SAPPORO

Nine Months ended September 30, 2018

Consolidated Third Quarter Earnings Report - Supplementary Information

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November 2, 2018

SAPPORO HOLDINGS LTD.

Securities Code: 2501
URL http://www.sapporoholdings.jp/english/

Financial Highlights (2014-2018)

Consolidated Financial Highlights

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

		Nine months ended September 30, 2014 J GAAP	Nine months ended September 30, 2015 J GAAP	Nine months ended September 30, 2016 J GAAP	Nine months ended September 30, 2017 J GAAP	Nine months ended September 30, 2017 IFRS	Nine months ended September 30, 2018 IFRS
Revenue	Including liquor tax	379.4	388.1	392.3	400.8	390.7	381.0
	Excluding liquor tax	294.9	305.6	307.7	315.9	297.3	292.3
Overseas revenue to total	Excluding liquor tax	19.5%	23.5%	21.0%	21.3%	22.5%	23.1%
Operating profit	Before goodwill amortization	11.1	9.0	15.8	13.6	9.7	6.8
	After goodwill amortization	8.3	6.0	12.9	10.7		
Operating margin	Including liquor tax / after goodwill amortization	2.2%	1.5%	3.3%	2.7%	2.5%	1.8%
	Excluding liquor tax /before goodwill amortization	3.8%	3.0%	5.1%	4.3%	3.3%	2.3%
	Excluding liquor tax /after goodwill amortization	2.8%	2.0%	4.2%	3.4%		
Ordinary income		7.7	4.9	11.6	10.3	-	-
Profit attributable to owners of parent		(6.6)	1.9	5.3	5.4	5.3	4.2
Total assets		607.4	606.1	592.3	624.4	658.9	644.8
Total equity		149.3	156.8	155.7	172.0	170.2	170.9
Balance of debt (*2)	Gross	252.1	232.5	228.5	238.5	238.8	232.4
	Net	240.6	222.3	215.2	225.5	225.9	221.6
Debt-to-equity ratio (times)	Gross	1.7	1.5	1.5	1.4	1.4	1.4
	Net	1.6	1.4	1.4	1.3	1.3	1.3
<For reference> Profit from operations before non-recurring items (*3)		8.3	6.0	12.9	10.7	10.5	6.8
Profit from operations before non-recurring items (after subtracting levies)(*4)		8.3	6.0	12.9	10.7	11.2	7.5
Depreciation and amortization		18.2	17.9	16.5	17.5	20.0	19.4
Amortization of goodwill		2.8	3.0	2.9	2.9	-	-
EBITDA(*5)		29.3	26.9	32.3	31.1	30.5	26.2
Exchange rates (Yen) (*6)	US$	102.94	120.99	108.59	111.89	111.89	109.61
	CAN$	94.11	96.08	82.09	85.66	85.66	85.11

		2014 J GAAP	2015 J GAAP	2016 J GAAP	2017 J GAAP	2017 IFRS	2018 (Forecast) IFRS
Revenue	Including liquor tax	518.7	533.7	541.8	551.5	536.6	537.8
	Excluding liquor tax	401.8	418.3	424.1	433.3	406.8	413.8
Overseas revenue to total	Excluding liquor tax	19.2%	22.6%	20.5%	21.2%	22.4%	22.2%
Operating profit	Before goodwill amortization	18.5	18.1	24.2	21.0	12.8	16.1
	After goodwill amortization	14.7	14.0	20.3	17.0		
Operating margin	Including liquor tax / after goodwill amortization	2.8%	2.6%	3.7%	3.1%	2.4%	3.0%
	Excluding liquor tax /before goodwill amortization	4.6%	4.3%	5.7%	4.8%	3.1%	3.9%
	Excluding liquor tax /after goodwill amortization	3.7%	3.3%	4.8%	3.9%		
Ordinary income		14.6	13.2	19.2	16.4	-	-
Profit attributable to owners of parent		0.3	6.1	9.5	11.0	7.2	9.2
Total assets		625.4	620.4	626.4	630.6	664.7	
Total equity		160.0	163.8	166.4	177.7	175.7	
Balance of debt (*2)	Gross	247.6	234.7	238.1	233.6	233.9	237.6
	Net	237.8	224.3	227.6	220.9	221.4	224.9
Debt-to-equity ratio (times)	Gross	1.5	1.4	1.4	1.3	1.3	1.3
	Net	1.5	1.4	1.4	1.2	1.3	1.2
<For reference> Profit from operations before non-recurring items (*3)		14.7	14.0	20.3	17.0	17.4	18.6
Depreciation and amortization		24.5	24.2	22.3	23.6	25.4	24.4
Amortization of goodwill		3.8	4.2	3.9	4.0	-	-
EBITDA(*4)		43.0	42.3	46.5	44.6	42.8	43.0
Capital expenditure	Cash basis	19.1	20.3	21.8	15.3	15.3	31.8
ROE (%)	Before goodwill amortization	2.7%	6.5%	8.4%	8.9%	4.2%	5.2%
	After goodwill amortization	0.2%	3.9%	5.9%	6.6%		
EPS (yen sen) (*6)	Before goodwill amortization	10.53	131.71	171.89	191.70	92.26	118.11
	After goodwill amortization	0.87	78.40	121.56	140.93		
Exchange rates (Yen) (*7)	US$	105.79	121.11	108.81	112.17	112.17	110.00
	CAN$	95.74	94.82	82.07	86.47	86.47	88.00

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.
The data of the fiscal 2017 is also presented based on IFRS for comparison.
All figures in this supplementary information are rounded to the nearest applicable unit.

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

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

*4: Profit from operations before non-recurring items (after subtracting levies) represents profit from operations after subtracting of levies which are adjusted based on the time of recognition.
Under IFRS, levies including real-estate tax are expensed in full (excluding inventories) on January 1.

*5: EBITDA (JGAAP) = Profit from operations before non-recurring items + Depreciation and amortization + Amortization of goodwill
EBITDA (IFRS)=Profit from operations before non-recurring items+ Depreciation and amortization (excluding depreciation expense on leased assets which is charged on the rent of restaurants)

*6: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 .

*7:Revenues and expenses are translated into Japanese yen at the average exchange rate for the fiscal year.

Major Sales and Sales Volume

Alcoholic Beverage (Japan)

(10,000 cases)

	Jan. 1 - Sep. 30, 2017	Jan. 1 - Sep. 30, 2018	YoY	Fiscal 2017 Actual	Full-year estimate for fiscal 2018	YoY
Sapporo Draft Beer Black Label (total)	-	-	99%	1,701	1,706	100%
YEBISU (total)	-	-	87%	961	851	89%
1 Beer (total)	-	-	96%	3,102	3,007	97%
2 Happoshu (total)	-	-	78%	335	245	73%
3 New genre beer products (total)	-	-	87%	1,422	1,247	88%
Beer, happoshu, and new genre （total 1+2+3）	-	-	92%	4,859	4,500	93%
Non-alcoholic beer taste beverage	54	72	133%	70	106	151%

(billions of yen)

	Jan. 1 - Sep. 30, 2017	Jan. 1 - Sep. 30, 2018	YoY	Fiscal 2017 Actual	Full-year estimate for fiscal 2018	YoY
Domestic wines	3.5	3.3	93%	5.1	5.2	102%
Imported wines	5.4	5.2	96%	8.5	8.8	103%
Wine (total)	9.0	8.5	95%	13.6	14.0	103%
RTD, Spirits and Shochu (total)	22.6	25.3	112%	31.2	35.5	114%
Subtotal	31.7	33.9	107%	44.9	49.5	110%
Rebate subtracted from sales	(4.9)	(5.6)	-	(7.2)	-	-
Total	26.8	28.3	106%	37.7	-	-

*Full year estimate for rebate subtracted from sales is not disclosed.

Beer (International)

(10,000 cases)

	Jan. 1 - Sep. 30, 2017	Jan. 1 - Sep. 30, 2018	YoY	Fiscal 2017 Actual	Full-year estimate for fiscal 2018	YoY
Overseas brand (SLEEMAN, Anchor, etc.)	965	1,039	108%	1,300	1,410	108%
Sapporo brand	462	467	101%	643	680	106%

Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(10,000 cases)

	Jan. 1 - Sep. 30, 2017	Jan. 1 - Sep. 30, 2018	YoY	Fiscal 2017 Actual	Full-year estimate for fiscal 2018	YoY
Soft Drinks(*1)	3,393	3,281	97%	4,551	4,700	103%

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

Consolidated Results (Nine Months ended September 30, 2018)

Condensed Consolidated Statements of Income (billions of yen)

	Nine months ended September 30, 2017 IFRS	Nine months ended September 30, 2018 IFRS	Change	Change (%)
Japanese Alcoholic Beverages(*2)	187.7	179.8	(7.8)	(4.2)%
International Business (*2)	57.8	59.1	1.2	2.1%
Food & Soft Drinks	97.2	94.2	(3.0)	(3.1)%
Restaurants	21.8	20.9	(0.9)	(4.0)%
Real Estate	17.8	18.3	0.5	3.0%
Other	8.5	8.7	0.2	2.8%
Revenue	390.7	381.0	(9.7)	(2.5)%
Japanese Alcoholic Beverages(*2)	4.8	1.8	(3.0)	(62.3)%
International Business (*2)	1.1	0.4	(0.6)	(57.8)%
Food & Soft Drinks	1.4	1.3	(0.1)	(5.5)%
Restaurants	0.1	(0.1)	(0.3)	-
Real Estate	7.5	8.2	0.7	9.0%
Other	(0.2)	(0.1)	0.1	-
General corporate and intercompany eliminations	(4.8)	(4.6)	0.2	-
Operating profit	9.7	6.8	(2.9)	(29.8)%
Financial income (expense) / Foreign exchange gains (losses)	(1.0)	(1.1)	(0.2)	-
Equity in net income (loss) of affiliates	0.0	0.0	(0.0)	(4.0)%
Profit before tax	8.8	5.7	(3.1)	(34.9)%
Income taxes	4.0	2.1	(1.8)	(46.2)%
Profit (loss) attributable to non-controlling interest	(0.5)	(0.6)	(0.1)	-
Profit attributable to owners of parent	5.3	4.2	(1.1)	(20.5)%

<For reference> Profit from operations before non-recurring items(*3)	10.5	6.8	(3.7)	(35.2)%
Profit from operations before non-recurring items (after subtracting levies)(*4)	11.2	7.5	(3.7)	(33.2)%
EBITDA (*5)	30.5	26.2	(4.3)	(14.2)%

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.
The data of the fiscal 2017 is also presented based on IFRS for comparison.
All figures in this supplementary information are rounded to the nearest applicable unit.

*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.
(Revenue: 1.0 billion yen, Operating profit: 0.1 billion yen)

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

*4: Profit from operations before non-recurring items (after subtracting levies) represents profit from operations after subtracting of levies
which are adjusted based on the time of recognition.
Under IFRS, levies including real-estate tax are expensed in full (excluding inventories) on January 1.

*5: EBITDA=Profit from operations before non-recurring items+ Depreciation and amortization (excluding depreciation expense on leased a
which is charged on the rent of restaurants)

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax) (billions of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018	Change	Change (%)
Beer	121.2	116.6	(4.6)	(3.8)%
Happoshu	9.5	7.4	(2.0)	(21.5)%
New genre	34.9	30.4	(4.4)	(12.8)%
Subtotal	165.5	154.4	(11.1)	(6.7)%
Rebate subtracted from sales	(9.0)	(8.6)	0.5	-
Total	156.5	145.9	(10.6)	(6.8)%

Sales (excluding liquor tax) (billions of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018	Change	Change (%)
Beer	60.1	57.8	(2.3)	(3.9)%
Happoshu	5.3	4.1	(1.1)	(21.2)%
New genre	24.4	21.1	(3.3)	(13.7)%
Subtotal	89.8	83.0	(6.8)	(7.6)%
Rebate subtracted from sales	(9.0)	(8.6)	0.5	-
Total	80.8	74.5	(6.3)	(7.8)%

Consolidated Results (Nine Months ended September 30, 2018)

Breakdown of key income Changes (billions of yen)

	Change factor	Nine months ended September 30, 2017 IFRS	Nine months ended September 30, 2018 IFRS	Change	Details
Beer and related products		1.6	(0.6)	(2.2)	
Marginal profit	Subtotal			(2.5)	
	Increase (decrease) in volume / Product mix			(3.1)	Beer -1.6 Happoshu -0.7 New genre -1.6 Product mix +0.8
	Other			0.6	Non-Alcoholic Beer, RTD, Production costs, other factors
Fixed costs and other	Subtotal			0.4	
	Sales promotion costs			0.3	Sales commissions
	Facility cost			0.1	Depreciation and amortization, other factors
	Other			(0.0)	Personnel expenses, General and administrative expenses
Wine and spirits		2.4	1.8	(0.5)	
Other		0.9	0.7	(0.2)	
Adjustment of difference between J GAAP and IFRS		(0.2)	(0.2)	(0.0)	Non-recurring items
Japanese Alcoholic Beverages (*2)		**4.8**	**1.8**	**(3.0)**	
North America and other		2.0	0.2	(1.8)	
	Increase (decrease) in volume / Product mix			(1.3)	Decrease in soft drinks sales volume, Production costs
	Marketing costs			(0.2)	SLEEMAN BREWERIES LTD., SAPPORO USA.,INC.
	Other			(0.4)	Personnel expenses, General and administrative expenses, ANCHOR BREWING COMPANY, LLC
Vietnam		(0.9)	0.2	1.1	
	Increase (decrease) in volume / Product mix			0.7	
	Marketing costs			0.4	
	Other			0.0	
Adjustment of difference between J GAAP and IFRS		0.1	0.1	0.0	Non-recurring items
International (*2)		**1.1**	**0.4**	**(0.6)**	
Japanese Food & Soft Drinks		1.2	0.7	(0.4)	
	Increase (decrease) in volume / Product mix			(0.8)	Decrease in volume
	Production costs			0.3	
	Marketing costs			0.1	Sales commissions
	Fixed costs and other			0.2	Logistics costs, Personnel expenses, General and administrative expenses etc.
				(0.2)	Vending machine operators, and other
Other		0.3	0.1	(0.2)	Overseas Soft Drinks/ Domestic coffee shop chain
Adjustment of difference between J GAAP and IFRS		(0.2)	0.4	0.6	
Food & Soft Drinks		**1.4**	**1.3**	**(0.1)**	
	Existing stores			(0.4)	
	New stores / Refurbished stores			0.4	
Adjustment of difference between J GAAP and IFRS		0.0	(0.3)	(0.3)	Non-recurring items
Restaurants		**0.1**	**(0.1)**	**(0.3)**	
	Rent			0.7	
	Sales/ Other factors			(0.1)	
Adjustment of difference between J GAAP and IFRS		(0.3)	(0.2)	0.2	Non-recurring items
Real Estate		**7.5**	**8.2**	**0.7**	
	Logistics business			0.0	
	Other			(0.0)	
Adjustment of difference between J GAAP and IFRS		(0.1)	0.0	0.1	Non-recurring items
Other		**(0.2)**	**(0.1)**	**0.1**	
	General corporate			(0.0)	
Adjustment of difference between J GAAP and IFRS		(0.1)	0.1	0.2	Non-recurring items
General corporate and intercompany eliminations		**(4.8)**	**(4.6)**	**0.2**	
Operating profit		**9.7**	**6.8**	**(2.9)**	
	Financial income (expense) / Foreign exchange gains (losses)	(1.0)	(1.1)	(0.2)	
	Equity in income (losses) of affiliates	0.0	0.0	(0.0)	
Profit before tax		**8.8**	**5.7**	**(3.1)**	
Corporate tax, etc. / Profit (loss) attributable to non-controlling interests		**(3.5)**	**(1.5)**	**2.0**	
Profit attributable to owners of parent		**5.3**	**4.2**	**(1.1)**	

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*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.
(Revenue: 1.0 billion yen, Operating profit: 0.1 billion yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Yen/US$	111.89	109.61
Yen/CAN$	85.66	85.11
Yen/EUR	124.58	130.87

Consolidated Results (Nine Months ended September 30, 2018)

Segment Information

(billions of yen)

Nine months ended September 30, 2017 IFRS	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	187.7	57.8	97.2	21.8	17.8	8.5	-	390.7
Operating profit	4.8	1.1	1.4	0.1	7.5	(0.2)	(4.8)	9.7
Sales promotion costs								
Sales incentives and commissions	3.6	0.1	7.7	0.0	0.0	0.1	(0.1)	11.4
Advertising and promotion expenses	11.4	0.7	2.5	0.5	0.3	0.0	(0.0)	15.5
Promotion items	3.6	2.4	0.0	0.0	0.0	0.0	(0.1)	6.0
<For reference> Profit from operations before non-recurring items (*3)	4.9	1.0	1.5	0.1	7.8	(0.1)	(4.7)	10.5
Depreciation and amortization	7.0	2.7	4.4	0.5	3.8	0.1	1.5	20.0
EBITDA (*4)	11.9	3.7	6.0	0.6	11.6	(0.1)	(3.2)	30.5

Nine months ended September 30, 2018 IFRS	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	179.8	59.1	94.2	20.9	18.3	8.7	-	381.0
Operating profit	1.8	0.4	1.3	(0.1)	8.2	(0.1)	(4.6)	6.8
Sales promotion costs								
Sales incentives and commissions	3.5	0.1	7.6	0.0	0.0	0.1	(0.0)	11.3
Advertising and promotion expenses	10.7	0.7	2.4	0.6	0.3	0.0	0.0	14.8
Promotion items	3.2	2.3	0.2	0.0	0.0	0.0	(0.1)	5.6
<For reference> Profit from operations before non-recurring items (*3)	2.0	0.3	0.8	0.1	8.3	(0.1)	(4.7)	6.8
Depreciation and amortization	6.7	2.8	4.3	0.5	3.8	0.1	1.2	19.4
EBITDA (*4)	8.7	3.1	5.2	0.6	12.1	(0.0)	(3.5)	26.2

Change	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	(7.8)	1.2	(3.0)	(0.9)	0.5	0.2	-	(9.7)
Operating profit	(3.0)	(0.6)	(0.1)	(0.3)	0.7	0.1	0.2	(2.9)
Sales promotion costs								
Sales incentives and commissions	(0.0)	0.0	(0.1)	0.0	0.0	0.0	0.0	(0.1)
Advertising and promotion expenses	(0.6)	0.0	(0.1)	0.1	(0.0)	0.0	0.1	(0.6)
Promotion items	(0.4)	(0.2)	0.1	0.0	0.0	0.0	0.0	(0.4)
<For reference> Profit from operations before non-recurring items (*3)	(2.9)	(0.7)	(0.7)	0.0	0.5	(0.0)	(0.0)	(3.7)
Depreciation and amortization	(0.3)	0.1	(0.1)	(0.1)	0.0	(0.0)	(0.2)	(0.6)
EBITDA (*4)	(3.2)	(0.6)	(0.8)	0.0	0.5	(0.0)	(0.3)	(4.3)

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(Revenue: 1.0 billion yen, Operating profit: 0.1 billion yen)

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

*4: EBITDA=Profit from operations before non-recurring items+ Depreciation and amortization (excluding depreciation expense on leased assets which is charged on the rent of restaurants)

Consolidated Results (Nine Months ended September 30, 2018)

Condensed Consolidated Balance Sheets

(billions of yen)

	December 31, 2017 IFRS	September 30, 2018 IFRS	Change	Primary Reasons
Current assets	164.8	146.1	(18.6)	
Cash and cash equivalents	12.5	10.8	(1.8)	
Trade and other receivables	98.3	80.8	(17.5)	Seasonal factors
Inventories	37.9	39.9	2.0	
Other	16.0	14.7	(1.4)	
Non-current assets	500.0	498.7	(1.3)	
Fixed assets	164.7	165.8	1.2	
Investment property	219.7	218.1	(1.5)	
Goodwill	24.9	24.9	0.0	
Other	90.7	89.8	(0.9)	
Total assets	664.7	644.8	(19.9)	
Current liabilities	228.8	210.5	(18.3)	
Trade and other payables	36.5	36.3	(0.2)	
Short-term financial liabilities	80.7	75.4	(5.3)	
Other	111.6	98.8	(12.8)	Decrease in liquor taxes payable and decrease in corporate tax
Non-current liabilities	260.2	263.5	3.3	
Long-term financial liabilities	153.2	157.0	3.8	Issuance of bonds
Net defined benefit liability	6.3	7.7	1.4	
Other	100.7	98.8	(1.9)	
Total liabilities	489.0	474.0	(15.1)	
Equity attributable to owners of parent	172.1	167.9	(4.1)	Profit in 3Q, Distribution of dividends
Equity attributable to non-controlling interests	3.7	3.0	(0.7)	
Total equity	175.7	170.9	(4.8)	
Total liabilities and equity	664.7	644.8	(19.9)	

Financial Liabilities by segment

(billions of yen)

	December 31, 2017 IFRS	September 30, 2018 IFRS	Change	Primary Reasons
Japanese Alcoholic Beverages	30.2	29.3	(0.9)	
International	29.3	28.8	(0.6)	
Food & Soft Drinks	5.9	9.5	3.5	
Restaurants	0.3	0.2	(0.1)	
Real Estate	130.0	132.5	2.5	
Other	3.0	3.3	0.3	
Corporate and eliminations	35.1	28.9	(6.2)	
Total	233.9	232.4	(1.5)	

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.
The data of the fiscal 2017 is also presented based on IFRS for comparison.

Overview of Segmentation Changes 2018

No change has been made to segmentation in the fiscal year ending December 31, 2018.
Reportable segment income refers to operating income. Equity-method affiliates are therefore omitted below.

2017 Segmentation

Segment	Consolidated subsidiaries
Japanese Alcoholic Beverages	SAPPORO BREWERIES LTD.
	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.
	ANCHOR BREWING COMPANY, LLC
	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.
	NH 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.
	GINRINSUISAN 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.
Corporate and eliminations	SAPPORO HOLDINGS LTD. SAPPORO GROUP MANAGEMENT LTD.

2018 Segmentation

Segment	Consolidated subsidiaries
Japanese Alcoholic Beverages	SAPPORO BREWERIES LTD.
	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
	COUNTRY PURE FOODS, INC.
	SILVER SPRINGS CITRUS, INC.
	SAPPORO NORTH AMERICA INC.
	ANCHOR BREWING COMPANY, LLC
	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.
	NH 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.
	GINRINSUISAN 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.
Corporate and eliminations	SAPPORO HOLDINGS LTD. SAPPORO GROUP MANAGEMENT LTD.

Consolidated Forecasts (Year ending December 31, 2018)

* Forecasts are unchanged from the figures announced on August 3, 2018.

Condensed Consolidated Statements of Income (billions of yen)

	Year ended December 31, 2017 IFRS	Year ending December 31, 2018 (Forecast) IFRS	Change	Change (%)
Japanese Alcoholic Beverages (*2)	261.6	254.5	(7.1)	(2.7)%
International (*2)	78.5	81.9	3.4	4.4%
Food & Soft Drinks	132.1	135.6	3.5	2.7%
Restaurants	28.6	28.8	0.2	0.6%
Real Estate	23.9	24.9	1.0	4.2%
Other	11.8	12.1	0.3	2.1%
Revenue	536.6	537.8	1.2	0.2%
Japanese Alcoholic Beverages (*2)	10.1	7.5	(2.6)	(25.6)%
International (*2)	(2.8)	1.1	3.9	-
Food & Soft Drinks	2.4	3.6	1.2	48.1%
Restaurants	(0.5)	0.1	0.6	-
Real Estate	10.3	10.7	0.4	4.2%
Other	(0.1)	0.1	0.2	-
General corporate and intercompany eliminations	(6.6)	(7.0)	(0.4)	-
Operating profit	12.8	16.1	3.3	25.7%
Financial income (expense) / Foreign exchange gains (losses)	(1.3)	(1.0)	0.3	-
Equity in net income (loss) of affiliates	0.0	0.0	(0.0)	-
Profit before tax	11.5	15.1	3.6	30.9%
Income taxes	5.2	5.7	0.5	10.2%
Profit (loss) attributable to non-controlling interest	(0.8)	0.2	1.0	-
Profit attributable to owners of parent	7.2	9.2	2.0	28.0%

<For reference> Profit from operations before non-recurring items (*3)	17.4	18.6	1.2	6.6%
EBITDA (*4)	42.8	43.0	0.2	0.5%

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.
The data of the fiscal 2017 is also presented based on IFRS for comparison.

*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 segmer
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.

*4: EBITDA=Profit from operations before non-recurring items+ Depreciation and amortization (excluding depreciation expense on leased assets which is charged on the rent of restaurants)

Condensed Consolidated Statements of Cash Flows

	Year ended December 31, 2017 IFRS	Year ending December 31, 2018 (Forecast) IFRS	Change	Change (%)
Cash flows from operating activities	33.8	35.4	1.6	4.8%
Cash flows from investing activities	(17.8)	(35.8)	(18.0)	-
Free Cash flows	16.0	(0.4)	(16.4)	(102.5)%

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax) (billions of yen)

	Year ended December 31, 2017 IFRS	Year ending December 31, 2018 (Forecast) IFRS	Change	Change (%)
Beer	171.0	166.6	(4.4)	(2.6)%
Happoshu	12.8	9.4	(3.4)	(26.3)%
New genre	46.7	40.5	(6.2)	(13.3)%
Subtotal	230.5	216.5	(14.0)	(6.1)%
Rebate subtracted from sales	(12.7)	–	–	–
Total	217.8	–	–	–

Sales (excluding liquor tax) (billions of yen)

	Year ended December 31, 2017 IFRS	Year ending December 31, 2018 (Forecast) IFRS	Change	Change (%)
Beer	84.6	82.8	(1.8)	(2.1)%
Happoshu	7.1	5.3	(1.9)	(26.1)%
New genre	32.3	27.9	(4.4)	(13.8)%
Subtotal	124.0	115.9	(8.1)	(6.5)%
Rebate subtracted from sales	(12.7)	–	–	–
Total	111.3	–	–	–

＊ Full year estimate for rebate subtracted from sales is not disclosed.

Consolidated Forecasts (Year ending December 31, 2018)

* Forecasts are unchanged from the figures announced on August 3, 2018.

Breakdown of key income Changes (billions of yen)

	Change factor	Year ended December 31, 2017 IFRS	Year ending December 31, 2018 (Forecast) IFRS	Change	Details
Beer and related products		6.1	4.5	(1.6)	
Marginal profit	Subtotal			(1.5)	
	Increase (decrease) in volume / Product mix			(3.3)	Beer -1.5 Happoshu -1.1 New genre -2.3 Product mix +1.6
	Other			1.9	Non-Alcoholic Beer, RTD, Production costs, other factors
Fixed costs and other	Subtotal			(0.1)	
	Sales promotion costs			(0.1)	Sales commissions
	Facility cost			0.1	Depreciation and amortization, other factors
	Other			(0.1)	Personnel expenses, General and administrative expenses
Wine and spirits		3.1	2.5	(0.7)	
Other		1.2	1.1	(0.1)	
Adjustment of difference between J GAAP and IFRS		(0.3)	(0.6)	(0.3)	Non-recurring items
Japanese Alcoholic Beverages (*2)		**10.1**	**7.5**	**(2.6)**	
North America and other		1.3	1.9	0.6	
	Increase (decrease) in volume / Product mix			1.1	Increase in volume, Product mix
	Marketing costs			(0.2)	SLEEMAN BREWERIES LTD., SAPPORO USA.,INC.
	Other			(0.3)	
Vietnam		(1.3)	(0.1)	1.2	
	Increase (decrease) in volume / Product mix			0.5	
	Marketing costs			0.5	
	Other			0.3	
Adjustment of difference between J GAAP and IFRS		(2.6)	(0.9)	1.7	Non-recurring items
International (*2)		**(2.8)**	**1.1**	**3.9**	
Japanese Food & Soft Drinks		2.4	2.9	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
	Marketing costs			(0.3)	
	Fixed costs and other			(0.6)	Logistics costs,Personnel expenses,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
Adjustment of difference between J GAAP and IFRS		(0.4)	0.1	0.5	Non-recurring items
Food & Soft Drinks		**2.4**	**3.6**	**1.2**	
	Existing stores			0.1	
	New stores / Refurbished stores			0.1	
Adjustment of difference between J GAAP and IFRS		(0.7)	(0.2)	0.5	Non-recurring items
Restaurants		**(0.5)**	**0.1**	**0.6**	
	Rent			0.2	
	Sales/ Other factors			0.0	
Adjustment of difference between J GAAP and IFRS		(0.4)	(0.3)	0.1	Non-recurring items
Real Estate		**10.3**	**10.7**	**0.4**	
	Logistics business			0.0	
	Other			0.0	
Adjustment of difference between J GAAP and IFRS		(0.2)	0.0	0.2	
Other		**(0.1)**	**0.1**	**0.2**	
	General corporate			0.0	
Adjustment of difference between J GAAP and IFRS		(0.1)	(0.5)	(0.4)	Non-recurring items
General corporate and intercompany eliminations		**(6.6)**	**(7.0)**	**(0.4)**	
Operating profit		**12.8**	**16.1**	**3.3**	
	Financial income (expense) / Foreign exchange gains (losses)	(1.3)	(1.0)	0.3	
	Equity in income (losses) of affiliates	0.0	0.0	0.0	
Profit before tax		**11.5**	**15.1**	**3.6**	
Corporate tax, etc. / Profit (loss) attributable to non-controlling interests		**(4.4)**	**(5.9)**	**(1.5)**	
Profit attributable to owners of parent		**7.2**	**9.2**	**2.0**	

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.
The data of the fiscal 2017 is also presented based on IFRS for comparison.

*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)

* Forecasts are unchanged from the figures announced on August 3, 2018.

Segment Information

(billions of yen)

Year ended December 31, 2017 IFRS	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	261.6	78.5	132.1	28.6	23.9	11.8	-	536.6
Operating profit	10.1	(2.8)	2.4	(0.5)	10.3	(0.1)	(6.6)	12.8
Sales promotion costs (*3)								
Sales incentives and commissions	4.8	0.2	10.4	0.0	0.0	0.1	(0.0)	15.5
Advertising and promotion expenses	13.5	1.1	3.9	1.1	0.6	0.0	(0.0)	20.2
Promotion items	4.4	3.3	0.1	0.0	0.0	0.0	(0.1)	7.6
<For reference> Profit from operations before non-recurring items (*4)	10.4	(0.2)	2.9	0.2	10.7	0.0	(6.5)	17.4
Depreciation and amortization	8.8	3.2	5.7	0.7	4.9	0.1	2.0	25.4
EBITDA (*5)	19.1	3.0	8.6	0.9	15.6	0.1	(4.4)	42.8
Capital expenditures (cash basis)	2.7	3.7	2.7	1.0	2.7	0.2	2.2	15.3
Payment of lease obligations	0.0	0.1	2.8	0.0	0.0	0.0	0.0	3.0

Year ending December, 31, 2018 (Forecast) IFRS	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	254.5	81.9	135.6	28.8	24.9	12.1	-	537.8
Operating profit	7.5	1.1	3.6	0.1	10.7	0.1	(7.0)	16.1
<For reference> Profit from operations before non-recurring items (*4)	8.2	2.0	3.5	0.3	11.0	0.1	(6.5)	18.6
Depreciation and amortization	7.7	3.8	5.3	0.7	4.8	0.1	2.0	24.4
EBITDA (*5)	15.9	5.8	8.8	1.0	15.8	0.2	(4.5)	43.0
Capital expenditures (cash basis)	8.3	4.4	2.8	1.2	12.6	0.5	2.0	31.8
Payment of lease obligations	0.3	0.0	3.5	0.0	0.0	0.0	0.0	3.8

Change	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Revenue	(7.1)	3.4	3.5	0.2	1.0	0.3	-	1.2
Operating profit	(2.6)	3.9	1.2	0.6	0.4	0.2	(0.4)	3.3
<For reference> Profit from operations before non-recurring items (*4)	(2.2)	2.2	0.6	0.1	0.3	0.1	(0.0)	1.2
Depreciation and amortization	(1.1)	0.6	(0.4)	0.0	(0.1)	(0.0)	(0.0)	(1.0)
EBITDA (*5)	(3.3)	2.8	0.2	0.2	0.2	0.1	(0.0)	0.2
Capital expenditures (cash basis)	5.6	0.7	0.1	0.1	9.9	0.3	(0.2)	16.5
Payment of lease obligations	0.3	(0.1)	0.6	0.0	0.0	0.0	(0.0)	0.8

*1: The Company has voluntarily applied International Financial Reporting Standard (IFRS) from the first quarter of fiscal 2018.
The data of the fiscal 2017 is also presented based on IFRS for comparison.

*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=Profit from operations before non-recurring items+ Depreciation and amortization (excluding depreciation expense on leased assets which is charged on the rent of restaurants）

【Reference】 Statements of Income for the third Quarter of FY2017

Condensed Consolidated Statements of Income

(billions of yen)

	Nine months ended September 30, 2017 (*1)		Change	Main factor of change
	(JGAAP)	(IFRS)		
Japanese Alcoholic Beverages (*2)	201.4	187.7	(13.8)	Rebate subtracted form revenue -13.9
International Business (*2)	49.3	57.8	8.5	Change in price to include liquor tax + 8.5
Food & Soft Drinks	101.5	97.2	(4.3)	Rebate subtracted form revenue -3.7
Restaurants	22.1	21.8	(0.3)	Rebate subtracted form revenue -0.3
Real Estate	18.0	17.8	(0.2)	
Other	8.5	8.5	0.0	
Revenue	400.8	390.7	(10.1)	
Japanese Alcoholic Beverages (*2)	6.2	4.8	(1.5)	Depreciation and amortization -0.9, Retirement benefit expense -0.5, Presentation reclassification -0.2
International Business (*2)	(0.1)	1.1	1.2	Non-amortization of goodwill + 1.2, Depreciation and amortization -0.1, Financial Instruments -0.1
Food & Soft Drinks	(0.2)	1.4	1.6	Non-amortization of goodwill + 1.6, Presentation reclassification -0.1
Restaurants	0.3	0.1	(0.1)	Depreciation and amortization -0.1
Real Estate	8.8	7.5	(1.4)	Real-estate tax -0.5, Depreciation and amortization -0.3 Presentation reclassification -0.3
Other	(0.1)	(0.2)	(0.1)	Presentation reclassification -0.1
General corporate and intercompany eliminations	(4.1)	(4.8)	(0.7)	Retirement benefit expense -0.5 Presentation reclassification -0.2
Operating profit	10.7	9.7	(1.0)	Retirement benefit expense -1.0
Financial income (expense) / Foreign exchange gains (losses)	(0.7)	(1.0)	(0.3)	
Equity in net income (loss) of affiliates	0.0	0.0	(0.0)	
Non-recurring items	(0.2)	-	0.2	Reclassified to non-recurring items
Profit before tax	9.9	8.8	(1.2)	
Income taxes	4.9	4.0	(0.9)	
Profit (loss) attributable to non-controlling interest	(0.4)	(0.5)	(0.1)	
Profit attribute to owners of parent	5.4	5.3	(0.1)	

< For reference >

Profit from operations before non-recurring items (*3)	10.7	10.5	(0.2)	
Profit from operations before non-recurring items (after subtracting levies) (*4)	10.7	11.2	0.4	
EBITDA (*5)	31.1	30.5	(0.6)	

*1. The Company has voluntarily applied International Financial Reporting Standards (IFRS) from the first quarter of fiscal 2018.
The data of the fiscal 2017 is also presented based on IFRS for comparison.

*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. (Revenue: 1.0 billion yen, Operating profit: 0.1 billion yen)

*3. Profit from operations before non-recurring items = Revenue - Cost of sales - SG&A expenses

*4. Profit from operations before non-recurring items (after subtracting levies) represents profit from operations after subtracting of levies which are adjusted based on the time of recognition.
Under IFRS, levies including real-estate tax are expensed in full (excluding inventories) on January 1.

*5. Under JGAAP, EBITDA = Profit from operations before non-recurring items + Depreciation and amortization + Amortization of goodwill
Under IFRS, EBITDA = Profit from operations before non-recurring items + Depreciation and amortization
(excluding depreciation expense on leased assets which is charged on the rent of restaurants)