

Summary of Consolidated Financial Results
for the First Nine Months of the Year Ending December 31, 2020
<IFRS> (UNAUDITED)

Company name:	Suntory Beverage & Food Limited	
Shares listed:	First Section, Tokyo Stock Exchange	
Securities code:	2587	
URL:	https://www.suntory.com/sbf/	
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Scheduled date to file quarterly securities report:		November 12, 2020
Scheduled date to commence dividend payments:		–
Attachment of supplementary material on quarterly financial results:		Yes
Holding of quarterly financial results briefing meeting (for institutional investors and analysts):		Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the first nine months of the year ending December 31, 2020
(from January 1, 2020 to September 30, 2020)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Profit before tax for the period		Profit for the period	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Nine months ended								
September 30, 2020	886,199	(9.6)	77,301	(14.7)	75,939	(15.0)	56,345	(14.8)
September 30, 2019	980,586	0.9	90,592	(4.0)	89,310	(4.0)	66,143	(8.6)

	Profit for the period attributable to owners of the Company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)	(Yen)
Nine months ended						
September 30, 2020	47,267	(18.2)	38,757	(0.5)	152.97	–
September 30, 2019	57,801	(12.2)	38,933	(37.2)	187.06	–

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
As at				
September 30, 2020	1,623,441	842,897	765,985	47.2
December 31, 2019	1,567,299	837,565	756,568	48.3

(3) Consolidated cash flows

	Net cash inflow (outflow) from operating activities	Net cash inflow (outflow) from investing activities	Net cash inflow (outflow) from financing activities	Cash and cash equivalents at the end of the period
Nine months ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
September 30, 2020	99,791	(44,167)	6,082	201,942
September 30, 2019	124,074	(45,352)	(108,983)	114,986

2. Dividends

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended December 31, 2019	–	39.00	–	39.00	78.00
Year ending December 31, 2020	–	39.00	–		
Year ending December 31, 2020 (Forecast)				39.00	78.00

Note: Revisions to the forecast of dividends most recently announced: None

3. Consolidated earnings forecast for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Profit before tax		Profit for the year		Profit for the year attributable to owners of the Company		Basic earnings per share (Yen)
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	
Year ending December 31, 2020	1,185,000	(8.8)	95,000	(16.6)	93,500	(16.7)	66,000	(17.6)	53,500	(22.3)	173.14

Note: Revisions to the earnings forecast most recently announced: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- | | |
|---|------|
| a. Changes in accounting policies required by IFRS: | None |
| b. Changes in accounting policies due to other reasons: | None |
| c. Changes in accounting estimates: | None |
- (3) Number of issued shares (ordinary shares)
- | | |
|---|--------------------|
| a. Total number of issued shares at the end of the period (including treasury shares) | |
| As at September 30, 2020 | 309,000,000 shares |
| As at December 31, 2019 | 309,000,000 shares |
| b. Number of treasury shares at the end of the period | |
| As at September 30, 2020 | 3 shares |
| As at December 31, 2019 | 3 shares |
| c. Average number of outstanding shares during the period (cumulative from the beginning of the year) | |
| Nine months ended September 30, 2020 | 308,999,997 shares |
| Nine months ended September 30, 2019 | 308,999,999 shares |

*** Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

*** Proper use of earnings forecast, and other special matters**

The earnings forecast contained in these materials are based on our judgment attributable to information available to the Company and the Group as of the date of announcement of these materials, and include certain risks and uncertainties. These statements are not intended as a promise by the Company to achieve such results. Actual business results may differ substantially due to various factors such as economic situation surrounding the Company and the Group, market trend, exchange rates and other factors.

Attached Materials

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1. Qualitative Information Regarding Settlement of Accounts for the First Nine Months

(1) Operating results

Suntory Beverage & Food Limited Group (the Group), based on the philosophy of enriching consumers' lives by proposing premium and unique products that match the tastes and needs of consumers, put effort into brand reinforcement and new demand creation, and worked to improve the quality of products. In addition, the Group worked to strengthen profitability in each area.

Since June, following the relaxation of restrictions such as the lifting of lockdowns and requests for voluntary business shutdowns issued by each major country, people traffic has increased and the Group's businesses both in Japan and overseas are on a recovery track. However, with the reintroduction of voluntary shutdowns and other measures in some countries as the number of infections with the novel coronavirus disease (COVID-19) is on the rise again, the situation is unstable, and we will therefore continue to monitor the situation closely.

As a result of the above, for the operating results of the first nine months of the year ending December 31, 2020, the Group reported consolidated revenue of ¥886.2 billion, down 9.6% year on year. Consolidated operating income was ¥77.3 billion, down 14.7% year on year. Profit for the period attributable to owners of the Company was ¥47.3 billion, down 18.2% year on year.

Results by segment are described below.

< Japan business >

The Group worked on strengthening core brands with a focus on water, coffee, and sugar-free tea categories, but sales volume dropped year on year, despite outperforming the overall beverage market, due to unfavorable weather and the continued effects of COVID-19. Sales volume for the *Suntory Tennensui* brand as a whole increased year on year with factors including a growing demand for large formats for stockpiling at home and strong performance of the renewed *Suntory Tennensui Sparkling Lemon*. For the *BOSS* brand, despite an active rollout of marketing activities and our efforts to revitalize the market through the new launch of *BOSS CAFE BASE* and *Craft BOSS LEMON TEA*, sales volume for the *BOSS* brand as a whole was lower year on year. In the sugar-free tea category, the *Iyemon* brand's renewal carried out in April has been well received by customers, and the overall sales volume of the brand greatly exceeded that of the same period of the previous year. In addition, for *Green DAKARA*, sales of *Green DAKARA Yasashii Mugicha* remained strong, and the overall sales volume of the brand increased year on year.

In terms of profit, while strengthening our activities for the core brands, we undertook initiatives to reduce the cost of ingredients, carried out cost-cutting activities, and also worked to improve efficiency in the use of marketing expenses, but the decline in sales volume and changes in the channel mix (i.e., decline in the vending machine channel) continued to impact negatively.

As a result, the Japan business reported revenue of ¥481.7 billion, down 10.0% year on year, and segment profit of ¥29.6 billion, down 32.7% year on year.

< Europe business >

In France, while sales volume for the core brands *Orangina* and *Oasis* posted a year-on-year decline due to the impact of COVID-19, sales have been on a recovery trend since the lockdown was lifted, partly due to the effect of favorable summer weather. In the UK, sales volume for the *Lucozade* brand decreased year on year, but the *Lucozade Energy* brand remained strong and the *Lucozade Sport* brand has been recovering, reflecting the increase in people traffic. In Spain, sales volume for the core *Schwepes* brand increased in the off-premise channel, but decreased year on year in the on-premise channel, impacted by the limited operation of on-premise accounts continuing after the lockdown was lifted.

In terms of profit, despite the contributions from working to improve efficiency in the use of marketing expenses and reducing the cost of ingredients, profit declined due to the impact of the decrease in sales.

As a result, the Europe business reported revenue of ¥149.1 billion, down 14.5% year on year, and segment profit of ¥24.3 billion, down 11.0% year on year.

< Asia business >

In the beverage business, there were some effects such as the introduction of restrictions on going out in some areas of Vietnam. Both Vietnam and Thailand have been on a recovery trend following the lifting of lockdowns.

Regarding the health supplement business, the Group promoted its initiatives for mainstay product *BRAND'S Essence of Chicken* in Thailand, but sales of *BRAND'S Bird's Nest* struggled due to a decline in tourists from China, resulting in a year-on-year drop.

In terms of profit, reducing the cost of ingredients and efficient use of marketing expenses made positive contributions.

As a result, the Asia business reported revenue of ¥156.0 billion, down 8.4% year on year. Segment profit was ¥21.5 billion, up 22.1% year on year.

< Oceania business >

Regarding the beverage business, the Group focused efforts on strengthening marketing for energy drinks such as *V*. Additionally, in the fresh coffee business, the Group worked on strengthening its core brands. Since the lockdown was lifted, sales trends in on-premise accounts and convenience stores, which had been particularly affected by COVID-19, have also recovered well.

As a result, the Oceania business reported revenue of ¥36.9 billion, down 3.9% year on year, and segment profit of ¥3.9 billion, up 12.4% year on year.

< Americas business >

In addition to further strengthening sales of the core carbonated beverage brand products, the Group also focused on the growing non-carbonated beverage category, which included water and RTD coffee. Despite the continuing impact of COVID-19, sales increased year on year due to growth in demand for home consumption products.

As a result, the Americas business reported revenue of ¥62.5 billion, up 0.5% year on year, and segment profit of ¥6.0 billion, down 7.4% year on year.

(2) Financial position

Total assets as of September 30, 2020 stood at ¥1,623.4 billion, an increase of ¥56.1 billion compared to December 31, 2019. The main factors were increases in cash and cash equivalents, and trade and other receivables.

Total liabilities stood at ¥780.5 billion, an increase of ¥50.8 billion compared to December 31, 2019. This was due in part to an increase in bonds and borrowings.

Total equity stood at ¥842.9 billion, an increase of ¥5.3 billion compared to December 31, 2019, due in part to an increase in retained earnings.

(3) Analysis of cash flows

Cash and cash equivalents as at September 30, 2020 amounted to ¥201.9 billion, an increase of ¥58.4 billion compared to December 31, 2019.

Net cash inflow from operating activities was ¥99.8 billion, a decrease of ¥24.3 billion compared to the same period of the previous year. This was mainly the result of an increase in trade and other receivables of ¥26.0 billion, and an increase in inventories of ¥3.1 billion, despite profit before tax for the period of ¥75.9 billion, and depreciation and amortization of ¥52.9 billion.

Net cash outflow from investing activities was ¥44.2 billion, a decrease of ¥1.2 billion compared to the same period of the previous year. This was mainly the result of the payments for property, plant and equipment and intangible assets of ¥44.9 billion.

Net cash inflow from financing activities was ¥6.1 billion (in the same period of the previous year, ¥109.0 billion net cash outflow). This was mainly the result of an increase in short-term borrowings and commercial paper of ¥77.5 billion and proceeds from long-term borrowings of ¥30.0 billion.

(4) Consolidated earnings forecast and other forward-looking statements

The Company had withdrawn its consolidated earnings forecast for the year ending December 31, 2020 because of numerous uncertainties and difficulty in ascertaining their financial impact.

However, the Company is now announcing the consolidated earnings forecast for the year ending December 31, 2020 based on the most recent operating results and present projections.

Revision to the consolidated earnings forecast for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

	Revenue	Operating income	Profit before tax	Profit for the year	Profit for the year attributable to owners of the Company	Basic earnings per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Revised forecast (A)	1,185,000	95,000	93,500	66,000	53,500	173.14
(Reference) Actual results for the year ended December 31, 2019 (B)	1,299,385	113,948	112,186	80,080	68,888	222.94
Change in amount (A-B)	(114,400)	(18,900)	(18,700)	(14,080)	(15,400)	-
Change (%)	(8.8)	(16.6)	(16.7)	(17.6)	(22.3)	-

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto (Unaudited)

(1) Condensed quarterly consolidated statement of financial position

Millions of yen

	As at December 31, 2019	As at September 30, 2020
Assets		
Current assets:		
Cash and cash equivalents	143,564	201,942
Trade and other receivables	191,240	214,981
Other financial assets	6,200	1,138
Inventories	84,916	86,757
Other current assets	20,287	24,777
Subtotal	446,210	529,597
Assets held for sale	104	0
Total current assets	446,314	529,597
Non-current assets:		
Property, plant and equipment	372,036	358,229
Right-of-use assets	47,446	48,064
Goodwill	247,851	247,230
Intangible assets	411,374	398,354
Investments accounted for using the equity method	1,107	863
Other financial assets	17,162	15,485
Deferred tax assets	14,428	15,887
Other non-current assets	9,575	9,729
Total non-current assets	1,120,984	1,093,844
Total assets	1,567,299	1,623,441

Millions of yen

	As at December 31, 2019	As at September 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	74,652	131,080
Trade and other payables	322,455	326,619
Other financial liabilities	38,444	41,656
Accrued income taxes	18,815	13,015
Provisions	1,511	1,501
Other current liabilities	6,026	7,927
Total current liabilities	461,905	521,800
Non-current liabilities:		
Bonds and borrowings	132,716	120,517
Other financial liabilities	45,752	48,913
Post-employment benefit liabilities	15,405	15,881
Provisions	2,557	2,270
Deferred tax liabilities	65,835	65,415
Other non-current liabilities	5,561	5,743
Total non-current liabilities	267,828	258,742
Total liabilities	729,733	780,543
Equity		
Share capital	168,384	168,384
Share premium	182,349	182,431
Retained earnings	464,705	487,864
Treasury shares	(0)	(0)
Other components of equity	(58,870)	(72,693)
Total equity attributable to owners of the Company	756,568	765,985
Non-controlling interests	80,997	76,912
Total equity	837,565	842,897
Total liabilities and equity	1,567,299	1,623,441

(2) Condensed quarterly consolidated statement of profit or loss

Millions of yen

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Revenue	980,586	886,199
Cost of sales	<u>(576,315)</u>	<u>(519,759)</u>
Gross profit	404,271	366,439
Selling, general and administrative expenses	(311,000)	(287,596)
Gain on investments accounted for using the equity method	0	(91)
Other income	1,084	2,730
Other expenses	<u>(3,763)</u>	<u>(4,180)</u>
Operating income	90,592	77,301
Finance income	989	729
Finance costs	<u>(2,270)</u>	<u>(2,090)</u>
Profit before tax for the period	89,310	75,939
Income tax expense	<u>(23,166)</u>	<u>(19,594)</u>
Profit for the period	<u><u>66,143</u></u>	<u><u>56,345</u></u>
Attributable to:		
Owners of the Company	57,801	47,267
Non-controlling interests	<u>8,342</u>	<u>9,077</u>
Profit for the period	<u><u>66,143</u></u>	<u><u>56,345</u></u>
Earnings per share (Yen)	187.06	152.97

(3) Condensed quarterly consolidated statement of comprehensive income

Millions of yen

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Profit for the period	66,143	56,345
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	436	(1,199)
Remeasurement of post-employment benefit plans	(668)	20
Total	(231)	(1,179)
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	(26,685)	(16,061)
Changes in the fair value of cash flow hedges	(239)	(294)
Changes in comprehensive income of investments accounted for using the equity method	(54)	(51)
Total	(26,978)	(16,408)
Other comprehensive income for the period, net of tax	(27,210)	(17,587)
Comprehensive income for the period	38,933	38,757
Attributable to:		
Owners of the Company	31,162	33,437
Non-controlling interests	7,770	5,320
Comprehensive income for the period	38,933	38,757

(4) Condensed quarterly consolidated statement of changes in equity

Nine months ended September 30, 2019

Millions of yen

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity			
Balance at December 31, 2018	168,384	182,349	420,638	–	(56,548)	714,823	84,054	798,877
Cumulative effect of adopting new accounting standards			(710)			(710)	(165)	(876)
Balance at January 1, 2019	168,384	182,349	419,927	–	(56,548)	714,112	83,888	798,000
Profit for the period			57,801			57,801	8,342	66,143
Other comprehensive income					(26,638)	(26,638)	(572)	(27,210)
Total comprehensive income for the period	–	–	57,801	–	(26,638)	31,162	7,770	38,933
Purchase of treasury shares				(0)		(0)		(0)
Dividends			(24,101)			(24,101)	(8,805)	(32,907)
Transactions with non-controlling interests						–	(598)	(598)
Reclassification to retained earnings			(11)		11	–		–
Total transactions with owners of the Company	–	–	(24,113)	(0)	11	(24,102)	(9,403)	(33,505)
Balance at September 30, 2019	<u>168,384</u>	<u>182,349</u>	<u>453,614</u>	<u>(0)</u>	<u>(83,174)</u>	<u>721,172</u>	<u>82,255</u>	<u>803,428</u>

Nine months ended September 30, 2020

Millions of yen

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity			
Balance at January 1, 2020	168,384	182,349	464,705	(0)	(58,870)	756,568	80,997	837,565
Profit for the period			47,267			47,267	9,077	56,345
Other comprehensive income					(13,830)	(13,830)	(3,757)	(17,587)
Total comprehensive income for the period	–	–	47,267	–	(13,830)	33,437	5,320	38,757
Dividends			(24,101)			(24,101)	(9,348)	(33,450)
Transactions with non-controlling interests		82				82	(56)	25
Reclassification to retained earnings			(7)		7	–		–
Total transactions with owners of the Company	–	82	(24,109)	–	7	(24,019)	(9,404)	(33,424)
Balance at September 30, 2020	<u>168,384</u>	<u>182,431</u>	<u>487,864</u>	<u>(0)</u>	<u>(72,693)</u>	<u>765,985</u>	<u>76,912</u>	<u>842,897</u>

(5) Condensed quarterly consolidated statement of cash flows

Millions of yen

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Cash flows from operating activities		
Profit before tax for the period	89,310	75,939
Depreciation and amortization	53,023	52,942
Impairment losses (reversal of impairment losses)	479	192
Interest and dividends income	(985)	(720)
Interest expense	1,958	1,568
Loss (gain) on investments accounted for using the equity method	(0)	91
Decrease (increase) in inventories	(2,367)	(3,085)
Decrease (increase) in trade and other receivables	(36,190)	(25,978)
Increase (decrease) in trade and other payables	31,456	17,889
Other	11,448	4,885
Subtotal	148,134	123,726
Interest and dividends received	878	825
Interest paid	(2,178)	(1,826)
Income tax paid	(22,760)	(22,933)
Net cash inflow (outflow) from operating activities	124,074	99,791
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(44,293)	(44,938)
Proceeds on sale of property, plant and equipment and intangible assets	29	244
Payments for purchase of shares of subsidiaries	(900)	–
Other	(187)	526
Net cash inflow (outflow) from investing activities	(45,352)	(44,167)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(12,231)	77,483
Proceeds from long-term borrowings	–	30,000
Repayments of long-term borrowings	(27,598)	(57,194)
Redemption of bonds	(25,000)	–
Payments of lease liabilities	(11,110)	(10,098)
Dividends paid to owners of the Company	(24,101)	(24,101)
Dividends paid to non-controlling interests	(8,805)	(10,006)
Other	(135)	–
Net cash inflow (outflow) from financing activities	(108,983)	6,082
Net increase (decrease) in cash and cash equivalents	(30,261)	61,706
Cash and cash equivalents at the beginning of the period	146,535	143,564
Effects of exchange rate changes on cash and cash equivalents	(1,287)	(3,329)
Cash and cash equivalents at the end of the period	114,986	201,942

(6) Notes to condensed quarterly consolidated financial statements
(Going concern)

The condensed quarterly consolidated financial statements are prepared on going concern basis.