



**Year ended December 31, 2016**

**Consolidated Earnings Report - Supplementary Information**

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**February 2017**

**SAPPORO HOLDINGS LTD.**

**Securities Code: 2501**

**URL <http://www.sapporoholdings.jp/english/>**

## Financial Highlights (2008-2017)

### Consolidated Financial Highlights

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

		2008	2009	2010	2011	2012
Net sales	Including liquor tax	414.5	387.5	389.2	449.4	492.4
	Excluding liquor tax	284.4	264.6	269.8	336.8	379.7
Overseas net sales to total	Excluding liquor tax	8.8%	8.5%	9.4%	11.0%	14.1%
Operating income	Before goodwill amortization	15.5	13.9	16.5	21.9	18.2
	After goodwill amortization	14.6	12.8	15.4	18.8	14.4
Operating margin	Including liquor tax / after goodwill amortization	3.5%	3.3%	4.0%	4.2%	2.9%
	Excluding liquor tax / before goodwill amortization	5.5%	5.3%	6.1%	6.5%	4.8%
	Excluding liquor tax / after goodwill amortization	5.2%	4.9%	5.7%	5.6%	3.8%
Ordinary income		10.5	10.7	14.3	16.8	13.6
Net income attributable to owners of the parent		7.6	4.5	10.7	3.1	5.3
Total assets		527.2	506.8	494.7	550.7	597.6
Net assets		116.8	118.5	126.6	124.7	134.9
Balance of debt (*1)	Gross	189.2	196.7	181.3	219.1	257.6
	Net	166.7	190.4	167.9	209.9	247.8
Debt-to-equity ratio (times)	Gross	1.6	1.7	1.4	1.8	1.9
	Net	1.4	1.6	1.3	1.7	1.8
Capital expenditure	Cash basis	27.3	21.9	19.8	13.4	53.8
Depreciation and amortization		21.6	22.5	22.5	24.4	25.8
Amortization of goodwill		0.8	1.0	1.1	3.1	3.8
EBITDA	Operating income + Depreciation and amortization	37.1	36.4	39.0	46.4	44.0
ROE (%)	Before goodwill amortization	7.0%	4.7%	9.8%	5.1%	7.3%
	After goodwill amortization	6.3%	3.9%	8.9%	2.5%	4.2%
EPS ( yen sen ) ( *3 )	Before goodwill amortization	21.70	14.19	30.50	16.03	23.68
	After goodwill amortization	19.49	11.57	27.50	8.08	13.77
Exchange rates (Yen) (*2)	US\$	103.49	93.65	87.79	79.79	79.81
	CAN\$	97.97	82.30	85.18	80.74	79.83

		2013	2014	2015	2016	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
Net income attributable to owners of the 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 (*1)	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 ) ( *3 )	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) (*2)	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: Effective from the year ended December 31, 2008, 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.

\*3: 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.

## Major Sales and Sales Volume

### Alcoholic Beverage (Japan)

(10,000 cases)

	Fiscal 2016	Fiscal 2015	YoY	Full-year estimate for fiscal 2017	YoY
Sapporo Draft Beer Black Label	1,663	1,618	103%	1,680	101%
YEBISU (total)	972	952	102%	1,070	110%
1 Beer (total)	3,048	2,919	104%	3,140	103%
2 Happoshu (total)	411	479	86%	360	88%
3 New genre beer products (total)	1,495	1,583	94%	1,560	104%
Beer, happoshu, and new genre (total 1+2+3)	4,955	4,982	99%	5,060	102%
Non-alcoholic beer taste beverage	83	93	89%	86	104%

(billions of yen)

	Fiscal 2016	Fiscal 2015	YoY	Full-year estimate for fiscal 2017	YoY
Domestic wines	5.0	5.3	95%	5.0	101%
Imported wines	8.5	8.2	103%	9.2	109%
Wine (total)	13.5	13.5	100%	14.3	106%
RTD, Spirits and Shochu (total)	27.8	24.8	112%	29.4	106%

### Beer (International)

(10,000 cases)

	Fiscal 2016	Fiscal 2015	YoY	Full-year estimate for fiscal 2017	YoY
SLEEMAN BREWERIES LTD. (*1)	1,291	1,262	102%	1,300	101%
Sapporo brand	580	550	106%	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)

	Fiscal 2016	Fiscal 2015	YoY	Full-year estimate for fiscal 2017	YoY
Soft Drinks(*2)	4,688	4,535	103%	4,700	100%

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

**Consolidated Results (Year ended December 31, 2016)**

**Condensed Consolidated Statements of Income**

(billions of yen)

	Year ended December 31, 2015	Year ended December 31, 2016	Change	Change (%)
Japanese Alcoholic Beverages (*1)	273.6	279.4	5.8	2.1%
International Business	70.5	65.4	(5.1)	(7.2)%
Food & Soft Drinks	135.6	137.9	2.2	1.7%
Restaurants (*1)	27.0	28.1	1.1	4.1%
Real Estate	20.8	22.9	2.0	9.7%
Other	6.0	8.0	1.9	32.8%
Net sales	533.7	541.8	8.0	1.5%
Japanese Alcoholic Beverages (*1)	8.6	11.7	3.1	36.0%
International Business	0.1	0.9	0.7	487.8%
Food & Soft Drinks	0.4	1.3	0.8	202.6%
Restaurants (*1)	0.5	0.6	0.1	27.0%
Real Estate	8.2	10.3	2.0	24.7%
Other	0.0	(0.0)	(0.0)	-
General corporate and intercompany eliminations	(4.0)	(4.5)	(0.5)	-
Operating income	13.9	20.2	6.3	45.3%
Operating income before goodwill amortization	18.1	24.1	6.0	33.6%
Non-operating income	2.9	2.3	(0.6)	(20.7)%
Non-operating expenses	3.6	3.3	(0.2)	(7.6)%
Ordinary income	13.2	19.2	5.9	45.3%
Extraordinary gains	7.8	0.0	(7.8)	(99.2)%
Extraordinary losses	9.4	2.8	(6.5)	(69.6)%
Income before income taxes	11.6	16.4	4.7	40.3%
Income taxes	5.5	7.0	1.4	25.9%
Loss attributable to non-controlling interest	0.0	(0.0)	(0.0)	-
Net income attributable to owners of the parent	6.1	9.4	3.3	55.0%

**Condensed Consolidated Statements of Cash Flows**

	Year ended December 31, 2015	Year ended December 31, 2016	Change	Change (%)
Cash flows from operating activities	35.2	32.5	(2.6)	(7.6)%
Cash flows from investing activities	(9.7)	(27.5)	(17.8)	-
Free Cash flows	25.5	4.9	(20.5)	(80.5)%
Cash flows from financial activities	(24.8)	(4.8)	19.9	-

**Sales Breakdown for Japanese Alcoholic Beverages**

**Sales (including liquor tax)**

(billions of yen)

	Year ended December 31, 2015	Year ended December 31, 2016	Change	Change (%)
Beer	159.3	167.2	7.9	5.0%
Happoshu	18.3	15.7	(2.6)	(14.2)%
New genre	52.2	49.3	(2.8)	(5.5)%
Total	229.9	232.4	2.4	1.1%

**Sales (excluding liquor tax)**

(billions of yen)

	Year ended December 31, 2015	Year ended December 31, 2016	Change	Change (%)
Beer	78.0	82.3	4.3	5.6%
Happoshu	10.2	8.7	(1.4)	(14.2)%
New genre	36.2	34.2	(2.0)	(5.5)%
Total	124.4	125.3	0.8	0.7%

Consolidated Results (Year ended December 31, 2016)

Breakdown of Key Changes

Numbers in parentheses mean decline in earnings.

(billions of yen)

Change factor		Year ended December 31, 2015	Year ended December 31, 2016	Income change	Details
Beer and related products		5.6	8.3	2.7	
Marginal profit	(subtotal)			2.5	
	Increase (decrease) in volume/product mix			1.2	Beer +2.3 Happoshu-0.8 New genre-1.2 Product mix +1.0
	Other			1.3	Non-alcoholic beer, Production costs, other factors
Fixed costs and other				0.3	
	Sales promotion costs			(1.5)	Sales incentives and commissions
	Facility cost			0.7	Depreciation and amortization, etc.
	Other			1.1	Personnel expenses, General and administrative expenses
Wine and spirits		2.2	2.4	0.2	
Other		0.8	1.1	0.2	
<b>Japanese Alcoholic Beverages</b>		<b>8.6</b>	<b>11.7</b>	<b>3.1</b>	
North America, etc.		2.4	2.5	0.1	
	Increase (decrease) in volume/product mix.			1.1	Increase in sales volume
	Marketing costs			(0.2)	SLEEMAN BREWERIES LTD., SAPPORO USA.,INC.
	Other			(0.8)	Personnel expenses, General and administrative expenses, etc.
Vietnam		(2.2)	(1.6)	0.6	
	Increase (decrease) in volume/product mix.			0.1	
	Marketing costs			0.1	
	Other			0.4	
<b>International</b>		<b>0.1</b>	<b>0.9</b>	<b>0.7</b>	
Japanese Food & Soft Drinks		(1.0)	(0.0)	0.9	
	Increase (decrease) in volume / product mix			0.9	Increase in sales volume, Product mix, etc.
	Production costs			0.8	Decrease in cost of raw ingredients
	Marketing costs			(0.3)	Increase in sales promotion costs
	Other costs			(0.6)	Logistics cost, personnel expenses, General and administrative expenses, etc.
	Domestic Subsidiaries			0.2	Vending machine operators, and other
Other		1.4	1.3	(0.1)	International business, coffee shop chain, etc.
<b>Food &amp; Soft Drinks</b>		<b>0.4</b>	<b>1.3</b>	<b>0.8</b>	
	Existing stores			(0.2)	
	New stores / Refurbished stores			0.3	
<b>Restaurants</b>		<b>0.5</b>	<b>0.6</b>	<b>0.1</b>	
	Rent			1.8	
	Sales			0.2	
<b>Real Estate</b>		<b>8.2</b>	<b>10.3</b>	<b>2.0</b>	
	Logistics business			(0.1)	
	Other			0.0	
<b>Other</b>		<b>0.0</b>	<b>(0.0)</b>	<b>(0.0)</b>	
<b>General corporate and intercompany eliminations</b>		<b>(4.0)</b>	<b>(4.5)</b>	<b>(0.5)</b>	
<b>Operating income</b>		<b>13.9</b>	<b>20.2</b>	<b>6.3</b>	
<b>Operating income before goodwill amortization</b>		<b>18.1</b>	<b>24.1</b>	<b>6.0</b>	
	Financial income (expense)	(0.9)	(0.8)	0.1	
	Equity in income (losses) of affiliates	0.0	0.0	(0.0)	
	Other	0.2	(0.3)	(0.4)	
<b>Non-operating income and expenses</b>		<b>(0.7)</b>	<b>(1.1)</b>	<b>(0.3)</b>	
<b>Ordinary income</b>		<b>13.2</b>	<b>19.2</b>	<b>5.9</b>	
	Gain on sales of property, plant and equipment	7.5	0.0	(7.4)	
	Other extraordinary gains	0.4	0.0	(0.4)	
	Loss on sales/disposal of property, plant and equipment	(1.6)	(1.4)	0.1	
	Loss on impairment of property, plant and equipment	(6.0)	(1.0)	4.9	
	Other extraordinary losses	(1.9)	(0.4)	1.5	
<b>Extraordinary gains and losses</b>		<b>(1.5)</b>	<b>(2.8)</b>	<b>(1.3)</b>	
<b>Income before income taxes</b>		<b>11.6</b>	<b>16.4</b>	<b>4.7</b>	
<b>Corporate tax, etc. / Loss attributable to non-controlling interests</b>		<b>(5.5)</b>	<b>(7.0)</b>	<b>(1.4)</b>	
<b>Net income attributable to owners of the parent</b>		<b>6.1</b>	<b>9.4</b>	<b>3.3</b>	

	Year ended December 31, 2015	Year ended December 31, 2016
Yen/US\$	121.11	108.81
Yen/CAN\$	94.82	82.07
Yen/EUR	134.31	120.30

Consolidated Results (Year ended December 31, 2016)

**Segment Information**

(billions of yen)

Year ended December 31, 2015	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales	273.6	70.5	135.6	27.0	20.8	6.0	-	533.7
Operating income	8.6	0.1	0.4	0.5	8.2	0.0	(4.0)	13.9
(Operating income before goodwill amortization)	8.6	1.9	2.7	0.5	8.2	0.0	(4.0)	18.1
Sales promotion costs								
Sales incentives and commissions	21.1	0.2	14.6	0.0	0.0	0.0	(0.1)	35.8
Advertising and promotion expenses	15.2	1.5	3.6	0.9	0.6	0.0	(0.0)	21.9
Promotion items	3.8	3.3	0.0	0.0	0.0	0.0	(0.1)	7.0
Depreciation and amortization	8.1	3.3	6.1	0.6	4.2	0.0	1.6	24.2
Amortization of goodwill	0.0	1.8	2.2	0.0	0.0	0.0	0.0	4.1
EBITDA (*1)	16.8	5.3	8.8	1.1	12.4	0.0	(2.4)	42.3
Capital expenditure ( cash basis)	3.3	2.7	2.8	0.6	9.4	0.0	1.1	20.3
Payment of lease obligations	0.0	0.0	2.9	0.0	0.0	0.0	0.0	3.0

Year ended December 31, 2016	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales (*1)	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 (*2)	19.0	5.6	9.1	1.2	14.4	(0.0)	(2.9)	46.5
Capital expenditure ( 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

Change	Japanese Alcoholic Beverages	International	Food & Soft Drinks	Restaurants	Real Estate	Other	Corporate and eliminations	Consolidated total
Net sales (*1)	5.8	(5.1)	2.2	1.1	2.0	1.9	-	8.0
Operating income	3.1	0.7	0.8	0.1	2.0	(0.0)	(0.5)	6.3
(Operating income before goodwill amortization)	3.1	0.5	0.7	0.1	2.0	(0.0)	(0.5)	6.0
Sales promotion costs								
Sales incentives and commissions	2.8	(0.0)	0.1	0.0	0.0	0.0	(0.0)	2.9
Advertising and promotion expenses	(1.2)	(0.5)	0.1	0.0	0.0	0.0	(0.0)	(1.5)
Promotion items	0.3	0.0	(0.0)	0.0	(0.0)	0.0	0.0	0.4
Depreciation and amortization	(0.9)	(0.3)	(0.4)	(0.1)	(0.0)	0.0	0.0	(1.8)
Amortization of goodwill	0.0	(0.1)	(0.1)	0.0	0.0	0.0	0.0	(0.2)
EBITDA (*2)	2.2	0.2	0.2	0.0	1.9	(0.0)	(0.4)	4.2
Capital expenditure ( cash basis)	0.1	(0.3)	1.0	0.4	(0.5)	(0.0)	0.5	1.4
Payment of lease obligations	0.0	(0.0)	(0.1)	0.0	0.0	0.0	(0.0)	(0.1)

\*2: EBITDA = Operating income + Depreciation and amortization + Amortization of goodwill

Consolidated Results ( Year ended December 31, 2016)

Condensed Consolidated Balance Sheets

(billions of yen)

	December 31, 2015	December 31, 2016	Change	Primary Reasons
<b>Current assets</b>	156.3	164.1	7.8	
Cash and cash equivalents	10.4	10.5	0.1	
Notes and accounts receivable - trade	92.3	96.8	4.5	
Inventories	38.6	37.9	(0.6)	
Other	14.9	18.7	3.8	
<b>Fixed assets</b>	464.0	462.1	(1.8)	
Fixed assets	347.7	356.0	8.2	
Goodwill	30.2	27.4	(2.7)	
Investments and other assets	86.0	78.7	(7.2)	Decline in investment securities resulting from decline in unrealized holding gain on securities
<b>Total assets</b>	620.3	626.3	5.9	
<b>Current liabilities</b>	233.6	212.1	(21.5)	
Notes and accounts payable - trade	36.7	38.5	1.7	
Short-term debt	92.8	73.4	(19.4)	Decrease in current portion of long-term debt
Deposits received	8.8	8.2	(0.6)	
Other	95.2	91.9	(3.2)	
<b>Long-term liabilities</b>	222.9	247.8	24.9	
Long-term debt	141.9	164.7	22.8	Increase in long-term bank loans
Net defined benefit liability	7.6	8.9	1.3	
Other	73.3	74.1	0.7	
<b>Total liabilities</b>	456.5	459.9	3.4	
Shareholders' equity	133.3	140.1	6.7	Distribution of dividends-2.7
Accumulated other comprehensive income	24.5	20.5	(3.9)	
Non-controlling interests	5.8	5.6	(0.2)	
<b>Total net assets</b>	163.8	166.3	2.5	
<b>Total liabilities and net assets</b>	620.3	626.3	5.9	

Total Asset by segment

(billions of yen)

	December 31, 2015	December 31, 2016	Change	Primary Reasons
Japanese Alcoholic Beverages	220.0	214.3	(5.6)	
International	67.0	66.2	(0.7)	
Food & Soft Drinks	100.4	100.5	0.1	
Restaurants	12.2	13.5	1.3	
Real Estate	206.6	211.3	4.6	
Other	6.7	10.0	3.2	
Corporate and eliminations	7.1	10.2	3.0	
<b>Total</b>	620.3	626.3	5.9	

Financial Liabilities by segment

(billions of yen)

	December 31, 2015	December 31, 2016	Change	Primary Reasons
Japanese Alcoholic Beverages	40.9	33.3	(7.6)	
International	30.9	31.8	0.9	
Food & Soft Drinks	8.6	6.6	(1.9)	
Restaurants	0.0	0.4	0.4	
Real Estate	121.1	135.3	14.2	
Other	0.0	2.6	2.6	
Corporate and eliminations	33.0	27.8	(5.1)	
<b>Total</b>	234.7	238.1	3.4	

## Overview of Segmentation Changes 2016

No change has been made to segmentation in the fiscal year ending December 31, 2016.  
Reportable segment income refers to operating income. Equity-method affiliates are therefore omitted below.

2015 Segmentation		2016 Segmentation	
Segment	Consolidated subsidiaries	Segment	Consolidated subsidiaries
Japanese Alcoholic Beverages	SAPPORO BREWERIES LTD. (*1)	Japanese Alcoholic Beverages	SAPPORO BREWERIES LTD. (*1)
	SAPPORO WINES LIMITED (*1)		YEBISU WINEMART CO., LTD.
	YEBISU WINEMART CO., LTD.		TANOSHIMARU SHUZO CO., LTD.
	TANOSHIMARU SHUZO CO., LTD.		SAPPORO ENGINEERING LIMITED
	SAPPORO ENGINEERING LIMITED		STARNET CO., LTD.
	STARNET CO., LTD.		SHINSEIEN CO.,LTD.
	SHINSEIEN CO.,LTD.		
International	SAPPORO INTERNATIONAL INC.	International	SAPPORO INTERNATIONAL INC.
	SAPPORO U.S.A., INC.		SAPPORO U.S.A., INC.
	SAPPORO CANADA INC.		SAPPORO CANADA INC.
	SLEEMAN BREWERIES LTD.		SLEEMAN BREWERIES LTD.
	SAPPORO ASIA PRIVATE LIMITED		SAPPORO ASIA PRIVATE LIMITED
	SAPPORO VIETNAM LIMITED		SAPPORO VIETNAM LIMITED
	SILVER SPRINGS CITRUS, INC.		SILVER SPRINGS CITRUS, INC.
	COUNTRY PURE FOODS, INC.		COUNTRY PURE FOODS, INC.
And another 11 companies	And another 11 companies		
Food & Soft Drinks	POKKA SAPPORO FOOD & BEVERAGE LTD.	Food & Soft Drinks	POKKA SAPPORO FOOD & BEVERAGE LTD.
	POKKA CREATE CO., LTD.		POKKA CREATE CO., LTD.
	PS BEVERAGE LTD		PS BEVERAGE LTD
	STAR BEVERAGE SERVICE CO., LTD.		STAR BEVERAGE SERVICE CO., LTD.
	POKKA SAPPORO HOKKAIDO LTD.		POKKA SAPPORO HOKKAIDO LTD.
	NIHON BEANS CO.,LTD.		NIHON BEANS CO.,LTD.
	POKKA CORPORATION (SINGAPORE) PTE. LTD.		POKKA CORPORATION (SINGAPORE) PTE. LTD.
	POKKA INTERNATIONAL PTE. LTD.		POKKA INTERNATIONAL PTE. LTD.
	PT. POKKKA DIMA INTERNATIONAL		PT. POKKKA DIMA INTERNATIONAL
	And another 8 companies		And another 8 companies
Restaurants	SAPPORO LION LIMITED	Restaurants	SAPPORO LION LIMITED
	NEW SANKO INC.		NEW SANKO INC.
	SAPPORO LION (SINGAPORE) PTE.LTD.		MARUSHINKAWAMURA INC.(Newly Consolidated)
Real Estate	SAPPORO REAL ESTATE CO.,LTD.	Real Estate	GINRIN SUISAN INC.(Newly Consolidated)
	YGP REAL ESTATE CO., LTD.		SAPPORO REAL ESTATE CO.,LTD.
	TOKYO ENERGY SERVICE CO., LTD.		YGP REAL ESTATE CO., LTD.
	YOKOHAMA KEIWA BUILDING CO., LTD.		TOKYO ENERGY SERVICE CO., LTD.
Other	SAPPORO FOODS NET CO., LTD. (*2)	Other	YOKOHAMA KEIWA BUILDING CO., LTD.
	SAPPORO GROUP MANAGEMENT LTD.		SAPPORO FOODS NET CO., LTD.
	SAPPORO GROUP LOGISTICS CO., LTD.		SAPPORO GROUP MANAGEMENT LTD.
	SAPPORO LOGISTICS SYSTEMS CO., LTD.		SAPPORO GROUP LOGISTICS CO., LTD.
Corporate and eliminations	SAPPORO HOLDINGS LTD.	Corporate and eliminations	SAPPORO LOGISTICS SYSTEMS CO., LTD.
	SAPPORO GROUP MANAGEMENT LTD.		MIYASAKA JOZO CO., LTD. (Newly Consolidated)
			SAPPORO HOLDINGS LTD.
			SAPPORO GROUP MANAGEMENT LTD.

\*1. Sapporo Wines Limited was dissolved in an absorption-type merger with Sapporo Breweries LTD. on January 1, 2016.

\*2. Sapporo Foods Net Co., Ltd completed liquidation on December 20, 2016.



**Consolidated Forecasts (Year ending December 31, 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)%
Income before income taxes	16.4	17.8	1.3	8.5%
Income taxes	7.0	7.0	(0.0)	(0.3)%
Income attributable to non-controlling interest	(0.0)	0.1	0.1	-
Net income attributable to owners of the parent et Income	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(Forecast)	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(Forecast)	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 )

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)	
<b>Japanese Alcoholic Beverages</b>		<b>11.7</b>	<b>11.8</b>	<b>0.0</b>	
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)	
<b>International</b>		<b>0.9</b>	<b>1.4</b>	<b>0.4</b>	
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.
	Overseas Soft Drinks/ Domestic coffee shop chain	1.3	1.4	0.1	Vending machine operators, and other
<b>Food &amp; Soft Drinks</b>		<b>1.3</b>	<b>1.8</b>	<b>0.4</b>	
	Existing stores			0.0	
	New stores / Refurbished stores			0.3	
<b>Restaurants</b>		<b>0.6</b>	<b>1.0</b>	<b>0.3</b>	
	Rent			0.6	
	Sales/ Other factors			0.0	
<b>Real Estate</b>		<b>10.3</b>	<b>11.0</b>	<b>0.6</b>	
	Logistics business			0.1	
	Other			(0.1)	
<b>Other</b>		<b>(0.0)</b>	<b>(0.1)</b>	<b>(0.0)</b>	
<b>General corporate and intercompany eliminations</b>		<b>(4.5)</b>	<b>(5.6)</b>	<b>(1.0)</b>	
<b>Operating income</b>		<b>20.2</b>	<b>21.3</b>	<b>1.0</b>	
<b>Operating income before goodwill amortization</b>		<b>24.1</b>	<b>25.1</b>	<b>0.9</b>	
	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	
<b>Non-operating income and expenses</b>		<b>(1.1)</b>	<b>(1.0)</b>	<b>0.1</b>	
<b>Ordinary income</b>		<b>19.2</b>	<b>20.3</b>	<b>1.0</b>	
	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)	
<b>Extraordinary gains and losses</b>		<b>(2.8)</b>	<b>(2.5)</b>	<b>0.3</b>	
<b>Income before income taxes</b>		<b>16.4</b>	<b>17.8</b>	<b>1.3</b>	
<b>Corporate tax, etc. / Loss attributable to non-controlling interests</b>		<b>(7.0)</b>	<b>(7.1)</b>	<b>(0.1)</b>	
<b>Net income attributable to owners of the parent</b>		<b>9.4</b>	<b>10.7</b>	<b>1.2</b>	

	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 )**

**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.