Statements of Cash Flows

	Year ended December 31, 2017	Year ending December 31, 2018 (Forecast)	Change	Change (%)
Cash flows from operating activities	30.0	37.5	7.4	25.0%
Cash flows from investing activities	(17.8)	(35.8)	(17.9)	-
Free Cash flows	12.1	1.7	(10.4)	(86.0)%

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax) (billions of yen)

	Year ended December 31, 2017	Year ending December 31, 2018 (Forecast)	Change	Change (%)
Beer	170.9	174.7	3.7	2.2%
Happoshu	12.8	7.7	(5.0)	(39.5)%
New genre	46.7	52.6	5.9	12.7%
Total	230.5	235.0	4.5	2.0%

Sales (excluding liquor tax) (billions of yen)

	Year ended December 31, 2017	Year ending December 31, 2018 (Forecast)	Change	Change (%)
Beer	84.6	86.7	2.1	2.6%
Happoshu	7.1	4.3	(2.8)	(39.5)%
New genre	32.3	36.3	4.0	12.7%
Total	124.0	127.5	3.4	2.8%

Consolidated Forecasts (Year ending December 31, 2018)

Breakdown of key income Changes

(billions of yen)

	Change factor	Year ended December 31, 2017 J GAAP	Year ending December 31, 2018 (Forecast) IFRS	Change	Details
Beer and related products		7.9	8.7	0.7	
Marginal profit	Subtotal			6.6	
	Increase (decrease) in volume / Product mix			3.7	Beer +1.3 Happoshu -1.6 New genre +3.1 Product mix +0.9
	Other			2.9	Non-Alcoholic Beer, RTD, Production costs, other factors
Fixed costs and other	Subtotal			(5.9)	
	Sales promotion costs			(3.3)	Sales commissions
	Facility cost			(0.5)	Depreciation and amortization, other factors
	Other			(2.1)	Personnel expenses, General and administrative expenses
Wine and spirits		3.1	2.7	(0.4)	
Other		1.2	1.1	(0.1)	
Impact of introduction of IFRS			(1.4)	(1.4)	Adjustment of depreciation, Adjustment of defined benefit
Other adjustment of difference between J GAAP and IFRS			(0.7)	(0.7)	Non-recurring items
Japanese Alcoholic Beverages (*2)		**12.2**	**10.5**	**(1.7)**	
North America and other		(0.4)	0.9	1.3	
	Increase (decrease) in volume / Product mix			1.4	Increase in volume, Product mix
	Marketing costs			(0.2)	SLEEMAN BREWERIES LTD., SAPPORO USA.,INC.
	Other			0.1	
Vietnam		(1.3)	(0.5)	0.8	
	Increase (decrease) in volume / Product mix			0.5	
	Marketing costs			0.5	
	Other			(0.2)	
Impact of introduction of IFRS			1.9	1.9	Non-amortization of goodwill, Adjustment of depreciation
Other adjustment of difference between J GAAP and IFRS			(0.9)	(0.9)	Non-recurring items
International (*2)		**(1.6)**	**1.4**	**3.0**	
Japanese Food & Soft Drinks		0.3	0.8	0.5	
	Increase (decrease) in volume / Product mix			1.2	Increase in volume, Product mix
	Production costs			(0.2)	Increase in cost of raw ingredients and production
	Marketing costs			(0.3)	
	Fixed costs and other			(0.6)	Personnel expenses, Logistics costs,General and administrative expenses etc.
				0.3	Vending machine operators, and other
Other		0.3	0.7	0.4	Overseas Soft Drinks/ Domestic coffee shop chain
Impact of introduction of IFRS			2.1	2.1	Non-amortization of goodwill
Other adjustment of difference between J GAAP and IFRS			0.1	0.1	Non-recurring items
Food & Soft Drinks		**0.5**	**3.6**	**3.0**	
	Existing stores			0.1	
	New stores / Refurbished stores			0.1	
Impact of introduction of IFRS			(0.2)	(0.2)	Adjustment of depreciation
Other adjustment of difference between J GAAP and IFRS			(0.2)	(0.2)	Non-recurring items
Restaurants		**0.3**	**0.1**	**(0.2)**	
	Rent			0.0	
	Sales/ Other factors			0.0	
Impact of introduction of IFRS			(0.5)	(0.5)	Adjustment of depreciation
Other adjustment of difference between J GAAP and IFRS			(0.3)	(0.3)	Non-recurring items
Real Estate		**11.2**	**10.5**	**(0.7)**	
	Logistics business			0.0	
	Other			0.0	
Impact of introduction of IFRS				0.0	
Other adjustment of difference between J GAAP and IFRS				0.0	
Other		**0.0**	**0.1**	**0.0**	
	General corporate			(0.7)	
Impact of introduction of IFRS			(0.5)	(0.5)	Adjustment of defined benefit
Other adjustment of difference between J GAAP and IFRS			(0.5)	(0.5)	Non-recurring items
General corporate and intercompany eliminations		**(5.7)**	**(7.5)**	**(1.7)**	
Operating profit		**17.0**	**18.7**	**1.6**	
	Financial income (expense)	(0.6)	(1.0)	(0.4)	
	Equity in income (losses) of affiliates	0.0	0.0	0.0	
	Other non-operating income and expenses	(0.0)	-	-	
	Gain on sales of property, plant and equipment	2.0	-	-	
	Other extraordinary gains	4.8	-	-	
	Loss on sales/disposal of property, plant and equipment	(1.1)	-	-	
	Loss on impairment of property, plant and equipment	(3.7)	-	-	
	Other extraordinary losses	(0.6)	-	-	
Profit before tax		**17.8**	**17.7**	**(0.1)**	
Corporate tax, etc. / Profit (loss) attributable to non-controlling interests		**(6.8)**	**(6.6)**	**0.2**	
Profit attributable to owners of parent		**10.9**	**11.1**	**0.1**	

*1: The Company decided to apply International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.

*2: The export business of Sapporo International Inc. has been transferred to Sapporo Breweries Ltd. effective January 1, 2018.
Accordingly, the business was previously included in the International Business segment, but has been included in the Japanese Alcoholic Beverages segment.
The consolidated financial statements for fiscal 2017 have been adjusted retroactively to reflect these changes.(Net sales: 2.6 billions of yen, Operating income: 0.4 billions of yen)

	Year ended December 31,2017	Year ending December 31,2018 (Forecast)
Yen/US$	112.17	110.00
Yen/CAN$	86.47	88.00
Yen/EUR	126.70	128.00

Consolidated Forecasts (Year ending December 31, 2018)

Segment Information

(billions of yen)

Year ended December 31, 2017 J GAAP	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	281.3	67.1	137.8	29.1	24.1	11.8	-	551.5
Operating income	12.2	(1.6)	0.5	0.3	11.2	(0.0)	(5.7)	17.0
Sales promotion costs (*3)								
Sales incentives and commissions	24.7	0.1	15.0	0.0	0.0	0.1	(0.2)	39.9
Advertising and promotion expenses	13.5	0.9	3.9	1.1	0.6	0.0	(0.0)	20.2
Promotion items	4.3	3.4	0.0	0.0	0.0	0.0	(0.1)	7.7
<For reference> Profit from operations before non-recurring items (*4)	12.2	(1.6)	0.5	0.3	11.2	(0.0)	(5.7)	17.0
Depreciation and amortization	7.6	3.1	5.6	0.6	4.4	0.0	1.9	23.5
Amortization of goodwill	0.0	1.7	2.1	0.0	0.0	0.0	0.0	3.9
EBITDA (*5)	19.9	3.1	8.3	0.9	15.6	0.1	(3.8)	44.5
Capital expenditures (cash basis)	2.7	3.7	2.5	1.0	2.6	0.2	2.2	15.1
Payment of lease obligations	0.0	0.0	2.8	0.0	0.0	0.0	0.0	2.9

Year ending December, 31, 2018 (Forecast) IFRS	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	272.5	81.9	135.6	28.8	24.9	12.1	-	555.8
Operating profit	10.5	1.4	3.6	0.1	10.5	0.1	(7.5)	18.7
<For reference> Profit from operations before non-recurring items (*4)	11.2	2.3	3.5	0.3	10.8	0.1	(7.0)	21.2
Depreciation and amortization	7.6	3.8	5.2	0.7	4.8	0.0	2.0	24.4
EBITDA (*5)	18.8	6.1	8.7	1.0	15.6	0.1	(4.9)	45.6
Capital expenditures (cash basis)	8.3	4.4	2.7	1.1	12.5	0.5	2.0	31.7
Payment of lease obligations	0.3	0.0	3.4	0.0	0.0	0.0	0.0	3.7

Change	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	(8.8)	14.7	(2.2)	(0.3)	0.7	0.2	-	4.2
Operating profit	(1.7)	3.0	3.0	(0.2)	(0.7)	0.0	(1.7)	1.6
<For reference> Profit from operations before non-recurring items (*4)	(1.0)	3.9	2.9	(0.0)	(0.4)	0.0	(1.2)	4.1
Depreciation and amortization	0.0	0.6	(0.4)	0.1	0.3	0.0	0.0	0.8
EBITDA (*5)	(1.0)	2.9	0.3	0.0	0.0	0.0	(1.1)	1.0
Capital expenditures (cash basis)	5.5	0.7	0.1	0.1	9.8	0.2	(0.2)	16.5
Payment of lease obligations	0.3	0.0	0.6	0.0	0.0	0.0	(0.0)	0.8

*1: The Company decided to apply International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.

*2: The export business of Sapporo International Inc. has been transferred to Sapporo Breweries Ltd. effective January 1, 2018.
Accordingly, the business was previously included in the International Business segment, but has been included in the Japanese Alcoholic Beverages segment.
The consolidated financial statements for fiscal 2017 have been adjusted retroactively to reflect these changes.
(Net sales: 2.6 billions of yen, Operating income: 0.4 billions of yen)

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

*4: Profit from operations before non-recurring items is calculated as Revenue – Cost of sales – SG&A expenses.

*5: EBITDA shown on fiscal 2017 Japanese GAAP accounts is calculated as Operating income + Depreciation and amortization + Amortization of goodwill.
The EBITDA (IFRS) forecast for fiscal 2018 is calculated as
Profit from operations before non-recurring items (Revenue – Cost of sales – SG&A expenses) + Depreciation and amortization.